Official

European Union
European Structural and Investment Funds
Growth Programme for England

The Marches ESI Funds Sub-Committee
Minutes of meeting held 25\textsuperscript{th} September 2017
Shropshire Housing Group, 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. EAFRD Update
4. EAFRD Review application
5. ERDF Update
   - Programme Update (verbal)
   - Performance Management
   - Pipeline Update (verbal)
   - Future/Final Calls, including review of Project Pipeline (Discussion)
6. ERDF Review Strategic Fit Outline Assessment
   - Manufacturing Productivity Innovation Catalyst
   - Extension to Business Energy Efficiency Programme
7. ERDF
   - Repowering the creation and extension of UK-centric supply chains
8. ESF Update
   - Update (paper)
9. Any other items for information

1. Welcome and introduction

1.1 Cllr Roger Phillips (RP) welcomed members to the meeting and stated apologies received. Those present introduced themselves.

2. Minutes of last meeting and progress of actions

2.1 The minutes of the meeting held on 19\textsuperscript{th} June 2017 were agreed as a true record. Actions from the previous meeting were reviewed.

2.2 Action 1: SB reminded members that Declaration of Interest forms had been circulated with the agenda and requested members to preferably hand over a completed hard copy form at the close of the meeting or email a completed form with an electronic signature after the meeting.
2.3 Action 2: Pipeline projects: the TA officers have been in discussion with DCLG in relation to possible project extensions and potential new activity.

2.3 Action 3: RP had highlighted to the LEP Board that funding is at risk if unallocated. In relation to Herefordshire LEADER, extra staff have now been made available. Mandy Thorn (MT) confirmed that the LEP Skills Board will be re-structuring to address Skills issues by providing more oversight. It was noted that the LEP Board would be acting on the issues of unallocated funds and Skills.

2.5 Action 4: A condition to work with the Growth Hub had been added to the Repowering the Creation and Extension of UK-Centric Supply Chains project outline approval conditions.

2.6 Action 5: Gary Spence (GS) will discuss with MT the need for an appropriate Shropshire Business Board representative. RP noted there is a similar need for Herefordshire. The difficulty of attracting volunteers, especially from the private sector, to join the sub-committee was highlighted.

3. EAFRD Update

3.1 Jo Townsend (JT) provided a summary of the paper. The current open calls within The Marches LEP area are for Food Processing Grants (£2.3m) and Rural Infrastructure Grants (£928k). RPA is working with applicants, who have submitted some good expressions of interest. A number of applicants have asked for extensions to the submission date for their Full Application forms and these are being reviewed on a case by case basis.

3.2 Future Growth Calls: all LEPs have been written to and requested to allocate their remaining funds. The Marches LEP area has an EAFRD allocation of £7.5m and to date has contracted projects with a value of £352k. They currently have allocated £3.25m of the funds against Food Processing and Tourism Infrastructure Calls, leaving c£3.86m funds to allocate against the three live Calls. As Broadband activity is now to be met out of national funds, the budget held back to cover this activity is not required. The rural sub-group have also identified the need to fund some B2C business development activity that is not covered by ERDF programmes. It is therefore recommended to allocate funds as follows:

- Business Development (£1m)
- Food Processing (£3m)
- Tourism Infrastructure (£3.1)

3.3 LEADER update:

- Southern Shropshire. This is one of the stronger performing in England. 35% of the budget of £1,666,240 has been allocated. 24 projects with a value of £558k have been approved, resulting in 23 newly created jobs.

- Herefordshire. 9% (9 projects with a value of £157,201) has been approved; 5 jobs have been created. Extra staffing capacity is being provided. Thresholds will be increased to lead to larger grants. Publicity has been increased. A pipeline of 48 projects exists, with a total value of £1.1m.
To ensure maximum spend the performance of all Local Action Groups (LAGS) will be reviewed as part of the wider LEADER performance review in October 2017.

3.4. National update:

In July the Government announced a further £200m of RDPE funding. Events will be held in October and November to re-promote the programme and publicise the new business development Call at the Growth Hubs in Hereford and Shropshire.

