



D2N2 LEP Area ESI Funds Sub-Committee

Minutes of the meeting held 12 July 2017

Edwinstowe House NG21 9PR

Agenda:

1. Apologies, Minutes of last meeting (19th May) and progress of actions
2. Written procedure update
3. Management Information Reports (papers)
4. ERDF: proposed Operational Programme Modifications
5. ERDF March Call: PA3 Outline Assessments (paper)
6. Any Other Business

Item 1. Apologies and Minutes of the last meeting (19th May 2017)

1.1 The Chair welcomed everyone and apologies were noted from :

Cllr Jon Collins (Cllr Sam Webster attending), Peter Gadsby, Ian Curryer, Ian Stephenson, Cllr Eric Kerry (Adrian Smith attending), Cllr Roger Blaney, Tim George, Andrew Pickin, Jane Howson, Ian Morgan, Roger Allonby, Melanie Ulyatt, Matt Allbones (Michael Henry attending), Cllr Tony King.

1.2 The Chair asked for confirmation that the minutes of the last meeting were accurate.

RM asked for a correction to his representation to the Rural Reference Group.

Pending the above changes, the minutes were therefore approved as an accurate record of the meeting.

1.3 Progress of actions – Annex A

Re Item 7 - YEI project 'Nottingham Work Plus'

Agenda item	Actions	Assigned to	Actioned
7	TG to provide DCLG with a list of partners for circulation to ESIF sub-committee members.	Tim George	List of partners included in minutes of 19 th May 2017

7	TG to seek advice from the appraiser re status of output stats and beneficiary funding	Tim George	Email response from Tim George 11 th July 2017 “ <i>The concerns raised by the Committee relating to the YEI application were raised with the appraiser and the appraisal has now been concluded. Conditions will be set so that further assurances relative to the points raised by the committee will be required at the Project Inception Visit</i> ”.
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1.4 Agenda Item 5 *ERDF March Call: PA3 Outline Assessments* was considered as the first item of the meeting.

Item 5. ERDF March Call: PA3 Outline Assessments

5.1 Two outline applications were considered for strategic fit in relation to the Priority Axis 3 High Growth March 2017 ERDF Open Call.

1.

Project Name	Up-Scaler
Applicant	Nottingham Trent University
Declarations of Interest	Rob Mayo, Mike Carr, Diane Beresford, Lindsay Allen, David Ralph, Matt Wheatley, Peter Richardson, Lindsay Allen.
<p>IW provided an overview:-</p> <p>Project Value £1.534M, ERDF requested £698,984</p> <p>Up-Scaler will target ERDF eligible ‘Scale-Up’, ‘Potential Scale-Up’ and ‘Ambitious’ D2N2 businesses, enhancing their competitiveness and driving demand for high skilled jobs across D2N2.</p> <p>Objectives include:</p> <ul style="list-style-type: none"> • Engaging Scale-Ups / potentials to support peer-to-peer learning • Signposting ambitious businesses to Up-Scaler or other support, and diagnosing the growth needs of 230 Scale-Ups / potentials • Supporting 65 Scale-Ups / potentials to enhance their capabilities to manage growth and access finance • Supporting 90 Scale-Ups / potentials to enhance their capacity to meet market opportunities and grow 	

The project activity, as described, is eligible for ERDF support and the application fits well with the Call and the Operational Programme, particularly the indicative activities to engage and support with scale-up SMEs.

The proposal represents good value for money, but the applicant will need to ensure that all outputs that are generated by the project activity are captured. The applicant will also need to clarify the ratios for grant provision and job creation.

To further strengthen this at full application, the project should demonstrate how the peer-to-peer learning will perform and also how the project will link with the Growth Hub and account for the range of existing support offered through other ERDF funded projects. The project should demonstrate how the applicant can reach more actual and potential Scale-ups across all eight of D2N2 priority sectors.

If invited to full application, the applicant will need to provide sufficient evidence of additionality that the ERDF funding will provide for this project and how the project would complement existing projects and avoid duplication with the proposed “platinum business support service”.

MW provided an overview of the ‘Factual Comparison’ document prepared by the Strategic Review Group.

