



Heart of the South West ESI Funds Sub-Committee

Minutes of meeting held 7 March 2019

South West Water, Peninsula House, Rydon Lane, Exeter, EX2 7HR

Agenda:

1. Welcome and introduction.
2. Minutes of 10/07/18 meeting, 31/10/18 telekit and action update.
3. Programme Updates.
4. ESF Expressions of Interest
5. ERDF Outline Assessments
6. ERDF Appraisals
7. Future Calls

1. Welcome and introduction

- 1.1. The Chair welcomed members and apologies were noted, as detailed in Annex B.
 - 1.2. Thanks were extended to **Angela Quinn** for her work for the committee on behalf of the EAFRD MA.
 - 1.3. Members noted that **Suzanne Bond** is replacing **Sally Edgington**, representing BEIS at sub-committee meetings.
 - 1.4. The following declarations of interest were noted:
 - **Jennifer Milligan** – South West Institute of Technology Observatory Outline Assessment (ESF, Paper 17).
 - **Tony Norton** – Employed by University of Exeter, no direct involvement but organisation included as named delivery partner in some applications.
 - **Samantha Seddon** – Somerset NEETS Outline Assessment (ESF, Paper 13) & Somerset Accelerator Programme Appraisal (ERDF, tabled paper).
 - **Jamie Evans** – CLEMI & ZEBCat2 Appraisals (ERDF, papers 23 & 24).
 - **Dominie Dunbrook** - Deletti Appraisal (ERDF, papers 27 & 28), arrived late but was noted after the meeting.
 - 1.5. Members suggested approaching Matthew Bell, CEO of POP+ (Plymouth based voluntary organisation) for nominations in filling the vacant Voluntary & Community position.
 - 1.6. Members confirmed their on-going commitment as representatives for the sub-committee and agreed a more formal refresh was not needed at this point in the programme.
- **Action 1: MA to approach Matthew Bell to seek potential nominations for current committee vacancies for the voluntary and community and non-discrimination sectors.**

2. Minutes of 10 July 2018 meeting, 31 October 2018 Teleconference and actions update

2.1. Agreement of Minutes:

- 10 July 2018 – 7.1 to be updated to reflect that the end date of the technical assistance project is 30 January 2019 and Action 4 updated to reflect that the LEP team will consider content of future calls with the ERDF MA, with the technical assistance team supporting awareness raising activity. Minutes otherwise agreed.
- 31 October 2018 – no changes, minutes agreed.

2.2. Outstanding Actions from 10 July 2018 meeting:

- Action 1: HotSW is considering the potential for utilising apprenticeship levy in its future calls following the publication of additional guidance by DWP. However, given the experience of other LEPs nationally, partners are keen to full understand the complexity and approach involved with the MA before seeking to prioritise over other match opportunities. *This was clarified post-meeting by Jamie Evans and Phill Adams. Complete.*
- Action 2: The process for prioritising EAFRD expressions of interest was confirmed. **Complete.**
- Action 3: Following meetings between the ERDF MA and LEP representatives, The LEP Chairman (Stephen Hindley) wrote to grant recipients highlighting the need to deliver projects to contract. The ERDF MA has also met with specific Grant Recipients to discuss their performance. Overall, project performance is now acceptable. Further practical support has been identified: the Technical Assistance project be extended to provide further awareness raising activities and a “practitioners group” could be established to facilitate and enable grant recipients to work together. **Complete.**

2.3. Outstanding Actions from 31 October 2018 Telekit meeting:

- Action 2: Amanda Ratsey to provide the ERDF MA with a copy of the evaluation from the inward investment pilot project. **Ongoing.**
 - Action 3: Amanda Ratsey to share with the ERDF MA, technical appraisals carried out on Exeter Science Park investments. **Ongoing.**
- **Action 2: Tim Jones and Dominie Dunbrook to review reinstating the rural sub-group to ensure continuity whilst replacement EAFRD MA representative confirmed.**
 - **Action 4: Amanda Ratsey to provide the ERDF MA with a copy of the evaluation of Inward Investment pilot and technical appraisal undertaken on Exeter Science Park investment.**

3. Programme Updates

European Agricultural Fund for Rural Development managing authority (EAFRD MA) update

- 3.1. Members noted the EAFRD management data (Paper 02) and it was confirmed that there are no plans for further calls at this stage.