3.5. The sub-committee confirmed it is content to support the allocation of the remaining EAFRD funds across the 3 themes:

- Business Development (£1m)
- Food Processing (£3m)
- Tourism Infrastructure (£3.1)

4 EAFRD Review Application

4.1 Canwood Gallery. The assessment form was issued in advance of the meeting. The project requests grant of £180,160 (80% of the project costs) to create a cafe, shop and activity area in a disused barn. The grant rate is based on charitable status. At this stage there is no evidence to support this charitable status and may therefore be eligible for 40% (commercial rate) grant. Local and regional competitors need to be identified. The sub-committee agreed that the project appears to have good strategic fit, although the 13 conditions set at this assessment stage demonstrate that there is significant detail about the project that needs to be clarified at full application.

5 ERDF Update

5.1 SB stated that the Growth Programme Board for England met on 14 September. Due to a lag in collating data, it had considered management information correct at the end of June. A total of 441 projects had been contracted, totalling £1.18bn of ERDF. Claims paid totalled £119m, including £70m for Financial Instrument projects. There are 299 applicants being processed at outline or full stage. Nationally, 42% of the budget had been contracted. Recent calls have seen applications totalling £138m ERDF. Performance management information for The Marches LEP area was circulated prior to the meeting. The format amalgamates data from across the English Growth Delivery teams; it follows a similar format to that used previously in the Midlands.

5.2 The Marches LEP area has rolling calls that will close in October 2017. In terms of future Marches calls, there is an opportunity to have a call opening in November 2017 and closing in January 2018 and a further call, opening in March 2018 and closing in April 2018. Depending on the outcome of discussions with the European Commission on modifying the Operational Programme, there is a potential movement of some funding from PA4 to PA3. The possibility of swaps of funds from one LEP area to another is being considered though there is understandably more interest being expressed in receiving additional funds than in giving up funds to other LEP areas. Overall, the PA and category of region (CoR) allocations need to remain as set for England as a whole. In The Marches, there is a need to decide how to
structure calls in the next two windows. In some PAs/CoR there is not much uncommitted funding available. With effect from September there is also an option to extend well-performing existing projects whose completion dates are less than 18 months from a call closing date. There are two different approaches that could be taken with the next calls:

i. To draft the call documents so that specific activity within the Priority Axis is required to be brought forward;

ii. To keep the calls more open in their scope and to leave the prioritisation of activity until proposals are received. An evaluation of local strategic fit and value for money (vfm) could be made at that stage and taken into account if a call was over-subscribed and it was necessary to prioritise compliant applications to be taken forward.

5.4 For the two Categories of Region (CoR) in the Marches, the management information circulated before the meeting shows the position across the priority axes (PA).

- PA1 (Promoting Research and Innovation), ‘More Developed’ CoR area (i.e. Herefordshire), is almost 100% committed.
- PA1, ‘Transition’ CoR area (i.e. Shropshire and Telford and Wrekin), £2.4m is uncommitted and available for the two calls in PA1.
- PA2 (Broadband): There is insufficient funding uncommitted in PA2 (Broadband) to fund further activity. The single project already operating in The Marches and Gloucestershire fits with the local strategic plan for broadband.
- PA3 (Enhancing the Competitiveness of SMEs), ‘More Developed’ CoR area, £800k is available.
- PA3, ‘Transition’ CoR area, just under £9m uncommitted and available for the two calls for PA3.
- For PA4 (Low Carbon), ‘More Developed’ CoR area, £1.5 is available.
- PA4, ‘Transition’ CoR area, £7.0m is available.
- PA6 (Environmental), ‘More Developed’ CoR area has 91% of the budget unallocated
- PA6, ‘Transition’ CoR area has 63% of the budget unallocated, though in this latter category, the value is just below the normal minimum grant amount, at £488k.

5.5 Due to the different levels of commitment in the two CoR, new whole-Marches projects will be problematic. As Herefordshire (‘More Developed’ CoR) PA3 is 90% committed, extensions of existing projects may be the most appropriate. Herefordshire at present has a good spread of capital and revenue projects. Shropshire Council is keen to see a capital scheme being taken forward. There is some appetite for a new redundant buildings project.

5.6 After a discussion of the options for prioritising the type of proposals in future calls, it was agreed that the second approach, 5.3 (i) above, was preferred. Members supported the launch in November of calls in the following Priority Axes: PA1 Transition and PA3 Transition together with PA4 More Developed and Transition.

**Action 1**: The latest management information shows just under £500k of ERDF uncommitted in PA6 Transition. SB agreed to investigate the possibility of launching a November call for PA6 Transition with a value of ERDF available slightly lower than the standard £500k threshold.

