



D2N2 LEP Area ESI Funds Sub-Committee

Minutes of the meeting held 26 September 2017

Loxley House Nottingham City Council, Nottingham. NG2 3NG

Agenda:

1. Apologies, Minutes of last meeting (12th July) and process of actions (paper)
2. Written Procedures update
3. Management Information Reports (papers)
 - ERDF
 - ESF
 - EAFRD
4. ERDF December Call: PA4 Outline Assessments (paper)
5. EAFRD Outline Assessment (paper)
6. ERDF Local Call content – PA1, PA3 and PA4
7. Sustaining the Impact of ESF funding in D2N2 2018-2022
8. Update on Greater Nottingham SUD
9. Any Other Business

Item 1. Apologies and Minutes of the last meeting (12th July 2017)

1.1 The Chair welcomed everyone and apologies were noted from :

Matt Allbones (Michael Henry attending),

Cllr Banwait - Derby City Council,

Diane Beresford -East Midlands Chamber of Commerce,

Roger Allonby - (Alex King Attending), Managing Authority EAFRD (RPA / DEFRA)

Cllr Martin Rawson (Alan Smith attending), - Derby City Council

Cllr Roger Blaney - NSDC,

Andrew Pickin – Business representative

Adrian Smith (Nicola McCoy-Brown (NMcB) attending), - Nottinghamshire County Council

Ian Curryer - Nottingham City Council,

Professor Edward Peck (Dan King attending), – Nottingham Trent University

Cllr Tony King - Derbyshire County Council,

Dawn Ward (Andrew King attending), - FE representative

Melanie Ulyatt - Federation of Small Businesses Nottinghamshire and Derbyshire.

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

The minutes were agreed to be accurate and were therefore approved as an accurate record of the meeting.

1.3 Progress of actions – Annex A

Agenda item	Actions	Action assigned to	Actioned
3	DWP to provide an update on co-financing ESF at September ESIF sub-committee meeting	DWP	TG to update at Item 3 - ESF
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	MW – confirmed a letter was sent to Catherine Blair on 02 August 2017 (copy circulated with meeting papers)

1.4 MW drew ESIF sub-committee members attention to the Information Note on the D2N2 Technical Assistance Partnership that was circulated with the papers for this meeting.

Item 2. Written Procedures update:

No updates at this meeting.

Item 3. Management Information Reports

3.1 ERDF - Ian White DCLG, ERDF Managing Authority

IW provided the sub-committee with management information to show progress against expenditure and output targets at the LEP area level. Members were asked to note:

76.6% of the current PA1 allocation (£14m) has been allocated.

The remaining PA2 budget of £7.2m will be transferred to PA3 where demand has been identified.

PA3 commitment currently stands at 75.88% (£25.9m).

79.25% (£17.7m) of the PA4 allocation has been programmed.

63.6% (£3.15m) of the PA5 allocation has been programmed.

93.8% (£4.5m) of the PA6 allocation has been programmed.

Overall D2N2 projects have claimed 39% of the 2018 financial targets.

The key messages around current performance were reported:

- Priority Axis 1: Of the 1950 contracted '*enterprises receiving support*' only 34 have been claimed by September 2017. This represents 19.8% of the 2018 performance framework target. The PA1 projects have claimed 52% of the 2018 financial target. We anticipate launching a final PA1 call in November 2017.
- Priority Axis 2: PA2 commitment is 93% (£4.4m) of the priority axis allocation following the reallocation of £7.2m from PA2 to PA3. £780k of the PA2 allocation is ring fenced for the SUD in Greater Nottingham. The PA2 project has claimed 12.6% of the 2018 financial target.
- Priority Axis 3: PA3 commitment is 75.88% (£32.2m) of the priority axis allocation (£42.4m) following the reallocation of the £7.2m from PA2. Of the 3253 contracted '*enterprises receiving support*' only 89 have been claimed by September 2017. This represents 11.8% of the 2018 performance framework target. The PA3 projects have claimed 57.5% of the 2018 financial target. We anticipate launching a final PA3 call in November 2017.
- Priority Axis 4: Of the 571 contracted '*enterprises receiving support*' none have been claimed by September 2017. The PA4 projects have claimed 15.3% of the 2018 financial target. There is one more review point for this PA4 Call: 31 October 2017.
- Priority Axis 5: £3.15m (63.6%) of the current allocation has been programmed.
- Priority Axis 6: Of the 108ha contracted '*surface area of habitats supported in order to attain better conservations status*' none have been claimed by September 2017. A shortfall of 18 against the 2018 performance target.

