European Union
European Structural and Investment Funds

European Structural and Investment Funds 2014 - 2020

Growth Programme for England

Thames Valley Berkshire (TVB) ESI Funds Sub-Committee

Minutes of meeting held 10.45 am to 12.15pm 15th July 2016

Green Park Conference Centre, 100 Longwater Avenue, Green Park, Reading RG2 6GP

Agenda:

1. Welcome and introduction (Huw Edwards)
2. Agreement of minutes from the last meeting and action points (Huw Edwards)
3. New declarations of interest (Huw Edwards)
4. EU referendum (Managing Authorities)
5. Feedback from Growth Programme Board (Tim Parry)
6. ERDF update (Graham Watt)
7. ESF update (Peter Kennedy)
8. EAFRD update (Helen Dallas)
9. Risk Register & Project Tracker (Joanna Birrell & Huw Edwards)
10. Close of meeting (Huw Edwards)

1. Welcome and introduction (Huw Edwards)

Huw Edwards (HE) opened the meeting. Apologies were stated as Annex B.

2. Agreement of minutes from the last meeting and action points (Huw Edwards)

The sub-committee endorsed the minutes of the last meeting held on 18th March 2016.

3. New declarations of interest (Huw Edwards)

The following members stated conflict of interest:

Huw Edwards: Oxford Innovation Services
Katherine Horler: Big Lottery
Ann Murdoch: Oxford Innovation Services
David Gillham: Oxford Innovation Services

No other members declared any new interest.

4. EU referendum (Managing Authorities)

Graham Watt (GW) explained to the sub-committee members that there is no immediate change of what the Managing Authorities (MAs) are doing:

- Contract monitoring and assurance visits will continue
- We must continue to be compliant
- We are continuing to implement the E-CLAIMS IT system and to seek designation as a managing authority

Following the EU Referendum decision, the Government is looking at the role of ERDF in England in supporting local growth activities. An update on future arrangements will be provided as soon as possible.

Peter Kennedy (PK) from DWP and **Helen Dallas (HD)** from DEFRA endorsed the message and confirmed that it is business as usual.

Joanna Birrell (JB) raised the question about future calls and their timetables. GW explained that no clarification has been provided yet about whether the July calls will be published or not, although the window opens next week. In terms of 2017 calls timetable, it has not been discussed yet. However, he highlighted that the sub-committee should agree the call specification so it is ready for future publication.

JB noted that an ESF call had been published yesterday and TS highlighted the inconsistency of approaches between MAs. **HE** asked that DCLG, as Secretariat, provide holistic guidance to the LEP and sub-committee on policy changes that result from the Referendum outcome.

HE requested to see widely communicated information on this matter as soon as possible.

5. Feedback from Growth Programme Board (Tim Parry)

Tim Parry (TP) explained to the sub-committee that he is a member of the European Funding Network that asked him to attend the Growth Programme Board meetings as a member of the voluntary sector since March 2016. The last meeting took place on 16th June 2016, a week before the EU referendum and it proved to be very useful. Related paper has been circulated to the sub-committee members before this meeting.

Some of the issues that were discussed:

- over commitment of ERDF funding in some Local Enterprise Partnerships (LEPs)
- Youth Employment Initiative has some underspend especially in London

- E-CLAIMS system: Management Information seems to be an issue, however, it is currently being addressed
- Devolution: complexities in the future management of devolved and non-devolved areas and where the budget will sit
- Exchange rate implications: it could actually be a short term gain
- Some of the ERDF Programmes such as low carbon is behind other areas. Hopefully, it will be addressed in the next round of calls
- Partnership working review was undertaken. There is concern around representation as some sub-committee members are representing more than one sector. There are issues around conflict of interest and how to allow ESIF sub-committees to draw on other expertise where members have conflict of interest
- Nine sub-committees which fed into the Programme Monitoring Committees are highlighting concerns that targets might not be met

6. ERDF update (Graham Watt)

6.1 PA3 outline applications (3 in total)

GW apologised to the sub-committee that **Georgia Pritchard (GP)** couldn't attend the meeting as she was about to present the Growth Hub applications to the members.

David Gillham (DG), Katherine Horler (KH) Huw Edwards (HE) and **Anne Murdoch (AM)** left the room due to their conflict of interest.

GW briefly introduced the three applications:

<u>Application No. 1</u>

Project name: Thames Valley Berkshire Business Growth Hub
Applicant: VitalSix Growth Hub Ltd
Priority Axis 3: Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises
Investment Priorities:

- 3a Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.
- 3c Supporting the creation and the extension of advanced capacities for products, services and development.
- 3d Supporting the capacity of Small and Medium Sized Enterprises to grow in regional, national and international markets and to engage in innovation processes

ERDF Requested: £750,000
Total Project Value: £1,500,000

Summary: The applicant has met most of the requirements for the call proposal under the relevant Priority Axis and the outputs and results that have been detailed in the application including one additional output not in the call. Regarding the priority activities in the call the application provides little detail about support for pre start-up businesses, however does provide more detail on the other activities.

