



**D2N2 LEP Area
ESI Funds Sub-Committee**

Minutes of the meeting held on

Wednesday 8th November 2017 1.30pm-2.30pm

Venue: Derby Velodrome, Pride Parkway, Derby DE24 8JB

Agenda	
1	Apologies, Minutes of last meeting (26 th September) and process of actions (paper)
2.	Written Procedures update
3.	Management Information Reports (papers) ERDF ESF EAFRD
4.	International Trade - Support to second phase projects
5.	ESF – Commissioning 2 nd half of the ESF Programme
6.	Any Other Business

Item 1 Apologies and minutes of the last meeting (26th September)

1.1 The Chair welcomed everyone and apologies were noted from :

David Williams Geldards,
Joe Battye Derbyshire County Council,
Mike Carr NTU (Jeremy Hague attending),
Roger Allonby EAFRD (RPA/DEFRA),
Melanie Fischer EAFRD/RPA,
Alex King EAFRD/RPA
Lindsay Allen EAFRD/RPA
Andrew Pickin Business Representative,
Mike Ashworth Derbyshire County Council.

The chair welcomed Angela Davies from the North West GDT to the meeting. Angela was shadowing Ian White for the day.

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

Matters Arising: MW referred the sub-committee to page 5 of the minutes and stated that six applications to the Growth Programme funding call were not yet ready for consideration.

Action : TG to forward the six Growth Programme applications to MW by 13th November

Progress of actions – Annex A

Agenda item	Action	Action assigned to	Action update at the meeting
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	Letters attached at Item 5 of the agenda
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	Addressed within Item 5 of the agenda

Item 2: Written Procedures update

There were no written procedure updates

Item 3: Management Information Reports (papers)

3.1 ERDF - Ian White DCLG, ERDF Managing Authority

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

PA1 – 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. It is expected that a new call would be launched in the December call window for £4.2 m.

PA2 – As part of the Operational Programme modifications in Summer 2017, the PA2 performance framework target was moved to *Number of Enterprises Receiving Support* and £7.6m of the D2N2 PA2 budget was transferred to PA3 where the ESIF Committee had identified demand. PA2 commitment is 93% (£4.4m) of the priority axis allocation (£4.7m) following the reallocation of £7.6m from PA2 to PA3. The current live PA2 project is focussed on ICT support activity to business and will contribute to the performance reserve target. £780k of the PA2 allocation is ring fenced for the SUD in Greater Nottingham and the first assessment point of the SUD Call closes on the 10th November for consideration by the SUD ESIF Committee on the 15th December.

PA3 - commitment is 74.1% (£32.2m) of the priority axis allocation (£43.4m) following the movement of £8.6M from both PA2 and PA4. Eleven projects are live worth £26m. A further £5.5m is ring-fenced for Sustainable Urban

Development (SUD) in Greater Nottingham Call which closes on the 10th November (first assessment point) and 1 project at full application stage from the High Growth Call (£700k). It is expected that a new call would be launched in the December call window for £10.2m.

PA4 - £21m (97.3%) of the revised PA4 (low carbon) allocation of £21.6m has been programmed against three live projects (£5.9m), three projects at full application stage (£5.6m), three projects at outline stage (£6m), and the Sustainable Urban Development for Greater Nottingham (£3.5m) which closes on 10th November 2017 for the first assessment point. The three projects at outline stage will be presented for sub-committee consideration at the January 2018 ESIF sub-committee meeting if they pass the Managing Authority gateway assessment.

PA5 - £3.15m (63.6%) of the current PA5 (Climate Change) allocation of £4.9m has been programmed against 1 project. A further PA5 Call was launched in September 2017 and closes on 10th November 2017. Applications will be presented for sub-committee consideration at the January 2018 ESIF sub-committee meeting if they pass the Managing Authority gateway assessment.

PA6 - £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 the 2018 output target.

IW presented an update on Spend and Output performance stating that following the Operational Programme modifications D2N2 resource has been able to be moved from both PA2 and PA4 into PA3 in response to demand identified by the ESIF Committee. This will change the financial and output targets for these 3 priority axes. In addition, the Operational Programme modifications will result in a reduction to the PA5 output target. IW informed the sub-committee that the target changes to these 4 priority axes will be confirmed in November.