David Williams stated that the Up-Scaler project reflected added value in the connection with Nottingham Trent University which would most likely improve the likelihood of success. This project also identified genuine scale up companies whereas the High Growth and Scale Up project did not define the nature of the scale up companies. Also the project’s platinum service needed defining; adding that whoever takes accountability for this aspect would need to be high calibre. Detail was required in terms of the independence of the project’s diagnostic service. The coaching pool should not be a closed shop, coaches need to be selected from as big a pool as possible. DW rated the Up-Scaler bid as strong subject to the following two conditions-

- The applicant will need to provide robust, independent diagnostic support for beneficiaries and define the nature of a ‘platinum level’ service
- The applicant should provide clarity on the way the Coaching pool will provide open access and ensure that the selection of coaches is managed transparently and effectively to provide breadth of skills and experience in the resource.

The ESIF sub-committee considered the Up-Scaler project a strong strategic fit and advised to progress to Full Application with the additional conditions

2.

Project Name	High Growth and Scale Up project
Applicant	Oxford Innovation Services Ltd
Declarations of Interest	N/A
IW provided an overview:- Project Value £1.399M, ERDF requested £699,876 The project is eligible for ERDF support and the application fits with the Call and the Operational Programme, particularly the indicative activities to engage and support Medium Size Enterprises. However there is a need to provide more detail on the target sectors to reflect the Call and a justification if the project is targeting other sectors or excluding the eight priority sectors in the Call. The applicant will need to demonstrate cognisance of and engagement with other similar projects and programmes such as the Growth Hub to ensure complementary activity and collaboration. The applicant will need to demonstrate more needs analysis for the Outputs targeted rather than using PA3 baseline percentage to identify targets. MW provided an overview of the 'Factual Comparison' document prepared by the Strategic Review Group. Specific feedback at the meeting from DW was that it was less focused on which businesses it will support and which sectors which means it could have less impact. Lack of connectivity to the Growth Hub was a concern, especially with the proliferation of projects that exist, this needs to be closely delivered as part of the Growth Hub rather than adding a new project and more confusion. The ESIF sub-committee advised that the High Growth and Scale Up project is a medium strategic fit and should NOT be progressed.	

5.2 The ESIF sub-committee agreed that of the two project, the Up-Scaler project provided a strong strategic fit and advised the MA to progress to Full Application.

Item 2. Written Procedures update:

2.1 IW reported that 4 EOI's had been considered by written procedure since the last meeting.

EAFRD EOI assessments –responses by 9th June 2017

- 105922 -Expansion of Farm Shop with café
- 106117- New log-cabin site in Bretby, South Derbyshire
- 106119- Hollowford Kit Store

EAFRD EOI assessments – responses by 30th June 2017

- 106231-Expansion of Contracting Business

2.2 IW reported that all 4 EOI's have been invited to full application by the Rural payment Agency.

Item 3. Management Information Reports

ERDF - Ian White DCLG, ERDF Managing Authority

3.1 Progress was provided by IW for each ERDF Priority Axis 1-6 to the ESIF Sub-committee with management information to show progress against spend and output targets at the LEP area level.

IW asked Members of the ESIF sub-committee to note:

- 76.6% of the current PA1 (Innovation) allocation has been programmed against three live projects (£14m ERDF), which are forecast to meet both the 2018 and 2023 output and financial target with significant headroom.
- The current live PA2 project will not deliver the 2018 output target of additional businesses with broadband access of at least 30mpb. Following a lack of interest in the December 2016 broadband infrastructure call it has been proposed that as part of the Operational Programme modifications, £3.2m will be focussed on ICT support activity to business (PA2b), and £4m transferred to PA3 where demand has been identified.
- PA3 commitment is 74.3% (£25.9m) of the priority axis allocation (£34.8m). All eleven projects are now live worth £25.9m. A further £5.5m is ring-fenced for Sustainable Urban Development (SUD) in Greater Nottingham. This means that £31.4M (90%) has been programmed against the PA3 allocation. PA3 is forecast to meet both the 2018 and 2023 output and financial targets.
- £16.65m (74%) of the current PA4 (low carbon) allocation of £22.6m has been programmed against three live projects (£5.9m ERDF), three projects at full application stage (£7.25m) and the Sustainable Urban Development for Greater Nottingham (£3.5m). The 3 live projects would ensure D2N2 meet the 2018 output target. D2N2 would also achieve the 2018 financial target.
- £3.15m (63.6%) of the current PA5 (Climate Change) allocation of £4.9m has been programmed against 1 project. This project would ensure D2N2 achieve the financial target for 2018, but would not achieve the 2018 D2N2 output target.
- £4.5m (93.8%) of the current PA6 (Environment & Resource Efficiency) allocation of £4.8m has been programmed against 2 projects. These projects would ensure D2N2 achieve the financial target for 2018 and achieve 276% of the 2018 output target.