Following IW's explanation of the MA's approach to underperformance, the committee welcomed the intention to progress robust contract management by the MA with the aim to minimise underperformance and any potential de-commitment of resources.

The sub-committee queried if there was any scope to move resources into 2018 across projects. IW confirmed this would be considered on a case by case basis but would be subject to the project demonstrating demand for moving resources..

IW confirmed that, as a result of changes to the OP and the increased resource in PA3, it is likely that the PA3 performance framework target will increase. PA5 output definitions have changed as a result of the OP modifications, which will impact on the performance framework target for PA5.

The sub-committee queried how any de-committed funds would be utilised. IW stated that, currently, the last call was planned for March 2018 which would provide the opportunity for additional Calls and new projects.

3.2 ESF - Tim George (ESF) DWP Managing Authority

TG presented a progress paper for ESF. The sub-committee was asked to note the following:

Memoranda of Understanding (MOUs) amounting to £1118 million are now in place with our Co-Financing Organisations across England.

Direct Bid Funding Agreements (FA's) have been signed worth £273.4 million.

The result of this is that 44% of programme budget has been committed by the Managing Authority through MOUs and FAs. (This reduction in commitment from the last update relates to adjustments to Education and Skills Funding Agency contracts)

There are currently 26 live calls covering Coast to Capital, Greater Birmingham and Solihull, North East, New Anglia, Greater Cambridge Greater Peterborough Lancashire, Oxfordshire, The Marches and D2N2 LEP areas. Closing dates range from 25 September to 27 October 2017

9 Full Applications made – Value £38.4M (4 CFO/5 Direct Bid)

9 Full Agreements - Value £38.4M (4 MOUs/5 FA)

YEI Funding Agreement outstanding at the time of writing – this will commit £258,00 YEI and £258,000 ESF

Investment Priority (IP) 2.2 has 100% of allocation remaining.

TG explained that six applications were currently in appraisal. The process had been unavoidably delayed and therefore he was unable to present the applications at the meeting. The sub-committee agreed that the applications could be considered via written procedure prior to the next meeting.

TG had not received an update as to whether any applications had been received in response to the call under IP 1.4, which closed on 27th September 2017 and had a value of £1.5m ESF.

TG confirmed that the Managing Authority would be looking at their approach to Match to identify any potential for releasing further match.

Some members raised concerns about the timescales to meet Call deadlines. It was noted that TA support was available to applicants along with local solutions for smaller organisations. An option of moving to a single, rather than two-stage, application process may be considered in

the future. TG agreed to feed that back to the Team reviewing the current process for Calls and applications.

3.3 EAFRD - Alex King on behalf of Roger Allonby EAFRD Managing Authority

3.3.1 Current EAFRD Growth Programme Calls – D2N2 update

In January 2017 £120m of EAFRD Growth Programme funding calls were launched, inviting Expressions of Interest (EOIs) for Tourism Infrastructure, Food Processing, and Business Development projects. These Round 2 calls remain open until January 2018, subject to the availability of funds. As agreed locally, EAFRD calls in the D2N2 area are currently open for Business Development, Tourism Infrastructure and Food Processing.

Promotional events continue to be held in the area.

3.3.2 Additional EAFRD activity

AK outlined the additional EAFRD activity and funding streams to be launched during the remainder of 2017.

3.3.3 EAFRD Growth Programme allocations

Three EAFRD Growth Programme calls are currently open under Tourism Infrastructure, Business Development and Food Processing themes, with a national budget of £120m. RPA are now in a position to open up the remainder of the original £177m national Growth Programme allocation. This will be done by ‘topping up’ the offers that launched in January 2017. LEP Areas with remaining EAFRD allocations have been invited to increase the amounts they have apportioned to the Food Processing, Business Development and Tourism Infrastructure offers they are already taking part in.