MW sought clarification if the changes would be in place by the close of Calls. IW stated that the changes would be in place for the sub-committee consideration of applications and a full Spend and Output performance report would be presented at the next meeting when the changes had been made and Q3 claims and outputs have been received.

IW proposed the following recommendations:

Following agreement at the September ESIF Committee meeting D2N2 will launch innovation (PA1); and SME competitiveness (PA3) calls in December 2017.

The proposal to launch a Low Carbon Call (PA4) agreed by the ESIF Committee in September, will be held over to the March 2018 call period whilst we assess the 3 PA4 projects received on 31 October.

The Committee agreed with these recommendations.

ESIF sub-committee members agreed that the programme was in a strong financial position regarding commitment and JC sought views on the projects that may be at risk of underperforming and what the Managing Authority was planning to do to decommit resource from these projects to reinvest in the ERDF Programme.

IW reported that projects were being considered on a case-by-case basis with under-performance meetings with Grant Recipients focussing on demand in achieving contracted spend and targets. IW was meeting PR after the ESIF Committee meeting to discuss individual project performance for the D2N2 area and IW confirmed that de-commitment to enable re-investment of funds was being discussed at individual project level. The ESIF Committee supported this approach.

Action: IW would report progress on project performance discussions to the January 2018 ESIF Committee meeting.

3.2 ESF - Tim George (ESF) DWP Managing Authority

TG 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. The sub-committee were asked to note the following:

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

- Direct Bid Funding Agreements 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 Funding Agreements and MOUs. (This reduction in commitment from the last update relates to adjustments to Education and Skills Funding Agency contracts)
- There are currently 25 live calls to the value of £1,271 million covering Coast to Capital, Greater Birmingham and Solihull, North East, New Anglia, Greater Cambridge Greater Peterborough, Lancashire, Oxfordshire, Sheffield City Region and Cornwall and Isles of Scilly LEP areas. Closing dates range from 5 October 2017 to 15 January 2018.

TG reported that the PDF attachment report with the ESF update paper was retracted as this format was not being adopted at National level.

TG reported that there are six Outline Applications amounting to circa £1.83m ready for consideration by written procedure by the ESIF sub-committee. These would be sent through to LEP Officers so that they can write recommendation papers to support consideration by Written Procedure. Also there were second stage full applications being appraised and these would be sent out for consideration to the ESIF sub-committee by written procedure once the appraisals had been completed.

The MA were currently working with the ESFA to allow a claim submission to enable financial and deliverable information to be updated.

ESIF sub-committee members requested information relating to timescales on appraisals as a six month timescale for appraisals would be detrimental to delivery and completion of projects. TG reported that appraisals were being undertaken in a shorter time scale than six months and that this was a worst scenario for appraisal completion.

TG provided clarification on the issue relating to ESF open calls, were a delay in appraisal had impacted on planned start dates. TG stated that if applicants requested an extension to a proposed completion date, this would be considered and where practicable approved subject to the limitations of the Call end dates.

3.3 EAFRD – Ian White on behalf of EAFRD Managing Authority

IW presented the EAFRD paper on behalf of the RPA. ESIF sub-committee members were asked to note the current position as follows:

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.

Two promotional events, arranged in partnership with the D2N2 Growth Hub and Peak LEADER, are planned for 13 November in Bakewell and 14 November in Buxton.

As discussed at the previous ESIF Sub Committee meeting RPA are now in a position to open up the remainder of the original £177m national Growth Programme allocation. Updated handbooks will be launched in the coming weeks to show the agreed increased allocations for the three D2N2 calls and the agreed reduction of the minimum grant limit to £35,000 for all calls.

Since the last meeting two EAFRD Expressions of Interest have been received, both with a grant request of below £100,000. As previously agreed the D2N2 Rural Reference Group (RRG) has provided advice on local strategic fit of eligible projects and submitted their advice to the ESIF Chair for endorsement on behalf of the subcommittee, to facilitate timely processing and feedback to applicants. Both projects have been endorsed to proceed to Full Application.

RM from the RRG stated that consideration of two projects - Manor Farm Holidays and Expansion of Laboratory Facilities for Business Growth was undertaken on 23rd October 2017. Both projects were endorsed and agreed to proceed with advice to full application. The Manor Farm Holidays project needs to address issues re planning permission and job creation. Furthermore, one full application had been approved and contracted for a grant of £148,292 for the Pheasantry Brewery Bottling Plant project.