European Regional Development Fund Programme (ERDF MA) update

3.2. National performance

- The 2018 N+3 spend target was achieved.
- Current indications are that Performance Framework Targets have been achieved in Priority Axes 1, 2 and 3 (but not PA4) in both more developed and transition. The ERDF MA is currently awaiting formal confirmation that the 6% performance framework reserve will be released.
- Contracted ERDF expenditure in the Heart of the South West was expected to be £20m against a £17m target for 2018, however only £14.5m was claimed. This was largely owing to some large capital projects experiencing later than planned defrayal.
- Delivery of performance framework outputs for PA1, 2, 3 and 4 across both categories of region and are as forecasted and exceeds the performance framework targets.

3.3. Heart of the South West Project Progress

- The ERDF MA gave a brief update on the overall delivery of existing contracts and gave an overview of delays and project change requests.
- The ERDF MA confirmed that two projects have now been invited to progress to Grant Funding Agreement, and a further two are close to being contracted (both of which include revised pre-funding conditions following advice from the sub-committee).
- As agreed with committee, both projects from the PA1 reserve list were invited to submit full applications. One has since been withdrawn, but the other has submitted a full application which is currently being appraised. Once finalised, the appraisal will be sent out via written procedure for sub-committee advice.
- The HotSW ERDF allocation is currently 47% contracted. A further seven projects are at funding agreement stage (23% of allocation) with another 10 projects in the pipeline (17% of allocation).

European Social Fund managing authority (ESF MA) update

3.4. Update provided by the ESF MA

- 2018 N+3 has been met and the performance framework targets across all priorities have also been met.
- It is anticipated that the performance framework target will be met but this cannot be confirmed at present. If the target is met it will mean that the 6% performance reserve may be released.
- There is significant activity in the pipeline, with 50% of the allocation currently committed, rising to 75-80% once the pipeline is progressed.
- Priority 2.1 has some headroom and advice will be sought from the sub-committee on its allocation in due course.
- Due to the change to the exchange rate there is now between £9m-£12m available for calls.

4. ESF Expressions of Interest

Call OC16S18P1151

4.1. The ESF MA presented four outline assessments to the sub-committee; Ambitions, Direction Matters, Experience Works and Somerset NEETS which were submitted against the above call.

- The sub-committee raised concerns that these projects are very similar and overlap geographically. Members requested that conditions be added to ask how each project would cohesively work together without overlapping and 'bombarding' the potential beneficiaries.
- Members also queried whether there are enough NEETS for all the projects to achieve their proposed output targets.
- Members advised the MA to invite all projects to full application stage but to ensure further explanation is provided on their cohesion and focus.

Call OC16S18P1152

4.1. The ESF MA presented 1 outline assessment to the sub-committee; Somerset Skills for Growth Project which was submitted against the above call.

- Minor concerns over cohesion with other projects and requested that conditions be added to reflect this.
- Members advise the project to be invited to full application.

Call OC16S18P1153

4.2. The ESF MA presented 2 outline assessments to the sub-committee; South West Institute of Technology Observatory and Big Benefits for Small Business which were submitted against the above call.

- South West Institute of Technology Observatory
 - Concerns were raised on whether the applicant had capacity to carry out this project and what the benefits to businesses would be.
 - More detail would also be welcome on digital engagement and eligibility – specifically nuclear.
 - Further clarification required on how it will link with the Growth Hub and LEP activity.
 - The sub-committee support an invitation to a full application with conditions to make the project more business focused.
- Big Benefits for Small Business
 - More info is required on what the project activity is, how they will work with businesses and their match funding.
 - Concerns over whether the applicant has requested enough money to make the impact they have projected.
 - The sub-committee advise that the applicant should be invited to make a full application.

5. ERDF Outline Assessments

Members noted that these two applications were in competition. Following a detailed discussion where a range of views were offered, the sub-committee provided the ERDF MA with the advice below.

PA3 High Value Manufacturing Advisory Programme

5.1. The project was considered at the Heart of the South West ESIF Funds Sub-committee meeting on Thursday 7th March 2019. Members of the sub-committee advised the ERDF MA that this outline application meets the local strategic needs and offers value for money. Members considered that the strategic fit could be strengthened further if the applicant were to:

- Ensure that the project is addressing South West manufacturing business's known role as contributors to wider national and international integrated supply chains.

