



EUROPEAN UNION
Investing in Your Future
European Regional
Development Fund 2007-13



Department for
Communities and
Local Government

To North East ERDF Stakeholders

Dear Colleague

This bulletin summarises key issues discussed at the ERDF Local Management Committee (LMC) and the Programme Executive Group (PEG) that will be of interest to stakeholders.

- ERDF Programme Performance Update
- Financial Engineering Instruments Update
- Annual Implementation Report 2012
- Project endorsement
- ERDF Survey
- ERDF Business Guide
- ERDF Case Study Booklet
- Europe in my Region Photo Competition 2013
- ERDF Claims
- Keeping in Contact

ERDF Programme Performance Update

The value of the Programme currently stands at £319.9m, an increase from £315.9m as a result of exchange rate variations.

The Programme's legal commitment level i.e. the amount formally contracted is **£251.2m** representing 77% of total available resource. Taking into account projects which have been approved and for which contracts are pending, commitment levels rise to £271.4m or 85% of Programme resource. This is an increase in the level of commitment reported to the Local Management Committee (LMC) in March 2013 of £23m.

The programme continues to demonstrate strong financial performance, the overall total amount of **ERDF paid out is £177.8m**. This represents **93% of the 2013 n+2 target of £190.7m**.

The value of the overall project pipeline, including pending contracts, currently stands at c£77.1m against available resource of c£68.7m. Therefore demand for ERDF currently exceeds available resource by just over £8m, however, this may be subject to change as projects develop and are appraised.

A significant challenge remains to convert pipeline project applications into programme approvals, commitment and spend to ensure full contractual commitment by December 2013.

The project pipeline is monitored regularly and the Department is working with applicants to help ensure they submit timely and admissible applications. All applicants are asked to adhere to deadlines and respond swiftly to appraisal queries.

A call for projects remains open, projects that are well developed and able to proceed to contract by December 2013 may submit outline applications.

The level of contracted outputs is considered appropriate for the level of investment to date. Over the coming months DCLG will be placing increased emphasis on ensuring that evidence is in place to support the achievement of outputs and results to mitigate the risk of under achievement.

Financial Engineering Instruments Update:

LMC discussed the performance of The Finance for Business North East and Creative Content Funds.

Finance for Business North East

At the end of March 2013 the project has invested £69.3m in support of over 500 SMEs. Key highlights up to end March 2013 include:

- 536 investments made to date;
- 492 different SMEs receiving financial investment of c£69.3m;
- Leverage of c£81m private investment meaning that in total North East businesses have received investment of c£150m as a result of these funds;
- 819 new jobs created;
- 1,637 jobs safeguarded;
- £11m investment returns from the product funds; and
- EIB loan fully serviced.

Creative Content Fund

The performance of the fund remains satisfactory with significant improvements in performance linked to jobs created and safeguarded. The fund overall remains broadly in line with ERDF investment and output targets. The £2.4m ERDF awarded to this fund has now been fully invested and matched in line with the agreed financial model.

To date the investment has delivered:

- 17 SMEs receiving Financial Assistance;
- £2.4m co-investment;
- 58 new jobs created;
- 26 jobs safeguarded;
- 8 businesses created/attracted to the region; and

- 7 businesses created/attracted to the region surviving 12 months.

The LMC received a presentation from North East Access to Finance on research undertaken by EKOS to evaluate the impact of previous funds and analyse the future market for SME finance in the North East.

Key findings from the research include:

- Regional funds have played a key role in the North East;
- The North East has extensive experience of developing/delivering funds - perhaps more than any other part of the UK.;
- The North East has been less successful in attracting investments from national funds;
- Transition funds have been important;
- Better financial returns are generated from larger/ more general funds with range of funding types. Smaller/ sector specific funds give poorer financial returns;
- Level of demand not likely to reduce;
- Greater annual demand for finance than in current fund;
- Proximity of fund managers to the market is key; and
- Investor readiness/financial literacy is crucial.

It is intended that this work will inform the development of funds for the 2014-20 Programmes, North East Access to Finance are working closely with the North East and Tees Valley Local Enterprise Partnerships to take this work forward. A copy of the report can be found at www.nea2f.co.uk

Annual Implementation Report 2012

The LMC endorsed the 2012 Annual Implementation Report setting out progress made in implementation of the Operational Programme up to December 2012.