6 ERDF Review Strategic Fit Outline Assessment

No conflicts of interest were declared in relation to the assessments that were considered.
6.1 Priority Axis 3

A Paper circulated prior to the meeting showed that one Priority Axis 3 application, Manufacturing Productivity Innovation Catalyst from Wolverhampton University has been received covering the ‘Transition’ CoR of The Marches area. This application seeks £1,248,106 Transition ERDF against an allocation for the call of £7m. Overall value for money is mixed (some outputs are below and some above the average unit cost). Strategic fit is also mixed, due to the need for clarification and further detail, as identified within the assessment. The potential of double-funding was raised due to the Marches Centre for Manufacturing Technology (MCMT) being open for use by businesses across a number of LEP areas. GS clarified that there would be no cross-subsidy; a contract would exist between the University and MCMT. Funds would be spent only in the Marches LEP area. The project was rated strong local strategic fit.

6.2 Priority Axis 4

A Paper circulated prior to the meeting showed that one Priority Axis 4 application, Business Energy Efficiency Programme from Worcestershire County Council has been received, covering both CoR in The Marches area. This requests additional ERDF in Telford and Wrekin and in Herefordshire – the project is currently in delivery in that area (as well as Worcestershire). The application also requests expansion into the Shropshire area of the LEP. Total ERDF sought is £248,923. The project is currently performing reasonably well. The application to extend the project is considered a strong strategic fit and therefore fully supported.

7 ESF Update

7.1 Harjinder Dhami (HJ) presented an update paper, circulated before the meeting. The overall budget committed stands at just under 21% for the Transition Area and just over 22% for the More Developed Area, below the figure of 50% that had been the target at this stage. For IP1.1 (Access to Employment) there is no committed spend in either CoR. The original intent was that this was to be delivered through a DWP opt-in route, this did not materialise; the issue with direct calls has been the lack of match funding. There is a plan to launch an open call for Investment priority 1.1 to test the availability of match.

7.2 For IP 1.2 (Sustainable Integration of Young People) spend is at 91% in ‘More Developed’ CoR; in ‘Transition’ the budget is over-committed by just over 19%. There is currently an Operational Review which is looking at changes at a strategic level. This needs to be presented to the Commission so nothing has been agreed as yet. Post this there may be a review of LEP allocations. This may be an opportunity for the area to review the distribution of their allocation but more will become clear when the changes to the OP are ratified and we have definite decisions from the Co-Financing organisations in terms of their commitment to partake in the second half of the programme.

7.3 For IP 2.2 (Improving the Labour Market Relevance of Education and Training Systems) there is no committed spend in either CoR. Six applications have been received. HJ thanked members for their feedback on the applications under IP 1.2 and IP 2.2 which were considered by written procedure.
7.4 For IP 1.4 (Active Inclusion) calls have been launched for both CoR but applications have been received for ‘Transition’ CoR only, valued at c£300k (call value £1.1m). Following discussion that has taken place with LEP officers, the calls were re-launched on 26/07/2017.

7.5 The Managing Authority has been in national discussions with all the Co-Financing Organisations to establish their willingness to partake in the second half of the programme or their availability of match for longer periods of time. These discussions are taking place at ministerial level.

7.6 The Growth Programme Board was provided with additional LEP area management information at IP level. This shows the commitment of finance against the 2018/2023 performance targets, commitment against N+3 targets, financial spend and outputs and results against profile based on claims paid. Information to ESIF sub-committees is expected to be issued by 29/09/2017.

**Action 2:** HJ will speak to Alexia Heath regarding the calls for IP 1.1

7.9 In answer to a concern expressed about the time taken to turn around applications, HJ stated that there is now a dedicated appraisal team within the DWP ESF Managing Authority that is speeding up the process. There is no guarantee that the opt-ins will meet the requirements to be available during the second half of the programme; consideration of local LEP area calls is therefore needed. The update on the programme was noted and HJ was thanked for his presentation.

**Action 3:** HJ will speak to LEP officers to review their commitment to date, plans for calls

8. **Any other items for information**

8.1 It was noted that there are currently some membership vacancies:
   - Jean Jarvis has resigned so there is a vacancy for the Social Enterprise sector.
   - RP stated that there are a number of membership gaps that needed to be filled.
   - The sub-committee recognises that the representatives from the private sector give up valuable time and money to attend the meetings.