Initial discussions have taken place with D2N2 LEP colleagues about how the remaining £2,180,306 from an original EAFRD budget of £5,523,249 might be allocated across the three calls. It is proposed to increase the value of the three calls by the amounts shown in bold in the table below.

	Total	Theme		
Original D2N2 EAFRD Growth Programme Budget	£5,523,249	Food Processing	Business Development	Tourism Infrastructure
Contracted Round 1 projects	£334,424			

Current value in live Round 2 calls	£3,008,519	£501,253	£1,579,019	£928,247
Remaining budget and proposed allocation	£2,180,306	£248,747	£1,134,806	£796,753
Proposed total D2N2 Round 2 live calls	£5,188,825	£750,000	£2,713,825	£1,725,000

The current minimum grant limit for the Food Processing and Tourism Infrastructure calls is £50,000. It is proposed to reduce the minimum grant limit to £35,000 for all calls.

The sub-committee agreed to support the movement of funds as proposed above.

Item 4. ERDF December Call: PA4 Outline Assessments

4.1 Derby City Council – Market Hall Transformation ‘Innovation in Heritage’

PR and AS declared an interest in this agenda item and did not participate in the discussion.

The sub-committee noted that this is a rolling call which is working well with good projects coming forward.

IW presented the application:

Derby City Council - Market Hall Transformation ‘Innovation in Heritage’ PA4

Total Project Value (£) 2,000,000

Total ESIF sought (£) 1,000,000

Outputs:

- C32 Decrease of annual primary energy consumption of public buildings - 710,000
- C34 Estimated annual decrease of GHG - 370

The present Market Hall in Derby City Centre built in 1856 and a grade II listed building, is one of 3 key City Centre developments planned for regeneration and central in delivering Derby City Centre Masterplan 2030. In addition to stimulating economic growth it is estimated that the investment will result directly in;

10 jobs in the local construction sector supply chain and 50 extra jobs in the businesses in the immediate area.

Becoming carbon neutral, representing a C34 output reference as a net decrease of GHG – of up to 140 Carbon Tonnes, or 4,200 Carbon Tonnes over a 30 year lifespan.

the installation of 250KWh of Photo Voltaic solar panels

Innovative battery storage technology

a low carbon learning hub.

In terms of eligibility, IW reported that it appears that the expenditure will cover installation of low carbon technology as part of the refurbishment of and new build extension to Market Hall in Derby. Investment in energy efficiency measures and renewable and smart energy systems is eligible under PA4c. However detailed costs will need to be considered as part of the full appraisal. Furthermore, the full application should clarify the full extent of the works to be carried out and identify which of those are requesting ERDF funds. IW also noted that there is no clear link to any complementary revenue funded support programme and therefore the full application must make a clear case for intervention by identifying market failure in order to justify capital expenditure and/or identifying any revenue funded support programmes which complement the proposed activity.

In terms of strategic fit, IW reported that the application is for a capital project and does not clearly articulate an intention to provide enhanced support to businesses or have any meaningful engagement with priority sectors beyond the sharing of information about the types of energy efficiency methods used and the savings made. The application states that the project will work with the University of Derby to include a low carbon learning hub.

With regards to Value for money IW reported that outputs C32 offer very good value for money whereas C34 are very poor value for money.

IW reported that in terms of deliverability, it was not clear on the source of match funding or whether planning permission has been approved.

IW reported that procurement annexes will need to clearly identify which procurements apply to the wider refurbishment/build project and which cover the ERDF element.

Overall, the proposed activity appears broadly but raises concerns in terms of – retail, additionality, procurement, match funding and state aid.

MW drew the sub-committee's attention to the Strategic Review Group review sheet circulated prior to the meeting. In summary MW commented that this was a good and interesting application on a prominent town centre site using different technologies. However, the project was not sufficiently well developed to go forward to full application. No match funding had been identified. Value for money had not been demonstrated and a more robust demonstration of benefits to businesses was required. It was noted that the rolling call was open until 31st October 2017, thereby presenting an opportunity for the applicant to resubmit.

The advice from the sub-committee was for the application to be withdrawn and re-submitted within the call period.