3.2 IW informed the sub-committee that there would be two further Calls for PA5 in September 2017 and a final call for PA1, PA2 and PA3 towards the end of 2017.

3.3 IW confirmed that ERDF project extensions would be considered. It is intended that the November 2017 call will allow for project extension for projects that are due to complete within a time period of 18 months from the call closing date..

3.4 IW informed committee that performance data would be available for the September ESIF sub-committee meeting. IW intends to hold a meeting with LEP officers to run through the data before the September meeting.

3.5 JH referenced the letter 'Unlocking Investment to Support Business Growth in D2N2' from the Chair of the D2N2 LEP – Peter Richardson to the Deputy Director of the Cities and Local Growth Unit regarding the work being progressed nationally on the successor to ESIF and the Shared Prosperity Fund. JH commented that Grenfell has had an impact on the speed of policy development, with staff being moved to housing and policy agendas. There is currently no confirmed timetable for the Shared Prosperity Fund consultation.

3.6 MW referred to a 'cliff edge' document that illustrated challenges for the future in terms of when the ESI Funds come to an end.

The ESIF sub-committee agreed the following recommendations:

- It is proposed that as part of the Operational Programme modifications, £3.2m of the PA2 allocation will be focussed on ICT support activity to business (PA2b), and £4m of the PA2 allocation transferred to PA3 where demand has been identified.
- It is proposed that D2N2 launch a climate change (PA5) Call in September 2017 and final innovation (PA1); broadband business support (PA2b); and SME competitiveness (PA3) calls in autumn 2017.

ESF - Ian White DCLG, ERDF Managing Authority on behalf of Tim George DWP

3.7 IW presented a paper which provided a progress update to the D2N2 ESI Funds Sub-Committee on the ESF Programme, both on the ESF calls and applications for funding.

- 9 Full Applications made – Value £39.05M(4 CFO/5 Direct Bid)
- 9 Full Agreements - Value £39.05M (4 MOUs/5 FA)
- 59% of allocation remaining
- IP 2.2 has 100% of allocation remaining

3.8 IW reported that there were no open calls currently and the CFO funding has now been committed at £39.05m . IW stated that the issue of co-financing remains a concern. This issue was discussed at the Growth Programme Board on 14th June 2017.

3.9 MW referred to the 'cliff edge' document, highlighting the issue with ESF funding ending at the end of 2018. MW had hoped to discuss this with a DWP representative at the meeting to consider plans for the future. MW stated that there was a lot of work to do between now and September and that clarity was needed with regards to SFA funding.

ACTION: The ESIF sub-committee agreed that DWP should provide an update on co-financing at the September 2017 meeting.

3.10 DW agreed with the challenges faced in utilising ESF funding. DW stated that in other areas the chair of the committee had written to DWP for clarity. DW offered to help draft the letter on behalf of the FE sector.

ACTION: Letter to be sent from Peter Richardson to DWP with regards to clarity on match funding at source for ESF projects.

3.11 Cllr SW asked if match funding was being sought from a number of different sources. MW reported that there may be a health and well-being programme launched in the Autumn which gave an example of untapped funding. It was agreed that DWP representation at future meetings is important to provide updates.

3.12 MH asked for an update on the Community Fund. MW confirmed that this had been approved by the sub-committee some time ago but that DWP could not launch this during purdah. MW agreed that it needed to be pushed forward as a priority.

