



**The Marches ESI Funds Sub-Committee
Minutes of Meeting held Monday, 28 January 2019
Connexus Housing, The Gateway,
The Auction Yard, Craven Arms, Shropshire, SY7 9BW**

Agenda:

1. Welcome and introduction
2. Minutes of last meeting and progress of actions
 - Agreement to minutes
 - Update on any actions
3. ESF Update
 - i. LEP Narrative Report
 - ii. Management Information – Trans and MD
 - iii. Project Change Request
 - iv. Letter re Operational Programme Review and Allocations
 - v. Draft Investment Priority 2.2 Call
4. EAFRD Update
 - Update – Paper
- 5 ERDF Update:
 - Programme Update (Verbal)
 - Performance Management Update (Papers 5(i), (ii) and (iii))
 - ERDF Allocations, Available Funding and Applications (Paper 3 (v))
- 6 ERDF – Review Outline Application Assessments
 - i. Green Wood Enterprise Centre
 - ii. Rural Entrepreneurship and Competitiveness Investment Programme
 - iii. Freshwater First Extension
- 7 ERDF – Review Project Extension Change Request
 - i. Marches Technical Assistance Project
- 8 Any other items for information

1 Welcome and introduction

1.1 Stuart Brandrick (SB) welcomed sub-committee (S-C) members to the meeting in the absence of the Chair, Cllr Roger Phillips, who was not well. SB took the chair for the meeting as Deputy Chair of the S-C.

2 Minutes of last meeting and progress of actions

2.1 The minutes of the meeting held on 10 September 2018 were agreed as a true record.

2.2 It was agreed at the last meeting that any member who had not yet submitted a 'declaration of interests' document should do so to SB before the January meeting. Members

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were reminded of the importance of declaring any interest when an item was about to be discussed. Practice has been to allow any member who has an interest to remain in the meeting, but to confine involvement in discussions to answering questions to clarify matters of fact when invited to do so.

Action 1: Any member who has yet to complete a 'declaration of interests' document should do so (a blank form is attached to these minutes) and forward to SB. Any member whose responsibilities have changed since completing the form should submit a new one.

3. ESF Update

3.1 LEP Narrative Report: Claire Maguire (CM) presented an update paper, circulated before the meeting.

3.2 There are no current calls. There are no direct bid projects in the appraisal process.

3.3 Management Information – Transition and MD: for ESIF opt-in/Co-Financing Organisations (CFOs) there is committed spend of £7.6m in Marches. This is broken down as £2.3m in (MD) CoR and £5.3m in 'Transition' CoR. The change in Euro/Sterling exchange rates leads to additional funding being available.

3.4 ESFA change requests were issued to committee members in December and have been agreed; once the MOUs have been signed these revised figures will be included in the MI. Following the September ESIF S-C meeting and the S-C's support of the recommendation to extend the current BBO contract and invest £1.93m, the Big Lottery are working with the LEP to progress this extension.

3.5 Compared to six months previously, the position in the Marches has improved significantly. In MD CoR, though £11m was allocated to the Marches, approximately 20% of that has been committed to date (£2.4m), but further spend from DWP, ESFA and BBO are in the pipeline which totals 85%. In Transition CoR, though £26.3m was allocated to the Marches, approximately 20% of that has been committed to date (£5.3m), but further spend from DWP, ESFA and BBO are in the pipeline totalling 87%.

3.6 A letter from Catherine Blair on the Operational Programme Review and Allocations was issued to ESIF S-Cs on 24 October confirming that the revised Operational Programme (OP) has been adopted by the European Commission. LEP areas were asked to confirm their ability and plans to commit funds for the remainder of the programme.

3.7 Project Change Request (PCR): the ESF Technical Assistance project is requesting an extension to project time-scales from 31/12/18 to 31/12/19 in order to deliver the full outputs proposed in the original application. PA3 funds do not form part of the local allocations, as this is a national budget. Nevertheless, projects should still be considered by the S-C to ensure they continue to align with the local strategy and deliver value for money. The request is to decrease value from £275,387 to £150,317. The Employment and Skills TA Officer was not appointed until September 2017, which resulted in the project not being able to deliver the originally profiled outputs and also resulting in an underspend. The project proposes an extension by one year from 31/12/2018 to 31/12/2019. The Social Inclusion TA Officer has now left the project. The social inclusion work has been amalgamated with the employment and skills TA role from July 2018. The project now offers more outputs at a lower cost than originally and value for money (VFM) is therefore improved. It was confirmed that the saving in funds could not be recycled outside of the TA project. The appraisal recommendation is to approve the PCR subject to

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the Contract Manager receiving and agreeing appropriate responses to the conditions set with the GR. Members agreed that the PCR had strong local strategic fit and is good VFM.

