

## European Structural and Investment Funds Update

23<sup>rd</sup> March 2015

### Overview

Our European Structural and Investment Funds Strategy sets out Coast to Capital LEP's priorities for use of our £61.2m allocation for the three funds:

- £28.7m European Regional Development Fund (ERDF),
- £28.7m European Social Fund (ESF); and
- £3.8m European Agricultural Fund for Rural Development (EAFRD) during the programming period 2014 to 2020.

Under ERDF this includes support for:

- SME innovation and R&D, through supporting university and SME collaboration;
- Business competitiveness including support for start-ups and growth companies, for internationalisation and for businesses in our priority sectors and their supply chains;
- Adoption of low carbon technologies and solutions.

Under ESF this includes support for:

- Skills to support future growth including higher level skills and intermediate skills for our priority sectors and other important industries;
- Support for those who need it to access employment and improved opportunities
- Social inclusion initiatives to help those in target groups and communities.

Under EAFRD, this includes support for:

- The rural economy and for rural businesses including the visitor economy

For more information including financial allocations to each of our priorities see our ESIF Strategy. [Coast to Capital ESIF Strategy](#)

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### Implementing the ESIF Strategy

The responsibility for managing and defraying the ESI Funds is vested in the Government departments which are the Managing Authorities (MAs) for each of the Funds. This is Department for Communities and Local Government in the case of ERDF, the Department for Work and Pensions in the case of ESF and the Department for Food and Rural Affairs (Defra) in the case of EAFRD. The MAs work closely with the Coast to Capital area partners through the Coast to Capital Area Shadow ESIF Committee to ensure that local needs are met and the ESIF Strategy achieves its aims.

After protracted negotiations between the UK Government and the European Commission agreement on the Operational Programmes (OPs) for each of the three funds was reached in February 2015. This means that delivery can finally begin and Government officially launched the Programme on 23<sup>rd</sup> March 2015.

The ESI Funds are deployed through a process of issuing Calls for Projects to deliver the priorities set out in the ESIF Strategy. Bidding in response to Calls is open to all organisations that meet the eligibility criteria as ESI Funds are subject to EC open procurement regulations. Calls are usually time limited and will be issued at different times throughout the programming period up to 2020.

The Coast to Capital Area Shadow ESIF Committee will advise the Managing Authorities (MAs) for the ESI Funds on which Calls to issue and which projects to fund to ensure fit with our local priorities.

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### **What happens next?**

We want to start delivery as soon as possible but in practice, there is very little opportunity to issue Calls before the general election as Government enters the pre-election period or “purdah” on 30<sup>th</sup> March. Nevertheless, we are aiming for our first Call under ERDF to be issued before the end of March 2015 for approximately £500K of the £2,390,253 allocated to this activity over the life of the programme. With match funding, this will give a total project value of £1m for the first Call which is for projects to support the Creative, Digital and IT (CDIT) sector through promoting Higher Education Institution (HEI) and SME collaborative research summarised below:

#### **Coast to Capital Area: ESIF first Call under ERDF**

**CtoC ESIF Strategy: Priority 1.** Promote SME/HEI/public sector collaborative research and innovation and commercialisation, including collaboration with HEIs and local business research and innovation institutes within and across our five priority sectors and our specialised technology futures.

**Call: A. Call relating to the CREATIVE DIGITAL & IT SECTOR (CDIT)** to engage SMEs in one of our five priority sectors in collaborative research projects with HEIs and research/other specialist institutes. This Call will also encourage the application of our identified specialised technology futures in the CDIT sector.

#### **First calls under ESF**

The situation in regard to ESF is somewhat different due to the complexities of the opt-in arrangements and there will be no first Calls before the general election. (See below for more details on opt-in arrangements.) Recognising the desirability of beginning delivery as soon as possible, we are preparing early Calls for employment support, social inclusion and skills which will be issued as soon as possible. We wish to avoid a hiatus between the activities funded under the last programming period and this one but at the same time issue Calls in a manageable and timely way.