EAFRD - Ian White DCLG, ERDF Managing Authority on behalf of Roger Allonby

3.13 IW presented a paper which provided a progress update to the D2N2 ESI Funds Sub-Committee on the EAFRD Programme.

The EAFRD Growth Programme calls in the D2N2 area are open for Business Development, Tourism Infrastructure and Food Processing. RPA is working with local partners in each LEP area to organise workshop sessions to promote the calls and advise potential applicants on what is available. A 'D2N2 Rural Means Business' Conference is scheduled to be held at Belper Town Football Club on Tuesday 18 July 2017 between 9am – 12.30pm. This event will promote the grants available through EAFRD Growth Programme and LEADER, and the range of support available for rural businesses through the D2N2 Growth Hub including business support, advice and other funding.

3.14 LA informed the ESIF sub-committee that an event had been held in Nottingham and that further District level events are planned for the Autumn.

3.15 There were no additional projects presented for advice on Local Strategic Fit at this meeting.

Item 4. ERDF: Proposed ERDF Operational Programme (OP) Modifications

4.1 IW briefed the ESIF sub-committee on OP modifications paper and particularly referenced the following:

The Managing Authority (MA) is required to update the OP to incorporate funding arising from the Commission's recalculation of structural funds allocations on the basis of the most recent statistical data.

As part of its on-going review of the OP the MA identified additional modifications that it would be appropriate to make at this time. The majority of the proposed changes are intended to update the assumptions behind the Performance Framework:

- Amend Performance Framework unit cost calculations based on the application of new evidence or the correction of errors made in the original calculation; and
- Amend text relating to the eligibility of activity under priority axis 4 and 5 to increase the scope of activity that can take place.

The Managing Authority is also changing the narrative in the OP to ensure it reflects changes to business processes. Specifically in relation to:

- The role of Intermediate Bodies; and
- The role of local ESI Funds Sub-Committees.

The modifications will be formally submitted to the European Commission following Growth Programme Board approval and future calls can be launched on the basis of the updated OP.

4.2 IW presented a summary of the main changes, as they affect D2N2

Priority Axis 2 - The assumptions regarding the number of businesses that are available to be supported through the Programme is not as high as originally anticipated.

It was reported that the intention was to move the performance target from 2A to 2B

Priority Axis 4 – The assumptions regarding the level of spend in this priority axis are not achievable based on delivery experience to date.

It was reported that the eligibility criteria would be broadened by adding 2 new categories of intervention (CoI) to increase the type of activity that can be supported under IP4b (Increased energy efficiency in SMEs) and IP4e (Whole place low carbon solutions). These new categories being:

- 069 - Support to environmentally-friendly production processes and resource efficiency in SMEs; and
- 085 - Protection and enhancement of biodiversity, nature protection and green infrastructure.

Priority Axis 5 – The calculation of the Performance Framework was not based on a sufficiently broad evidence base resulting in the target being set too high.

It was reported that The MA has provided an updated evidence base for calculating the non-financial performance indicator, number of businesses and properties with reduced flood risk, in the more developed and transition regions. This revised evidence base will see the unit cost in these regions change from €3,877 to €12,972; the outputs have been updated accordingly in the operational programme modification.

In addition, changes have been made to the text to make clear that flood defence investments are not limited to the areas cited as key priorities in the current operational programme.

IW reported that the June PA5 Call had been postponed due to the proposed OP changes. IW has briefed Derby City Council on the changes and reported that a new PA5 Call will be

launched in September 2017 to reflect the OP changes. IW reported that officers from the Munio project were in discussions with the Moors for the Future project about this Call.

MW requested clarification on whether the Lower Derwent is still a priority. IW stated that the Lower Derwent is still a priority however other areas were not to be excluded. IW suggested that the ESIF sub-committee would need to make recommendations regarding which applications demonstrated the most appropriate strategic fit. No weighting would be applied on applications geographically.

Priority Axis 6 – Clarity on demarcation between EAFRD and ERDF means that the level of funding planned under IP6d has reduced.

