

European Update 31st October 2017, from Network for Europe Cheshire, Cumbria, G Manchester, Lancashire, Liverpool CR

Headlines

Calls

Preparations for second half of programme

Still waiting for announcements from national ESF co-finance organisations

Proposed changes to ESF Programme, especially P2

ERDF calls delayed?

EAFRD

After the announcement of the final £45m to be added to the existing funding, extra allocations are being divided up at LEP level. None of this is currently expected to be available for Liverpool or Manchester, but could be in the other three areas of the North West.

Liverpool has not had any bids for its allocation of £340,00 on Business Development - it has now been agreed to make changes. This is likely to reduce the minimum grant from 40k to 35k, and to change the focus from Advanced Manufacturing, Life and Health Science, Digital and Creative etc in rural areas. Instead, it is likely to be more on bringing new projects to the market, locally sourced raw materials, higher quality produce etc. It is not clear when the revised call will be issued.

ERDF

ERDF calls were expected around 17th November, but it seems likely that these will be put back to December, and some calls will be early in 2018. It is becoming more urgent to have calls for enterprise support and startups, as existing ERDF support is typically expiring in 2018, and it can take up to a year from a call for appraisals to be completed and Funding Agreements signed.

ERDF-SUD (Sustainable Urban Development)

The only ERDF-SUDs in the North West are for Liverpool and Manchester.

The deadline for Liverpool SUD was 15th September and three valid bids were received. These are being appraised.

Manchester has extended its deadline from end October to end November, and expects to receive more bids. There have been several meetings and interest is high, but combining innovation and low carbon means more work is needed for good projects - there should be opportunities for third sector organisations to work with others on these bids.

Meanwhile calls in three other cities do not close until March 2018, with another two still due.

ESF

A few calls have been announced, and many more are due very soon.

The only North West call so far is in Lancashire for Widening Participation (P2, targeting disadvantaged groups to encourage progression to higher skills in Lancashire's priority sectors) This was announced on 13th October and has a deadline of 8th December (total of £4.95m ESF available).

<https://www.gov.uk/european-structural-investment-funds/lancashire-widening-participation-oc19s17p0912>

Liverpool CR had previously agreed a call last September 2016, but this did not take place. It is hoped that new calls for over £20m (P1 and P2) could be announced in November (including for those with complex needs). Further calls could be worked up for 2018, and it may well be that consideration is given to the extension of successful projects. It is also looking to fill the gap in current P2 provision locally.

Similarly Cheshire and Warrington is preparing a variety of calls which could be announced shortly, and held a general event on 17th October.

Manchester CA, as a local Co-Finance organisation is progressing with its £52m call, and is expected to announce the successful prime contractor in November.

Changes to the ESF Operational Programmes

DWP, the ESF Managing Authority, has completed a review of the programme, and will be submitting proposed changes to the Commission, perhaps some before the end of the year, and the rest early in 2018.

There will be a range of alterations and corrections, but the key split into two Priorities is expected to be retained.

Only 60% of the YEI-ESF funding (NEET young people) is now due to be spent, so the remaining amount will be returned, untouched, to Brussels. The ESF part will then be re-allocated within the Programme, mainly moving from P1.3 to P1.2 (young people). Community Led Local Development didn't lead to quite as many proposals as expected, and there will not be a second round, so the uncommitted money (£5m of £42m) will be transferred (likely from P1.5 to P1.4 Inclusion).

The rollout of Universal Credit will mean less focus on the distinction between an individual being in and out of work (especially where there are unstable or zero hours contracts). Also, in the first part of the programme, some projects were moved from P2 (employed) to P1 (unemployed). Currently, commitment for P1 is 55%, and for P2 is 28%.

Therefore, it is expected P1 will continue to be for unemployed people (which includes a focus on inclusion, and on young people). P2 will not just focus on learning and skills for employed people, but will additionally be available for unemployed people. It is not clear exactly how this flexibility would operate.

The Managing Authority proposes it retains additional funds centrally (presumably underspends and exchange rate?), which might become available for those LEPs which are fully committed, or where new match is identified. Again, there is not yet clarity on the implications.

Support for Social Impact Bonds, and support for Local Impact Funds for Social Enterprises was not taken up in the first part of the Programme, and this text is removed. But Financial Instruments more generally in ESF are still a possibility.

In the 2007-13 ESF Programme, the expected 2m participants increased to 7m, partly as a result of the recession, with increasing numbers of unemployed being close to work and easier to help. This artificially reduced the unit costs. Also, it is expected that match in the current programme will be more expensive than planned, thus allowing the European part to be cheaper. It is thus likely to be proposed that the unit costs and hence value for money will remain broadly unchanged.

LEP level ESIF meetings

Lancashire held their last meeting on 22nd September.

G Manchester held their last meeting 21st July, the October meeting was cancelled. Next meeting probably at the beginning of December.

Liverpool - after a gap from 30th March, the following meeting was held on 23rd October, next due in January.

Cheshire and Warrington held their last meeting on 25th July, the 19th October meeting was cancelled. Next meeting probably February.

YEI (NEETs in Merseyside)

YEI (Youth Employment Initiative) was extra funding, available for NEET young people in only a few areas (Merseyside was the only area in the North West). This increased the ESF-YEI allocation for Liverpool from £78m to £98m. There was an original call in March 2015, with projects starting a year or so later. A further call, for £7m was announced in February 2017. It is expected that around 3 or 4 eligible bids, totalling a little under £2m have been received and funding agreements are being issued. The balance will be returned unspent to Brussels.

ESF apprenticeship levy as match

ESF Action note 006/17 was issued on 24th October. This conforms that the Apprenticeship Levy can be used as match funding where appropriate, for ESF projects approved on or after 24th October 2017. Further details at -

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/654479/006-17_and_the_Apprenticeship_Levy.pdf

Exchange Rates

This has been raised at the last two meetings of the PMC/Growth Board, and while a verbal response was given, a paper has been promised. Currently ERDF is quoting commitment using the pre-referendum rate (0.78), which inflates the actual commitment by over ten per cent, while ESF uses the current rate (to be accurate on claims because of the YEI-ESF issues).

In previous programmes, the Treasury planning rate was updated about every six months. However in this programme, there has been no change since the referendum and the figures is stuck at 0.78. The pound devalued by over ten per cent against the euro. The Operational Programmes are agreed in euros, and both ESF and ERDF for England were around £3,000m each. Thus a ten per cent plus devaluation means that there is about an extra £300m available both for ESF and for ERDF.

The rate is only fixed in the month at which Brussels pays a claim, so as we travel through the programme, the figures become more definite. It is important to have correct figures for the YEI-ESF (funding for NEET young people in certain areas) as this only lasts until the end of 2018, and also for avoiding de-commitment (under N+3, we need to have claimed each year's amount within three years), and for determining the 6% (this amount is held back for the first few years of the programme, and released once progress has been made).

It is possible that this £600m could be transferred to a central pot, and then perhaps used to top up those LEPs which show they can deliver.

ERDF Practitioner Network

There was no September Update, but the October one was sent out on 9th. This highlights procurement, has information on calls (with an update on SUD) and good practice examples. To subscribe to the updates, email esif@communities.gsi.gov.uk
<http://mailchi.mp/5c1c08402a59/xfko29u4gp-2759478>

ESIF Programme Bulletin

The October update is available. It refers to the various calls now open, gives some tips on tweeting about ESIF projects, and refers to the booklets and other publicity due in November. Email esif@communities.gsi.gov.uk and subscribe direct for your own copy of the Bulletin.

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and Investment Funds