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### **How to access funding**

Calls will be posted on the ESIF pages of the Government's website [Funding Finder](#) with annexes relating to the relevant LEP areas. When a Call includes projects to be delivered in Coast to Capital, these will also be notified on the European Funding pages of the Coast to Capital website. [Coast to Capital website European pages](#).

All applications for ERDF and ESF will be made on-line via a system called LOGASnet. Applicants will need to register on the system before submitting their applications and it is recommended that registration is done as soon as possible as we have been advised it may take some time for Government to process them. Details will be on the relevant pages of [ESIF Funding Finder](#) under each Call page.

### **ERDF Calls**

In the case of ERDF, applicants will be invited to submit an outline application, followed by a full application if they meet the initial assessment criteria. Applications will be agreed by the MAs, advised by the Coast to Capital Area ESIF Committee.

### **ESF Calls**

In the case of ESF, there will be a similar process of direct bidding to the MA (i.e. DWP), for a proportion of ESF at a future date but, initially, Calls will be issued by the ESF Opt-in Organisations. These Opt-in Organisations are national organisations who will act as managers and contractors for ESF provision and who will supply match funding for projects through their own delivery activities. This means that project applicants do not need to supply match funding and will operate in a similar way to the co-financing arrangements under the last programming period.

Coast to Capital has made arrangements with the three ESF Opt-in Organisations as follows:

- Skills Funding Agency: for activities to provide support for skills development;
- Big Lottery Fund: for support for social inclusion activities;
- Department for Work and Pensions: for activities to support the move into sustainable employment.

There will be no outline application for ESF Calls issued through the Opt-in Organisation route; instead applicants will be required to proceed straight to a full application.

### **EAFRD Calls**

Defra will issue Calls for EAFRD relating to a small number of the more rural LEP areas in March which will also be published on the Government's website. Coast to Capital is not one of the LEPs included in this first round. Defra will issue further Calls from the summer onwards. These will be published on the EAFRD pages of the Government's website: [EAFRD Funding Finder](#) When there is a Call which includes Coast to Capital we will notify this on our website as outlined above. This is expected to take place later in 2015.

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### Match Funding

ERDF and ESF both have to be matched. The intervention rate is 50% in more developed regions such as Coast to Capital.

### ERDF

For ERDF match funding is supplied by applicants and partners; the total project costs are equal to the ESI Funding and the match combined. Match funding can be either **public** (i.e. from an organisation that receives over 50% of its funding from government) or **private** from a private sector organisation. The following types of funding are eligible as match, provided that they **directly contribute** to the project costs:

- Cash payments going through the accounts of project applicant and /or deliverer,
- Salaries of members of staff assigned to the project by the lead applicant or named delivery organisation;
- Private sector company (including social enterprise) contributions contributing to the total eligible costs;
- Actual salary costs of professional services e.g. accountancy.

N.B. In-kind contributions, including volunteer time, are usually ineligible.

### Opt-ins arrangements (ESF only).

Under the Opt-in route, the match will be provided by the Opt-in Organisations and so the applicant does not have to concern themselves with where match will come from. DWP and SFA will provide programme-based match as in the previous co-financing model. BIG Lottery will provide actual cash match for the project.

For ESF accessed through direct bidding, applicants will need to provide their own match, subject to the conditions above.

### More information

Government has provided a number of guidance documents published on GOV.UK including a number of [assessment and selection documents](#) and [project requirements guidance](#) have been published on the GOV.UK website today including:

- ERDF State Aid Law Requirements
- ERDF Eligibility Rules
- ESF Eligibility Rules
- ERDF/ESF Selection Criteria
- ERDF/ESF Branding and Publicity Requirements
- ESIF Logos and Publicity Templates
- ERDF / ESF Technical Assistance Guidance and timesheet example
- ERDF / ESF Outline Application Form and Guidance

Additional information will also be published on the Coast to Capital website.

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