IW reported on the changes to the OP which would affect the role of the ESIF sub-committee and next steps:

The Government has recently announced an emphasis on value for money (VfM) in future European Structural and Investment Funds. Whilst the VfM tests against European Funding are already strong it has been concluded that the Managing Authority should also explicitly set out that it will seek advice from local ESIF committees on this matter. Additional text has been added to the OP to reflect this role.

This change does not impact on the advisory role of local ESIF committees and all decisions will be taken by the Managing Authority and its Intermediate Bodies.

Next Steps

Following agreement of the above changes by the Growth Programme Board in July 2017 the managing authority will formally submit the OP to the EC.

Once submitted, in line with Article 65 of the Common Provisions Regulation (EU 1303/2013), the changes proposed can be considered eligible from that point. As such calls can be made on the basis of the modifications.

Shortly after the modification has been formally submitted local partners will be informed of the revised breakdown of their priority axis allocations and output targets.

4.3 DR requested an update on Technical Assistance and whether there was any flexibility as to how this can be applied. IW reported that there is currently an on-going discussion in regards to the flexibility of TA activity.

4.4 MW responded to a question from Cllr SW regarding the impact and value for money of TA. He stated that Derby City Council, ESIF and EMFEC had provided staff resource to support the low carbon theme (PA4) and help to demystify funding opportunities through the delivery of events and workshops. MW iterated that the TA project was delivering value for money.

Item 6. Any Other Business

There was no other business to be discussed

Annex A – Actions

Agenda item	Actions	Action assigned to	Actioned
3	DWP to provide an update on co-financing ESF at September ESIF sub-committee meeting	DWP	
3	Letter to be sent from Peter Richardson to DWP with regards to clarity on match funding at source for ESF projects.	Dawn Ward & Matthew Wheatley	

Annex B Attendee List

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Peter Richardson (PRich)	D2N2 LEP
Ian White (IW)	Managing Authority ERDF (DCLG)

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Adrian Smith (AS)	Nottinghamshire County Council (representing Cllr Eric Kerry)
Dawn Ward (DW)	Burton and South Derbyshire College (FE representative)
Chris Henning (CH)	Nottingham City Council
Mike Carr (MC) – on behalf of Professor Edward Peck	Nottingham Trent University / HE
Rob Mayo (RM)	Rural Reference Group
Michael Henry (MH)	Communities Inc (Representing Matt Allbones)
Diane Beresford (DB)	East Midlands Chamber of Commerce
Cllr Martin Rawson (Cllr MR)	Derby City Council
Matthew Easter (ME)	Sustrans
David Williams (DW1)	Butt Foods
Cllr Sam Webster (Cllr SW) (Representing Cllr Jon Collins)	Nottingham City Council

Others in attendance (non-members - including secretariat):

Name, title and organisation	Sector/Organisation Representing
Frank Horsley (FH)	Derbyshire County Council
Jem Woolley (JW)	Nottingham County Council
Yvonne Dickinson (YD)	DCLG
Callum Bullimore (CB)	DCLG
Debora Heath (DH)	DCLG
Glyn Darbyshire Evans (GBE)	DCLG
Justin Homer (JH)	BEIS
Matthew Wheatley (MW)	D2N2 LEP
Lindsay Allen (LA)	D2N2 LEP
David Ralph (DR)	D2N2 LEP

Apologies:

Name, title and organisation	Sector/Organisation Representing
Cllr Jon Collins	Nottingham City Council
Peter Gadsby	Ark Capital Ltd
Ian Curryer	Nottingham City Council
Ian Stephenson	Derbyshire County Council
Cllr Roger Blaney	Leader NSDC
Tim George	Managing Authority ESF (DWP)
Andrew Pickin	Business Representative
Jane Howson	Autism East Midlands
Ian Morgan	Business Representative / Wellglade
Matthew Allbones	Derby Citizens Advice and Law Centre
Roger Allonby	Managing Authority EAFRD

Melanie Ulyatt	Federation of Small Businesses (Nottinghamshire and Derbyshire)
Cllr Eric Kerry	Nottinghamshire County Council
Cllr Tony King	Derbyshire County Council
Date, time and venue of future meetings:	
Tuesday 26 September, 2017 11:30am – 1:30pm – Nottingham Wednesday 8 November, 2017 1:30pm – 3:30pm - Derby	