Key points highlighted in the report include:

- Overachievement of 2012 N+2 target by £42m with declared expenditure indicating £177.8m total cumulative spend at the end of December 2012 against a target of £136m;
- 94% of the 2013 target is already achieved;
- Three Calls for applications facilitated over the course of 2012;
- 123 projects contracted at the end of December with £241.8m ERDF contractually committed. This represents an increase from 62% at end of 2011 and c77% of total ERDF programme value;
- Proposed modification to better align the programme with emerging LEP and LA Enterprise Zone priorities and strategic sites approved by the EU Commission;

- Finance for Business North East on track with over £132m (€157m) public and private resource being invested in c500 SMEs in the programme area; and
- Robust local partner engagement in the LMC with enhanced membership from Local Authority, Local Enterprise Partnerships and the private sector partners.

Outputs / Results at December 2012

- 8,097 gross jobs created;
- 3,079 gross businesses created;
- 10,941 new and existing SMEs assisted; and
- 7,979 gross jobs safeguarded.

Challenges for 2013 and beyond

- Ensuring target outputs and results are delivered and evidenced;
- Maintaining robust pipeline of projects and strong rate of progress from application to live projects; and
- Maintaining a robust focus on compliance.

Project endorsement

Recommendations to approve 12 projects have been endorsed by the PEG:

Boho 5 will receive **£2,099,067 ERDF** to develop 2,322 sq m of high quality business accommodation targeted specifically at SMEs operating in digital and creative sectors. Boho 5 is being managed by Middlesbrough Council and builds on the success of the DigitalCity programme and within the first 10 years of operation at least 250 new, well paid and highly skilled jobs will be created.

Renewable Energy Technology Accelerator (RETA) will receive **£2,391,508 ERDF** to support technology development for SMEs wishing to enter the offshore renewables supply chain. Managed by Narec, the project will provide specialist technology transfer support to enhance the capabilities of 70 SMEs in the North East by December 2015 which will in turn have an impact on the region's supply chain.

Supporting Business Growth and Attracting Investment to NewcastleGateshead and the North East will receive **£387,610 ERDF** to grow the North East economy by attracting new investment through the promotion of NewcastleGateshead and the wider region as a world-class place to live, learn, work, visit and invest. The project will create 60 new jobs, assist and improve the performance of 120 SMEs, attract 20 businesses to the North East and improve the performance of the local supply chain through increased investment.

Teal Farm Park Phase II will receive **£590,278 ERDF** to build high specification terraced business units at Teal Farm Park in Washington. The project will be delivered by Hellens Investments (Washington) LLP and will comprise four units ranging 4-7,000 sq ft giving a total of 1,765 sq m of space. Accommodation will be constructed to BREEAM very good standard for SME occupation, at start-up or move on stage and will be suitable for manufacturing or distribution purposes.

BIC ICT Infrastructure and Growth Hub Project will receive **£342,469 ERDF** to improve IT and communications facilities to a minimum of 100 SMEs in the North East and provide co-working facilities for small and micro businesses, improving the business performance of both, in terms of efficiency and productivity by end September 2014. Led by the North East Business and Innovation Centre Ltd (BIC), the project also aims to create a co-working growth hub which will help support 15 micro businesses and improve the performance in 13.

North Bank of the Tyne Newcastle will receive **£2,480,000 ERDF** to carry out a range of enabling infrastructure works to accelerate the economic activity of the North Bank of the Tyne in Newcastle within and adjacent to the North East Low Carbon Enterprise Zone. Newcastle City Council is leading the project which will maximise land useable for further development by remediating 0.942 ha of brownfield land expected to accommodate 2,600 m² of new factory space for SMEs by June 2015.

PRIME NORTH EAST will receive **£346,242 ERDF** to cultivate and sustain enterprise across the North East by supporting the over 50s to start up businesses, including social enterprises. Led by The Prince's Initiative for Mature Enterprise the project will harness local expertise to create a volunteer-led support network to help older people facing unemployment/redundancy to set up and sustain businesses and social enterprises, leading to the creation of 180 new SMEs.

The Hoult's Yard Engine Rooms will receive **£1,512,823 ERDF** to create 4,058 m² of high quality business accommodation at Hoult's Yard in Ouseburn, Newcastle, primarily for creative SMEs. The project will convert two existing buildings, The Engine Rooms and 167 Walker Road to provide over 40 high quality, BREEAM very good, affordable and quirky workspaces. The project will create 10 jobs and safeguard a further 15 jobs by June 2015.

West Chirton North Starter Units will receive **£919,592 ERDF** to construct 17 BREEAM very good, quality, sustainable terraced workshop units in North Tyneside designed for small businesses. Led by Hellens Investments (Washington) LLP, the project will stimulate business growth, create jobs and inward investment.

North East ERDF GrowthAccelerator will receive **£1,079,481 ERDF** to deepen the national GrowthAccelerator service in the region by developing a high growth culture by providing additional growth coaching support. Delivered by Winning Pitch, the project will identify 250 potential high growth businesses, provide each with a tailored coaching project and bring them together into a local growth network, creating 400 jobs and safeguarding 600 jobs.