The ESIF sub-committee members noted the poor take up and requested more flexibility regarding project eligibility for Food Manufacturing projects as Committee members were

aware of projects which were ready to progress that do not meet current delivery requirements. IW agreed that RPA would be requested to consider a more flexible approach to delivery of these types of project.

Action: IW to discuss ESIF sub-committee request re flexibility in delivery of Food Manufacturing projects with the RPA and seek an update from RPA at the next meeting in January 2018.

Item 4: International Trade - Support to second phase projects

IW presented a paper to the ESIF sub-committee that set out the intention to launch a call in March 2018 to bring forward a second phase of ERDF-backed international trade provision.

In order to minimise a gap in local funding for export support when the current international trade projects come to end, DCLG is intending to launch an 'International call phase 2' call in March 2018, following the same model as previous calls (March/September 2015).

IW reported the current performance of Phase 1 of the project and identified the significant achievements of the reported output targets in the D2N2 LEP region with the Internationalising SMEs project achieving 229 of the total 388 C1 outputs and 90 of the total 103 C8 targets in the D2N2 area.

IW updated sub-committee members with changes to the Model for export support as follows:

As part of the Government's drive to achieve a step change in the number of companies exporting, it is focussing more support digitally, where companies' needs are relatively simple. Where companies need more intensive or more personalised advice, DIT is currently piloting an Engage, Diagnose, Broker model, where advisers will diagnose the issues facing businesses, develop an Export Action Plan jointly with the business and then bring in the third party private sector providers to resolve the issues identified. Subject to the outcome of their pilot, DIT will be procuring new contractors to deliver the revised model of support from April 2019. The intention is that support will be focused towards medium-sized SMEs and scale-up/high growth businesses, with export growth ambition. This would involve DIT funding for their new delivery contractors to employ the staff to Engage with companies, Diagnose and Broker them to third-party providers of export support advice and services. DIT would like to use ERDF funding to provide co-investment grants to supported businesses to put against the costs of the third-party advice and services.

It is proposed an 'International trade phase 2' call is launched in the March 2018 window. The national calls will be open, so other potential applicants may apply for funding, provided their activity is complementary to and does not duplicate the national offer and meets the other requirements of the call. All project applications will be assessed using the normal processes.

The ESIF sub-committee were requested to consider the following recommendations:

1. To confirm if they wish to participate in the call;
2. To provide input on local priorities to be contained in the regional annexes as per annex A template; and
3. To confirm the level of funding to contribute to the calls

CH requested clarification on the current programme delivering benefits and asked if this programme precluded other PA3 project and spend. IW stated that benefits were being delivered and PA3 spend would not be affected as the Internationalising Trade Call could use some, or all, of the additional £1m transferred from PA4 to PA3.

FH stated that in the current climate exporting was really important to businesses and supported the recommendations

PR requested agreement from sub-committee members and the three recommendations were fully endorsed.

Action: IW and MW to agree level of funding to contribute to the call (between £500k and £1m ERDF) following discussion with DIT. MW to complete template A 'local priorities' by 15 December. IW agreed to provide an update at the 15th January meeting.

Item 5: ESF – Commissioning 2nd half of the ESF Programme – Matt Wheatley

MW presented a paper on ESF – Commissioning 2nd half of the ESF programme. The paper updated the ESIF sub-committee members on progress with the way forward and proposed Strategic Overviews for calls to open early in the New Year. In line with the way forward agreed at the last meeting, officers and partners have worked to identify potential sources of match funding for the overall framework of programmes, clarify eligibility and scheduling issues with the Department of Work and Pensions, and develop more detailed Strategic Overviews for activities and programmes within the framework. The Strategic Overviews have been shared with the D2N2 Skills Commission for comment before sharing with the ESIF sub-committee.

The proposed Strategic Overviews for successor activities to the SKILLS Local, CAREERS Local, EMPLOY Local, Youth Employment Initiative and D2N1 Youth Engagement programmes have been developed by officers after taking into account the various different factors detailed in the previous report to the ESIF sub-committee, including learning from current provision, changes in the labour market, benefits system and 'mainstream' programmes, and have been refined after consultation with the D2N2 Skills Commission.

The Strategic Overviews aim to provide for an approach that sustains strategically important provision, maximises ESF spend and beneficiary numbers and provides for comprehensive activities of impact and scale that are sensitive to local variations and needs within the D2N2 area.