3.8 A Call is in development for IP 2.2, Improving the labour market relevance of education and training systems, £905,810 for More Developed (MD) Category of Region (CoR) only. The draft Call was circulated as a paper prior to the meeting. A previous Call for both CoR had attracted bids only in the Transition CoR. c£400k of the Transition budget remains unallocated. Following a discussion, it was agreed that the draft Call should be changed to include the £400k in Transition CoR. Bids could be for both CoR or for either. CM confirmed that the change in the Call would not cause a delay.

Action 2: The IP 2.2 Call will now include the allocation of c£400k for the Transition CoR.

4 EAFRD Update

4.1 **Growth and Programme Update.** Jo Jury (JJ) provided an update that summarises the Marches current spend position, which is very positive. A paper was circulated prior to the meeting. The total call value, c£7.1m, is significantly exceeded by the current pipeline of projects valuing c£10.8 m. The position in the Marches is:

- 33 projects with a value of £4.6m have been contracted/approved.
- 5 projects with a value of £0.87k are in appraisal.
- 43 EOI projects with a value of £5.3m were endorsed by the ESIF S-C and yet to submit Full Applications (FAs). As the process remains competitive, applicants have been advised to submit FAs as soon as possible. There is no guarantee that additional funding above the allocation will be available.

4.2 The Rural Development Team offer significant sponsorship support and can identify that applicants have a good project concept but lack the experience to develop their proposal effectively.

The Marches programme has been very oversubscribed and hence the appraisal process is very competitive. Where projects are unlikely to reach the approval score, early feedback is given. Experience shows that in such cases, applicants take the feedback on board and do not spend time working up unrealistic proposals. In such circumstances, it is reasonable to see if alternative funds exist, but it is unlikely that the current cohort of Marches projects would fit with other ESIF funds, such as ERDF. A large number of projects do withdraw and with tourism projects, this is often due to lack of match funding or planning issues. The average value of projects depends on the sector; for tourism and business projects the average value is c£120k, but for food processing projects, de-minimis does not apply and the average is c£300k.

4.3 **LEADER Update.** Herefordshire LEADER has been performing well for some quarters, after earlier difficulties. South Shropshire continues to perform well. Both programmes are now unable to accept new bids as spend is committed. There is no guarantee that there will be further funding in the future.

5 ERDF Update

5.1 SB provided a verbal national programme update. Very positive - N+3 spend target was achieved for the Midlands and for the National UK programme. Final achievement against performance framework targets is dependent on claims submitted by the Managing Authority to the Certifying Authority during early 2019. A 6% performance reserve for each Priority Axis will

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potentially be released based upon performance. There has been a large amount of no deal Brexit planning under way and there are plans in place for the ERDF Programme in the event of no deal. The Treasury guarantee is such that funding will continue to be available up to the full value of the programme. There was a plan for further calls in March, but these are now likely to be launched in spring/early summer when the situation is clearer.

5.2 SB summarised the position that currently applies in the Marches:

- PA1 - both commitment and outputs are positive with some funding left for Transition and very limited for More Developed.
- PA2 - is not expected to be fully committed in both CoR.
- PA3 - there is funding left in Transition but very limited in More Developed.
- PA4 - there is a large amount of funding (c£4m) left in Transition with very little in More Developed.
- PA6 - funding is fully committed in Transition and a small amount remains in MD.

MHCLG's Midlands Growth Delivery Team has a large number of projects to manage since it covers more LEP areas than other teams across the country. To help balance the workload, relationship and contract management responsibilities for the Stoke-on-Trent & Staffordshire LEP area (another Transition area) are moving to the North West Growth Delivery Team. SB confirmed that this change is solely based on present capacity and will not impact negatively on The Marches Transition area.

6. ERDF – Review Outline Application Assessments

6.1 SB summarised the Outline Assessments that had been circulated to members before the meeting.

6.2 i. **Green Wood Enterprise Centre.** This PA3 application is from Small Woods Association. An interest was declared by Sonia Roberts. The total spend is £866,000 in Transition CoR only, seeking £518,250 ERDF. The project has a primary focus on providing incubation space and support for ERDF-eligible businesses in the forestry sector, particularly woodland management, environmental and renewable energy businesses. It was agreed that the proposal has strong local strategic fit.