Most of the costs described in this application would be eligible under the ERDF eligibility guidelines and form mostly salary costs and normal running costs for a revenue cost project. Activity supporting students/undergraduates such as the Student Incubator Grant are not eligible for funding from ERDF (these are supported by ESF) and this will need to be removed from any full application. In addition, some of the proposed activity related to access to finance would need to be explained further in a full application to establish whether it is eligible.

Application No. 2

Project name: Thames Valley Berkshire Growth Hub
Applicant: Oxford Innovation Services (OIS)
Priority Axis 3: Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises
Investment Priorities:

- 3a Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.
- 3c Supporting the creation and the extension of advanced capacities for products, services and development.
- 3d Supporting the capacity of Small and Medium Sized Enterprises to grow in regional, national and international markets and to engage in innovation processes

ERDF Requested: £750,000
Total Project Value: £1,500,000

Summary: The application only partially meets the requirements of investment priorities a) and c) as the support to entrepreneurs and start-ups is provided as online and telephone support for information, diagnosis and brokerage (output indicator P13) and not more intensive support. Hence, the application does not provide deliverable figures for two key programme level outputs related to this support, C5 (number of new enterprises supported) and P11 (number of potential entrepreneurs assisted to be enterprise ready). This activity is described in the application, however, this is provided by partners outside the Growth Hub service, therefore is not part of this bid.

The application describes an effective Growth Hub service in terms of IDB, however, the annex to the call explains that the MA prefers that this be integrated with further support, advice or grants and in this application this is limited to existing businesses.

The application describes a two tier service as required in the call, however the one-to-one support will only be given to existing SMEs. The applicant has not explained how

it will achieve the following outputs/activities; export growth, strengthening of supply chains or helping SMEs access finance particularly through the Thames Valley Berkshire Funding Escalator.

Application No. 3

Project name: Thames Valley Berkshire Growth Hub
Applicant: GWE Business West Ltd
Priority Axis 3: Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises
Investment Priorities:

- 3a Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.
- 3c Supporting the creation and the extension of advanced capacities for products, services and development.
- 3d Supporting the capacity of Small and Medium Sized Enterprises to grow in regional, national and international markets and to engage in innovation processes

ERDF Requested: £600,000
Total Project Value: £1,200,000

Summary: The proposed operation does not meet some of the key call specifications. It offers only a three years project rather than four, does not target pre start-up businesses and does not provide a more extensive business support such as coaching, one-to-one and/or workshops than the three hours metric.

It offers a poor overall output and consequent results. The activities are not articulated fully and the project's value for money appears to be weak. Therefore, the proposed operation fails the eligibility requirements and must be rejected. The applicant will not be invited to submit a full application.

Frances Campbell (FC) also gave a brief outline of the LEP's assessment of the applications and their strengths and weaknesses. To be noted that the LEP will be partially match funding the Growth Hub activity.

Applicant: VitalSix Growth Hub Ltd

Strengths:

- They have been delivering the Growth Hub for three years already
- Good sustainability model: the applicant is thinking about how to upkeep this project after the funding period
- All outputs are greater than OIS
- It addressed the start-up side and proposes to work with the UKTI

Weaknesses:

- They have included SECBE as a partner and it is not clear why

- They are signposting to other services, although they have their own services too such as face to face consultation. This raises the question of impartiality
- Enhanced physical touch point activity
- Giving grants that is not part of the call
- No cross LEP working

Applicant: Oxford Innovation Services (OIS)

Strengths:

- Strong understanding of marketing activities that VitalSix does not have
- Cross LEP collaboration
- Wider backing of the SW Group
- ERDF experience

Weaknesses:

- No reference to export
- No reference to strengthening supply chain activities
- No reference to the Funding Escalator
- No target for new enterprises supported

The sub-committee has agreed that both applications have strategic fit. Therefore, they recommended inviting both applicants to submit a full application.

It has been agreed that the LEP will attend the feedback meetings offered by the MA to both applicants.

6.2 Thames Valley Berkshire Technical Assistance (TA) full application

The appraisal of the TA full application has been completed and currently undergoing quality assurance by the MA. The applicant will be informed about the outcome during the coming weeks.

6.3 Low Carbon call

Joanna Birrell (JB) explained to the sub-committee that the LEP is planning to have a low carbon call during the next ESIF call window. It would like to include all of its allocation (20% of its ERDF allocation) and is now looking for the sub-committee's feedback and strategic fit advice. The draft call has been prepared by the MA with the input of the LEP on local development needs. The call is planned to be open for a year and applications will be assessed on receipt.