Furthermore, The Strategic Overviews describe a different approach to the 'opt-in' programmes currently being delivered as they will require applicants to provide 'match funding' in response to open calls rather than being let as detailed contracts. Therefore the proposed Strategic Overviews are less detailed and focus on the core of 'what' activities we will wish to see

delivered within the framework of programmes without specifying in detail 'how' they will be delivered.

MW requested that the ESIF sub-committee support the following recommendations:

- a) consider the attached Strategic Overviews for successor activities to the SKILLS Local, CAREERS Local, EMPLOY Local, Youth Employment Initiative and D2N1 Youth Engagement programmes, (appendix C of the paper)
- b) endorse the development of specifications for Open Calls to deliver approach described in the Strategic Overviews
- c) request that DWP opens the calls to deliver the approach in the Strategic Overviews in January 2018.

Action: MW agreed to check that young peoples' carers independent advice was included within the NEET call and advise the sub-committee

The recommendations were supported by the ESIF sub-committee.

Item 6: AOB

There was no other business for discussion.

Appendix A - Actions of the meeting:

Agenda Item	Action	Action assigned to
Matters arising from the minutes	TG to forward the six Outline Application Assessments to MW by 13/11/17	TG - cleared 12/11/17
Item 4 ERDF Update	IW to report progress on ERDF project performance discussions to the January Committee meeting	IW
Item 3 EAFRD Update	IW to discuss ESIF sub-committee request re flexibility in approving Food Manufacturing projects with the RPA and seek RPA update for the next meeting in January 2018.	RPA
Item 4	Action: IW and MW to agree level of funding to contribute to the call (between £500k and £1m ERDF) following discussion with DIT. MW to complete template A 'local priorities' by 15 December. IW agreed to provide an update at the 15th January meeting.	IW/MW
Item 5	MW agreed to check that young peoples carers independent advice was included within the NEET call and advise the sub-committee	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 attending:

Name, title and organisation	Sector/Organisation Representing
Jane Howson (JH)	Autism East Midlands
Cllr Jon Collins (Cllr JC)	Nottingham City Council
Adrian Smith (AdS)	Nottinghamshire County Council
Nicola McCoy-Brown (NMcB)	Nottinghamshire County Council
Chris Henning (CH)	Nottingham City Council
Rob Mayo (RM)	Rural Reference Group
Michael Henry (MH)	Communities Inc
Cllr Reg Adair (Cllr RA)	Nottinghamshire County Council
Jeremy Hague (JH)	NTU
Tim George (TGeo)	Managing Authority ESF (DWP)
Ian Morgan (IM)	Business Representative / Wellglade
Rob Johnston (RJ)	Trade Union Congress
Frank Horsley (FH)	Derbyshire County Council
Paul Robinson (PRob)	Derby City Council
Dawn Ward (DW)	Burton and South Derbyshire College

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

Name, title and organisation	Sector/Organisation Representing
David Ralph (DR)	D2N2 LEP
Matthew Wheatley (MW)	D2N2 LEP
Yvonne Dickinson (YD)	DCLG

Dominique Rowan (DR)	DCLG
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Apologies:

Name, title and organisation	Sector/Organisation Representing
David Williams	Geldards
Joe Battye	Derbyshire County Council
Mike Carr	NTU
Roger Allonby (RA)	Managing Authority EAFRD (RPA / DEFRA)
Andrew Pickin (AP)	Business Representative
Melanie Fischer / Alex King	Managing Authority EAFRD / RPA
Lindsay Allen	Managing Authority EAFRD / RPA
Mike Ashworth	Derbyshire County Council
Lindsay Allen (LA)	D2N2 LEP
Diane Beresford (offered apologies after the meeting)	Chamber of Commerce

Date, time and venue of future meetings:

Monday 15 January 2018 11:30am – 1:30pm – Derbyshire County Council
Friday 19 March 2018 12.30pm - 2.30pm – Nottinghamshire County Council
Friday 18 May 2018 1.30pm-3.30pm – Derby Arena
Monday 9 July 2018 11.30am-1.30pm – Derbyshire County Council
Monday 24 September 11.30am-1.30pm – Nottinghamshire County Council
Friday 30 November 1.30pm-3.30pm – Nottingham City Council