8.2 It was agreed that it may be beneficial in the future to arrange a telephone conference call to discuss assessments and appraisals that are submitted by written procedure. This should result in there being more feedback on these than is sometimes the case currently.

**Action 4:** SB to arrange telephone conference call when the next assessments/appraisals are to be considered by written procedure.

**Date, time and venue of next meeting**

It was agreed that meetings should continue to be held at three monthly intervals; therefore the next meeting will be in December. (It was subsequently agreed with the Chair that the meeting will be held on Monday, 11 December between 2.00pm and 4.30 pm at Craven Arms.)
## Annex A

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<thead>
<tr>
<th>Agenda Item</th>
<th>Action</th>
<th>Action Assigned to</th>
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<tbody>
<tr>
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<td>Stuart Brandrick (SB)</td>
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<td><strong>Action 2</strong>: HJ will speak to Alexia Heath regarding the calls for IP 1.1</td>
<td>Harjinder Dhami (HD)</td>
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<td>7</td>
<td><strong>Action 3</strong>: HJ will speak to LEP officers to establish whether there is evidence to support moving funds between IPs</td>
<td>HD</td>
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<td>8</td>
<td><strong>Action 4</strong>: SB to arrange telephone conference call when the next assessments/appraisals are to be considered by written procedure.</td>
<td>SB</td>
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## Annex B  Attendee List

The Marches ESI Funds Sub-Committee 25 September 2017 meeting

### Chair & Deputy Chair:

<table>
<thead>
<tr>
<th>Name, title and organisation</th>
<th>Sector/Organisation Representing</th>
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<tbody>
<tr>
<td>Cllr Roger Phillips (RP)</td>
<td>Chair - Herefordshire Council</td>
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<tr>
<td>Stuart Brandrick (SB)</td>
<td>Deputy Chair – Managing Authority ERDF (DCLG)</td>
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### Sub-Committee Members:

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<thead>
<tr>
<th>Name, title and organisation</th>
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<tbody>
<tr>
<td>Harjinder Dhami (HD)</td>
<td>Managing Authority – ESF (DWP)</td>
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<tr>
<td>Liz Furey (LF)</td>
<td>Higher Education (Harper Adams University)</td>
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<tr>
<td>Paula Griffiths (PG)</td>
<td>Managing Authority – EAFRD (Defra/RPA)</td>
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<tr>
<td>Michelle Kynaston (MK)</td>
<td>Department for Business, Energy and Industrial Strategy</td>
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<tr>
<td>Claire Schafer (CS)</td>
<td>Education and Skills (Marches Skills Provider Network)</td>
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<tr>
<td>David Stevens (DS)</td>
<td>Trades Union (UNISON)</td>
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<td>Mandy Thorn (MT)</td>
<td>Marches Local Enterprise Partnership</td>
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<tr>
<td>Jo Townsend (JT)</td>
<td>Managing Authority – EAFRD (Defra/RPA)</td>
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### Others in attendance (non-members - including secretariat):

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<tr>
<th>Name, title and organisation</th>
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<tbody>
<tr>
<td>David Coghill (DC)</td>
<td>Managing Authority – ERDF (DCLG)</td>
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<tr>
<td>Stephanie Jones (SJ)</td>
<td>Marches Technical Assistance Team</td>
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<td>Hannah Owen (HO)</td>
<td>Marches Technical Assistance Team</td>
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<td>Gary Spence (GS)</td>
<td>Marches Technical Assistance Team</td>
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### Apologies:

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<tr>
<td>Cllr Lee Carter</td>
<td>Local Authority – Telford &amp; Wrekin</td>
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<tr>
<td>Shaun Carvill</td>
<td>Business (Shropshire Business Board - Clicking Mad Ltd)</td>
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<tr>
<td>Jo Jury</td>
<td>Managing Authority – EAFRD (Defra/RPA)</td>
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<tr>
<td>Steve Hogan</td>
<td>Business (Telford Business Board – Denios UK Ltd)</td>
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<tr>
<td>Andy Whyle</td>
<td>Local Nature Partnership</td>
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<tr>
<td>Caroline Bedell</td>
<td>Country Landowners Association</td>
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<tr>
<td>Cllr Cecilia Motley</td>
<td>Local Authority (Shropshire)</td>
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<tr>
<td>Gill Hamer</td>
<td>Marches LEP</td>
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<tr>
<td>Sonia Roberts</td>
<td>VCSE Equalities (Landau Ltd)</td>
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