Item 5. EAFRD Outline Assessment: Swanwick Junction – Alex King

The assessment for one eligible EAFRD Expression of Interest with a grant request of over £100,000 was presented for the ESIF sub committee’s advice on local strategic fit. In accordance with the agreed process for D2N2 LEP, advice from the D2N2 Rural Reference Group was taken into account.

Project	Theme	Grant request	Recommended Score
Swanwick Junction Roadway Project	Tourism	£120,000	3 – good fit

No concerns were raised and the sub-committee was supportive of the proposal.

Item 6. ERDF Local Call content – Matt Wheatley

MW presented the paper circulated prior to the meeting. He drew the sub-committee’s attention to the figure presented at 5.1(b) and asked the sub-committee to note that this figure should be amended to £10.2m and **not** £10.08m.

There has been good progress made in committing ERDF project funding with approximately 77% of ERDF funding committed to projects. In order to maximise the value and impact of ERDF funding for the D2N2 area, it is necessary to open further calls under Priority Axis 1 - Innovation and Priority Axis 3 – SME Competitiveness in the forthcoming November call window. It is also proposed to open a further ERDF P4 call, should there be any unspent funds once the current ‘rolling call’ expires on 31st October 2017.

Summary of Content for an Innovation (PA1) Call

A balance of £4.26m ERDF remains uncommitted under this priority axis. There is a Performance Framework target to assist 685 businesses under this Axis. Current commitments on PA1 are to assist 1,985 businesses. Therefore there is scope for future projects to offer fewer, higher value interventions to business for more sustained impact. It is therefore proposed to open a call for £4.26m ERDF.

Summary of Content for a SME Competitiveness (PA3) Call

Due to DCLG’s recent review of the national ERDF ‘Operational Programme’, £7.18m has been transferred from D2N2’s PA2 allocation to the PA3 allocation. Taking into account current

commitments and national re-profiling, there is a balance of approximately £10.2m ERDF available.

Similar to PA1, currently committed projects are projected to exceed the performance framework target for the whole P3 funding allocation. There is therefore scope for future projects to offer fewer, higher value intervention to business for more sustained impact.

It is therefore proposed to open a call for £10.2m ERDF.

Summary of Content for a PA4 Low Carbon Call

There is currently a balance of £4.56m available, although further applications may be received before the current rolling call ends. Should there not be enough applications of an acceptable level of local strategic fit to fully account for the remaining funds, it is suggested that a further call be opened for the balance of any PA4 funds that is outstanding with suggested local call content attached at Appendix C.

Recommendation

- a) Priority Axis 1, for £4.26m with local call content as Appendix A
- b) Priority Axis 3, for £10.2m with local call content as Appendix B
- c) Priority Axis 4 for any outstanding P4 funds, with local call content as Appendix C

IW commented that extensions for current projects were eligible; however, the standard application process applies. The MA would look at performance data of current projects and share that information with the sub-committee. The sub-committee welcomed the proactive approach and particularly welcomed the opportunity to offer deeper interventions across fewer, higher value projects.

The sub-committee supported the proposed ERDF calls.

Item 7. Sustaining the Impact of ESF Funding – Matt Wheatley

MW presented a programme review paper regarding the ESF programme. Consultants were commissioned to provide an insight into the effectiveness and strategic alignment of the D2N2 ESF Programme, highlighting opportunities for further improvement to inform the future D2N2 strategy and commissioning.

The key findings of the research were reported were as follows:

Commissioning: There was strong endorsement for the LEP's support provided at pre-bidding stage with information and awareness raising events well regarded.

Strategic alignment: There was clear recognition that ESF commissioning has been aligned to D2N2 strategic plans.

Gaps/Needs/Targeting: There was a sense that the opportunity to deliver at more localised levels and respond to specific issues at sub-LEP levels of geography would be welcomed.

Match funding: This is a real issue with no easy solutions and one which will be discussed further by LEP partners in the coming weeks.

Administrative issues: There were a number of concerns expressed in relation to the very heavy administrative burden that comes with ESF and evidencing for audit trails

Contract Management: Many of the concerns expressed by consultees relate to contract managers and decision making at a national level over which the LEP and its partners have limited influence.

MW reported on sustaining impact of ESF Funding and asked members to note and advise on the headline programmes attached as Appendix C to the paper and approve the way forward with the design and implementation of the 2nd half of the ESF Programme as detailed in next steps above.