Members also advised the ERDF MA to ask the applicant to merge the HVMAP and SMAP (currently at appraisal stage) into a single project.

PA3 Manufacturing Growth

5.2. The project was considered at the Heart of the South West ESIF Funds Sub-committee meeting on Thursday 7th March 2019. Members of the sub-committee advised the ERDF MA that whilst this outline application offered value for money against some outputs, the overall value for money was not strong. The members also advised that the application did not sufficiently meet the local strategic needs. Members therefore advised the ERDF not to invite this applicant to submit a full application.

PA4 Community Local Energy Market Innovator (CLEMI)

5.3. The project was considered at the Heart of the South West ESIF Funds Sub-committee meeting on Thursday 7th March 2019. Members of the sub-committee advised the ERDF MA that this outline application meets the local strategic needs and offers value for money and advised the ERDF MA to invite the applicant to submit a full application. Members considered that the strategic fit and value for money could be strengthened further if the applicant were to:

- Clarify further the relationship between Gamma Energy and Devon County Council, particularly in terms of the commercial interests of Gamma Energy as a delivery partner in the project. (Gateway)
- Clarify that the proposed transfer of ownership of the proposed asset and associated business interests is both eligible (under State Aid) and feasible. (Gateway)
- Confirm the timescales and any likely constraints for planning consent
- Confirm the timescales for the WPD grid connection and the ability/sizing of the proposed battery storage system to align with grid demand needs.
- Provide details on how the risk to a Community Energy Organisation could be effectively managed and mitigated
- Consult with existing Community Energy Organisations to clarify the deliverability of the proposal
- Consider revisiting the amount of ERDF being requested with a view to reducing the contribution being sought.

PA4 ZEBCat2

5.4. The project was considered at the Heart of the South West ESIF Funds Sub-committee meeting on Thursday 7th March 2019. Members of the sub-committee advised the ERDF MA that this outline application meets the local strategic needs but noted that value for money on certain output targets could be improved. They advised the ERDF MA to invite the applicant to submit a full application. Members considered that the strategic fit and value for money could be strengthened further if the applicant were to:

- Clarify the technical capability of the delivery partners – particularly YTKO – in delivering the proposed business support package.
- Confirm that there is a cohort of businesses suitable for support which are different/additional to those being targeted and supported by the existing ZEBCat project.
- Place further emphasis on the innovative aspects of the proposal and dissemination of the impacts and results.
- Consider revisiting the amount of ERDF being requested with a view to reducing the contribution being sought.

Members noted that the existing ERDF allocation was insufficient to fund both PA4 projects (subject to other PA4 pipeline projects progressing to contract). However, the ESIF sub-committee advised that both outline applications warranted progression to full application in order to enable clarification of a number of aspects, but on the basis that both projects may not be able to move to contract at this stage.

6. ERDF Appraisals

PA3 The Edge

6.1. The project was considered at the Heart of the South West ESIF Funds Sub-committee meeting on Thursday 7th March 2019. The sub-committee advised that strategic fit with the Operational Programme and Heart of the South West ESIF strategy may be adequate, but that aspects needed further information and testing. The sub-committee advised that in order for the application to progress, a number of key conditions would need to be addressed, as below:

- Applicant to review and provide further justification to demonstrate that there is market failure for workspace of the type proposed in the Plymouth area.
- Applicant to review the proposed “remote pop-up hub” service as there is insufficient evidence that the proposed delivery model will meet local business needs, and at reasonable cost.
- Applicant to clarify how the proposed business support services will link and align with other support services, such as those provided through the Growth Hub. It is unclear if the project has specific sectoral focus or is offering generic business support.
- Applicant to clarify whether their organisation has sufficient business support expertise.