6.3 ii. **Rural Entrepreneurship and Competitiveness Investment Programme.** This PA3 application is from Shropshire Council. An interest was declared by Dan Wrench (DW). The total spend is £6,280,000 in Transition CoR only, seeking £3,768,001 ERDF. The project will provide grow-on premises and support services to promote entrepreneurship and facilitating the growth of SMEs in rural areas. There will be four bespoke buildings, three for independent businesses and one which will be split into a number of smaller spaces for up to five businesses.

Members expressed the view that the applicant should consider how the building could be sympathetic to the local environment. It was agreed that the proposal has strong local strategic fit.

6.4 iii. **Freshwater First Extension.** This PA6 application is from Shropshire Wildlife Trust. An interest was declared by DW. The total spend is £1,236,181 in Transition CoR only,

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seeking £699,849 ERDF. The project is a three-year partnership programme to deliver biodiversity improvements to 48 locations across Shropshire and Telford & Wrekin. The capital programme of physical site works will restore and enhance degraded greenspaces and water dependant habitats. The project will contribute to halting overall biodiversity loss and demonstrate a range of measures which mitigate climate change, build natural capital resilience and enhance economic value of green/blue infrastructure. It was agreed that the proposal has strong local strategic fit.

7. ERDF – Review Project Extension Change Request

7.1 SB summarised the Project Change Request (PCR) Assessment of the ERDF Technical Assistance project extension request. Gary Spence (GS) and DW declared interests. The PCR route is being used in specific circumstances to extend a project and is shorter for both the grant recipient and Managing Authority. It was agreed that the proposal has strong local strategic fit.

8. Any other items for information

8.1 SB informed the meeting that he is retiring in March; consequently, this would be his final S-C meeting. He gave his thanks to all the members and officers for their contributions and support, including those not able to attend the January meeting and in particular those who used their own time and resources to be able to attend. Members' input on project-specific details and strategic fit are particularly valuable. SB also thanked Cllr. Roger Phillips (RP) for his chairmanship, GS and, until recently, Hannah Owen at the TA project for organising rooms and for checking MI papers and his MHCLG secretariat colleagues. In RP's absence, GS thanked SB for his support over the past four years. Members wished SB good luck and an enjoyable retirement.

Date, time and venue of next meeting

Monday, 24 June 2019 between 14.00 and 16.30 at Connexus Housing's offices, Craven Arms.

Annex A: Action Points

Agenda Item	Action	Action Assigned to
2	1. Any member who has not yet submitted a declaration, or whose responsibilities have changed, should do so to SB as soon as possible.	All
3	2. The IP 2.2 Call will now include the allocation of c£400k for the Transition CoR.	CM

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Annex B: Attendee List

The Marches ESI Funds Sub-Committee 28 January 2019 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Stuart Brandrick	Deputy Chair – Managing Authority ERDF (MHCLG)

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Liz Furey	Higher Education (Harper Adams University)
Claire Maguire	Managing Authority – ESF (DWP)
Jo Jury	Managing Authority – EAFRD (Defra/RPA)
Sonia Roberts	VCSE Equalities (Landau Ltd)
Claire Schafer	Education and Skills (Marches Skills Provider Network)
David Stevens	Trades Union (UNISON)
Mandy Thorn	Business (Shropshire Business Board)
Dan Wrench	Environment (Shropshire Council) – substituting for Andy Whyte

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

Name, title and organisation	Sector/Organisation Representing
David Coghill	Managing Authority – ERDF (MHCLG)
Mark Dimmack	Managing Authority – ERDF (MHCLG)
Alexia Heath	Herefordshire Council
Gary Spence	Marches Technical Assistance Team

Apologies:

Name, title and organisation	Sector/Organisation Representing
Cllr Roger Phillips	Chair - Herefordshire Council
Cllr Lee Carter	Local Authority – Telford & Wrekin
Cllr Cecilia Motley	Local Authority (Shropshire)
Clare Greener	Rural Sector (National Farmers Union)
Gill Hamer	Marches LEP
Stephanie Jones	Marches Technical Assistance Team
Andy Whyte	Environment (Local Nature Partnership)