The sub-committee suggested that innovative partnerships should be encouraged whilst acknowledging the imperative to attract match funding and meet timescales for delivering the programme.

The sub-committee acknowledged some of the barriers to claiming outputs in this programme, and identified the opportunity to optimise wrap-around schemes to support delivery.

ACTION The sub-committee agreed that MW would develop a framework for employment and skills support at appendix C of the paper and present a next steps exercise at the November meeting.

In addition, the letter to Catherine Blair, Head of ESF, regarding unlocking investment to support employment, skills and inclusion in D2N2 has not had a reply. **ACTION** - TG would follow up with Catherine Blair report further once the reply was received.

Item 8. Update on Greater Nottingham SUD – Jem Woolley

The members were provided with a verbal update on the SUD . The Call, valued at around £10m, had recently been launched offering a mix of capital and revenue support for businesses. It would be open until 2 March 2018 with intermediate assessment points at 10 November 2017 and 5 January 2018. If there was high demand for the scheme, projects may be placed on a reserve list.

Given the timing of the first assessment point, applications would not be ready for consideration at the sub-committee meeting on 8th November. It was agreed that a stand-alone SUD Committee meeting in December may be required to consider the first batch of applications.

Item 9. AOB

There was no other business for discussion.

Annex A - Actions

Agenda item	Action	Action assigned to
7	TG to follow up on the response to the letter to Catherine Blair Head of ESF. To note - Cleared after the meeting – reply now received by Peter Richardson.	TG
7	MW to prepare a framework for employment and skills support and present a next steps exercise at the November meeting regarding the ESF programme	MW

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
Alan Smith (Alan S)	Derby City Council (representing Cllr Rawson)
Jane Howson (JH)	Autism East Midlands
Cllr Jon Collins (Cllr JC)	Nottingham City Council
Andrew King (Andrew K)	West Nottinghamshire College (representing Dawn Ward/FE)
Nicola McCoy-Brown (NMcB)	Nottinghamshire County Council
Chris Henning (CH)	Nottingham City Council
Dan King (DK)	Nottingham Trent University (Representing Professor Edward Peck/HE)
Rob Mayo (RM)	Rural Reference Group

Michael Henry (MH)	Communities Inc (Representing Matt Allbones)
Cllr Reg Adair Cllr (RA)	Nottinghamshire County Council
Alex King (Alex K)	Managing Authority EAFRD (RPA / DEFRA)
Tim George (TGeo)	Managing Authority ESF (DWP)
Ian Morgan (IM)	Business Representative / Wellglade
Rob Johnston (RJ)	Trade Union Congress
Matthew Easter (ME)	Sustrans
Paul Robinson (PR)	Derby City Council
Peter Gadsby (PG)	Ark Capital Ltd

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

Name, title and organisation	Sector/Organisation Representing
David Ralph (DR)	D2N2 LEP
Lindsay Allen (LA)	D2N2 LEP
Matthew Wheatley (MW)	D2N2 LEP
Yvonne Dickinson (YD)	DCLG
Samantha Barkwith (SB)	DCLG
Jem Wooley	Greater Nottingham SUD

Apologies:

Name, title and organisation	Sector/Organisation Representing
Professor Edward Peck	Nottingham Trent University / HE
Melanie Ulyatt (MU)	Federation of Small Businesses (Nottinghamshire and Derbyshire)
Dawn Ward (DW)	Burton and South Derbyshire College
Ian Curryer (IC)	Nottingham City Council
Cllr Banwait (Leader)	Derby City Council
Cllr Rawson (Deputy Leader)	Derby City Council

Roger Allonby (RA)	Managing Authority EAFRD (RPA / DEFRA)
Andrew Pickin (AP)	Business Representative
Matthew Allbones (MAII)	Derby Citizens Advice and Law Centre
Cllr Tony King	Derbyshire County Council
Diane Beresford	East Midlands Chamber of Commerce
Cllr Roger Blaney (Cllr RB)	Leader NSDC
Adrian Smith (Adrian S)	Nottinghamshire County Council
Date, time and venue of future meetings:	
Wednesday 8 November, 2017 1:30pm – 3:30pm - Derby	