PA3 Somerset Accelerator Programme

6.2. The project was considered at the Heart of the South West ESIF Funds Sub-committee meeting on Thursday 7th March 2019. The sub-committee advised that the project still

Official

offers strategic fit with the Operational Programme and Heart of the South West ESIF strategy but that value for money could be improved. The sub-committee qualified their advice with a need for conditions to address the following issues:

- Applicant is advised to remove the proposed delegated grant scheme from the project as there is no clear link between the build element and revenue activity (in seeking this condition, members recognised that the call requested “capital elements and revenue elements”, but advised that a full application which only provided capital provision was acceptable given its strategic location).
- Applicant to review the proposed capital build costs as these seem excessive when compared with other local commercial developments.
- Applicant to conduct further testing and provide reassurance what there is demand for the workspace proposed in this particular location.

PA4 DELETTI

6.3. The project was considered at the Heart of the South West ESIF Funds Sub-committee meeting on Thursday 7th March 2019. The sub-committee advised that the project still offers strategic fit with the Operational Programme and Heart of the South West ESIF strategy and that although value for money is mixed the project warrants progression.

7. Future Calls

- 7.1. The sub-committee were advised that there is still intention to issue an ERDF call window in the Spring. Work is underway to draft local priorities for PA1 and PA3 in readiness.
- 7.2. It was noted that some key HotSW business support projects will be ending over the next 12 months, and this is being taken into consideration in call drafting.
- 7.3. Members also considered if a further PA4 call is required for the more developed area or, given the lack of quality applications to date, whether the ERDF MA could explore the possibility of transferring the remaining PA4 allocation into another Heart of the South West priority axis (PA1).

- **Action 4: ERDF MA to confirm whether the request to transfer remaining PA4 allocation into PA1 would be achievable.**

Date, time and venue of future meetings: TBC

Official

Annex A

List of Agreed Actions from 7 March 2019 HotSW sub-committee Meeting

Agenda Item	Action	Action Assigned to
01	Action 1: ERDF MA to approach Matthew Bell to seek potential nominations for current committee vacancies for the voluntary and community and non-discrimination sectors	ERDF MA
02	Action 2: Tim Jones and Dominie Dunbrook to reinstate rural sub-group to ensure continuity whilst replacement EAFRD MA representative confirmed.	Tim Jones and Dominie Dunbrook
02	Action 3: Amanda Ratsey to provide the ERDF MA with a copy of the evaluation of Inward Investment pilot and technical appraisal undertaken on Exeter Science Park investment.	Amanda Ratsey
07	Action 4: ERDF MA to confirm whether the request to transfer remaining PA4 allocation into PA1 would be achievable.	ERDF MA and LEP

Official

Annex B Attendee List

HotSW ESI Funds sub-committee 07 March 2019 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Stephen Bird, Managing Director, South West Water	Chair
Louise Reekie, Ministry of Housing, Communities and Local Government	Deputy Chair (ERDF MA)

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Julia Blaschke, Plymouth City Council	Local Authority
Dominie Dunbrook, North Devon District Council	Rural Affairs
Eifion Jones, Heart of the South West LEP	Heart of the South West LEP
Jamie Evans, Devon County Council	Local Authority
Jennifer Milligan, University of Plymouth	Higher Education
Lindsey Hall, Real Idea Organisation (RIO)	Social Enterprise
Noel Stevens, Alder King	Business
Samantha Seddon, Somerset County Council	Local Authority
Tim Jones, Devon & Cornwall Business Council	Business
Tony Norton, University of Exeter	Environment

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

Name, title and organisation	Sector/Organisation Representing
Alasdair Brown, Ministry of Housing, Communities and Local Government	ERDF MA
Joanna Johns, Ministry of Housing, Communities and Local Government	ERDF MA
Kate Barnett, Ministry of Housing, Communities and Local Government	ERDF MA
Claire Maguire, Department for Work and Pensions	ESF MA
Marc Weston, Ministry of Housing, Communities and Local Government	Secretariat
Simon Antonio, Ministry of Housing, Communities and Local Government	ERDF MA (observer)
Angus Fryett, Ministry of Housing, Communities and Local Government	ERDF MA (observer)

Apologies:

Name, title and organisation	Sector/Organisation Representing
Adrian Dawson, Plymouth University	Higher Education
Angela Quinn, Rural Payments Agency	EAFRD MA
Philip Bialyk, RMT Union	Trade Union & Employees
Amanda Ratsey, Plymouth City Council	Local Authority
Paul Hickson, Somerset County Council	Local Authority
Suzanne Bond, BEIS	BIS Local