The sub-committee discussed the call and approved its strategic fit.

6.4 Science Park

The Grant Funding Agreement is currently being finalised. As soon as the MA is in the position to issue it, it will be sent to the applicant for signature.

6.5 Future calls

JB highlighted that potentially only 50% of the ESIF allocation will be spent by 2018. The LEP is funding a research to inform calls under Priority Axis 3 and one under 5G.

7. ESF update (Peter Kennedy)

7.1 City Deal (Elevate application)

JB provided an update on the progress of the Elevate Programme. She highlighted that there is concern locally about claims and whether they will be paid by the MA in the current climate.

PK informed the sub-committee that the first claim of the Elevate Programme has been received and currently is being uploaded to the E- claims system. Payment is made within 30 days of the submission of a valid claim. The MA is continuing its work where funding agreements are in place, it is business as usual.

7.2 Work and Health Programme

JB briefed the sub-committee on the Work and Health Programme and the request by DWP for Thames Valley Berkshire (TVB) to use an allocation of TVB ESF funding to extend the reach of the programme.

The Work and Health Programme will replace the previous Work Programme and it is looking to target people with disabilities or health conditions and those who have been out of work for two years or more. TVB has 25,000 eligible individuals for this support.

JB recommended this option based on the appropriateness to spend ESF funding such a way, and asked the sub-committee to consider this possibility. However, she emphasized that further information on outputs need to be sought as they appear to be unsatisfactory as they stand. Furthermore, reassurance regarding quality of providers would be a key consideration.

The sub-committee agreed that it is an active item on the agenda that requires further work.

7.3 Update on SFA calls

The sub-committee reviewed the status of all SFA projects.

7.4 Update on Big Lottery calls

The sub-committee reviewed the status of all Big Lottery projects.

PK updated the sub-committee that Catherine Blair is the new head of ESF who replaced Angus Gray. Currently £1.2 billion has been allocated and contracted mostly through the Skill Funding Agency and Big Lottery Fund.

7.5 Future Call dates

The sub-committee is waiting for clarification on the call dates.

8. EAFRD updates (Helen Dallas)

8.1 Tourism call and call dates

Helen Dallas (HD) Team Leader introduced **Stuart Anderson (SA)** who is the new Relationship Manager. Jacquie Middleton has moved and she has been replaced by Peter Bainbridge.

HD reiterated that EAFRD is carrying on with ESIF work and it is business as usual. Preparation of calls is in progress for September/October. A Tourism call is being prepared in collaboration with the LEP.

An additional Tourism Corporation call will be launched with the Tourism call in September. Once the draft call is ready, it will be circulate to the sub-committee for strategic fit advice under written procedure.

9. Risk Register - discussion (Joanna Birrell & Huw Edwards)

JB informed the sub-committee that the project tracker and risk register is being kept updated and shared with the members so everybody has a clear understanding of progress.

HE noted that Brexit is the key issue that now goes on the register and will be monitored.

10. Close of meeting (Huw Edwards)

Date, time and venue of future meetings:

- Friday 18th November 2016, 100 Longwater Avenue, Green Park, Reading, RG2 6GP

Annex A

List of Agreed Actions from 15th July 2016 Thames Valley Berkshire ESIF Sub-Committee Meeting

Agenda Item	Action	Action Assigned to

Annex B Attendee List

Thames Valley Berkshire ESI Funds Sub-Committee 15th July 2016 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Huw Edwards, TVB LEP Sub-Committee Chair	TVB LEP
Graham Watt	DCLG, ERDF MA

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Joanna Birrell, TVB LEP	TVB LEP
Tim Smith, TVB LEP Chief Exec	TVB LEP
Anne Murdoch, Newbury College	Education, skills and employment
Janet Le Patourel, Trustee of Citizen Advice Reading	Voluntary & Community Sector
Katherine Horler, Adviza	Business Partners (Social enterprises)
Tim Parry, Community Council for Berkshire	Rural interests
David Gillham, University of Reading	Higher Education
David Knowles-Leak, DKL Accelerating Performance	Employer Representation: Business Partners representing SMEs
Ben Burfoot, Reading Borough Council	Environment

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

Name, title and organisation	Sector/Organisation Representing
Peter Kennedy	DWP, ESF MA
Helen Dallas	DEFRA, EAFRD MA
Stuart Anderson	DEFRA, EAFRD MA
Katalin Visnyei	Secretariat, DCLG, ERDF MA
Frances Campbell, TVB LEP	Programme Manager

Apologies:

Name, title and organisation	Sector/Organisation Representing
Kieran Magee, Unite	Trade Union
Kate Sawdy	Big Lottery Fund
Georgia Pritchard, Relationship Manager	DCLG, ERDF MA
Marc Brunel-Walker, Bracknell Forest	Local Authority
Grishma Parmar	DWP, ESF MA