MAS North East Growth programme will receive **£630,677 ERDF** to enhance the delivery of the Manufacturing Advisory Service in the North East. The project is being led by WMMC Ltd and will help drive sustainable growth of the region's economy through the provision of high quality and credible business support for manufacturers, leading to create 105 new jobs, safeguard 396 jobs and assist 352 SMEs.

Darlington Business Growth Hub will receive **£3,299,760 ERDF** to build a 3,200 m² high quality Grade A office space for SMEs and will see the creation of at least 25 new businesses and 350 new jobs within the first 15 years of operation. The project is being managed by Darlington Borough Council and forms part of the wider regeneration of Central Park within the Tees Valley Enterprise Zone, a 9.3 hectare site targeted specifically at digital companies.

ERDF Survey

Thank you to those who have taken the time to complete our survey. Those who haven't, please take a few minutes to complete a questionnaire prepared to identify key messages focused on good practice, to capture lessons that have helped implementation and to feed them into ongoing discussions.

We would like your views to help inform the discussions on the preparations at national and local level of the next round of European Structural Funds in 2014-2020.

Your views are important and will help shape how we inform and engage with you as we move towards the next ERDF Programme period.

To complete the questionnaire please visit:

<https://www.surveymonkey.com/s/B6G2TRY>

ERDF Business Guide

The ERDF Business Support Guide incorporates all of the current business support initiatives being delivered across the North East with the support of ERDF investment and provides help and guidance on where individual businesses seeking assistance can go for more information.

For each initiative the guide provides a short summary of the project and the category of support businesses can receive, any specific eligibility criteria and contact details.

Version 2 of the ERDF Business Guide is now available and can be viewed by [clicking here](#).

ERDF Case Study Booklet

A case study booklet showcasing some of the ways that ERDF has helped to boost local economies across England in the last five years has been produced.

To view the document [click here](#).

Europe in my Region Photo Competition 2013

The European Commission has launched a competition to celebrate projects which are making a real difference to improve citizen's lives and benefit the local community.

For your chance to **win €1000 worth of camera equipment**, plus a **trip to Brussels in October**, take a photo of any project with a plaque or billboard highlighting EU investment and showing the EU flag.

Share up to 3 such photos [here](#) to enter the **Europe in my Region photo competition 2013**.

The winners will be chosen by popular vote and by an independent jury of communications and photography professionals.

The deadline for submission is 23 August 2013 at 12 noon.

ERDF Claims

All grant recipients are reminded that quarterly and monthly ERDF claims are due no later than 20 working days following the end of the claim period (as defined in the projects Funding Agreement). Full claims, with all relevant supporting documentation, should be submitted via MCIS by the following dates:

Quarterly claims:

- April - June 2013 claims due26 July 2013
- July - September 2013 due 28 October 2013
- October to December 2013 due 29 January 2014

Monthly claims:

- June 2013 due 26 July 2013
- July 2013 due29 August 2013
- August 2013 due27 September 2013
- September 2013 due28 October 2013
- October 2013 due 28 November 2013
- November 2013 due31 December 2013
- December 2013 due29 January 2014

As the 2007 / 2013 ERDF Programme approaches closure it is increasingly important that Grant Recipients meet these timescales in order that project and Programme

spend and deliverables are maximised and our annual targets are achieved. Should grant recipients have / anticipate any problems in submitting to these timescales please contact your ERDF Portfolio Lead to discuss at the earliest opportunity.

It should be noted that projects that consistently miss claims submission deadlines and / or remain significantly behind profile in terms of spend and deliverables without acceptable explanation may be contacted and are at risk of action under the programme's De-commitment Procedure. If you have any queries or concerns about this please contact your Portfolio Lead in the first instance.

Keeping in contact

We will keep you informed through our e-bulletins and via our ERDF webpages, publicising further details of calls for applications and stakeholder network activities as and when they are issued.

Our website address is: www.gov.uk/browse/business/funding-debt/european-regional-development-funding

For general ERDF enquiries please call: 0303 444 6475 or email NE.ERDFenquiries@communities.gsi.gov.uk

If you do not wish to receive further news bulletins about the programme, please [click here](#) to de-register from the mailing list.

If you are no longer responsible for ERDF within your organisation, colleagues can register for this bulletin by e-mailing NE.ERDFenquiries@communities.gsi.gov.uk

“This is an ambitious programme, providing a real opportunity to continue creating jobs, deliver growth and strengthen the economy to bring a lasting legacy to the North East.

“We are pleased to see a targeted partnership approach concentrating ERDF funding to generate additional value, complement the investment of domestic resources and deliver a distinctive European contribution.”

European Union endorsement of North East ERDF 2007-13 programme

European Union – Investing in your future