



Leeds City Region ESI Funds Sub-Committee

Minutes of Meeting held 1st December 2020

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1. Welcome, Introduction, Apologies and Declarations of Interest.

- 1.1 **Peggy Haywood (MHCLG)** welcomed **Andrew Wright (Chair)** to the ESIF sub-committee and confirmed his appointment as Chair of the Leeds City Region ESIF sub-committee.
- 1.2 **Peggy Haywood (MHCLG)** thanked **Ian Smyth** for his role as Chair.
- 1.3 **Andrew Wright (Chair)** welcomed members to the Leeds City Region sub-committee to the meeting and noted apologies. (Annex B refers).
- 1.4 **Colin Mellor** declared an indirect interest as Chair of the Yorkshire Regional Flood and Coastal Committee.

2. Minutes of 9th July 2020 meeting and action update.

The minutes of the meeting held on the 9th July 2020 were reviewed and agreed as a true record of the meeting.

Actions from the previous meeting were reviewed and an update on each action was provided by the secretariat or relevant sub-committee member. (Annex A refers).

3. ERDF Programme Update

Peggy Haywood (MHCLG) provided an update in respect of progress of the ERDF Programme.

The sub-committee noted:

National Performance Update

- The ERDF sterling programme of the programme is £3,233m.
- £2,494m ERDF is legally contracted which represents 77% of the programme value.
- A further 403 applications which represent 22% of total programme value are currently being assessed. This excludes applications held in reserve.
- Contracted and pipeline projects represents 97% of the programme budget.
- The N+3 target for 2020 has been met.

Programme Modification

- A programme modification has been approved by the EC to reflect new flexibilities made available in response to Covid19.
- A new priority axis, PA10 has been added to the programme to support implementation of local economic Covid19 recovery action plans.
- As a result, the c£50m Reopening High Streets Fund was launched in 2020.
- Funding is distributed to circa 300 local authorities across England that have responsibility for managing high streets.
- Funding will be paid to local authorities to deliver activities between June 2020 and March 2021.
- A further £40m fund has been made available to support growth hubs and the visitor economy.

Reserve Fund

- There have been no new calls published for the ERDF Programme since the last meeting.
- In respect of future calls and remaining ERDF funding, MHCLG continues to review the nature of demand for further support in response to the evolving Covid19 situation and in the more medium-term, as businesses continue to adapt to economic circumstances into 2021 and beyond.
- Taking account of the range of ERDF funded and other public and private provision, the managing authority intends to consider opportunities for targeted support for SMEs, and other investment, as part of the final allocation of ERDF in early 2021.
- Further details will be provided once confirmed.

Leeds City Region Programme Update

- The Leeds City Region total notional allocation is £179.4m.

- LCR has also received an additional £1.8m in support of the growth hub and the visitor economy in response to economic challenges due to Covid19.
- A further transfer of £3m from priority axis 3 in Leeds City Region in return for £3m from priority axis 5 in the North East LEP area with the proportion of outputs linked to this has been actioned in order to maximise resource availability and take forward competing flood projects.
- Two applications have been considered by written procedures, Manufacturing Champions Achieving Growth Potential through Productivity Improvement by Technology Adoption from the University of Huddersfield in PA3 and The Anaerobic Digestion and Circular Economy Yorkshire (ADCEY) from the Bio Renewables Centre in PA4. Table 5 of the report refers, the sub-committee was content to progress with both applications.

Leeds City Region has an overall ERDF project pipeline of c£170.1m comprising:

- £17.3m at outline application stage. This includes 3 applications received in response to the LCR SUD call which closed 30 June 2020.
- £17.5m at full application stage.
- £135.3m legal commitment including £18.6m Northern Powerhouse Investment Fund (NPIF).
- Total pipeline commitments represent 95% of the total notional Leeds City Region ERDF allocation.

The sub-committee noted:

- It recognised the positive progress of the ERDF programme in Leeds City Region resulting in 95% commitment and pipeline.
- The ERDF programme financial end date was June 2023.
- Outcome reporting to date is noted in the ERDF programme update report (Table 3 refers).

4. ESF Programme Update

Maureen Stafford (DWP) provided an update in respect of progress of the ESF Programme.

The sub-committee noted:

- DWP published 12 calls for the Leeds City Region from September 2019 to February 2020, applications were only received in response to 3 of the 12 calls.
- At present there are no live calls.
- DWP have made improvements to its appraisal process and escalated timescales for applications reaching sub-committees for advice.
- Applications considered by written procedures since the previous meeting are now in the contracting stage.
- There are a number of issues relating to performance with six projects which are being delivered by the West Yorkshire Consortium of Colleges. Whilst the MA acknowledged that some of these were due to delays in the appraisal process, there are a number of project related issues, recovery plans have now been received and are being considered by the MA.

- The uncommitted LCR ESF notional allocation now forms part of the national reserve fund but can still be used to fund future calls in Leeds City Region.
- The MA has applied to the EU Commission for permission to vire a proportion of funding across categories of region and investment priorities.
- A lack of match funding has attributed to the poor response to recent calls and DWP is exploring all options to identify other sources of match.
- The MA advised that it is not expecting to achieve N+3 and is exploring options with the EC to avoid decommitment.
- DWP has and continues to increase its resource capacity to respond to appraisal workloads.
- DWP has applied to the EC to include a further investment priority for a national digital intervention call (PA4). This call has now closed resulting in eighteen approved projects, total value of c£1,043m of which one project is within Leeds City Region. Of these, three projects have since been withdrawn, the applicants cite Covid19 2nd lockdown as the reason.

The sub-committee advised:

- It was disappointed that several ESF applications had been withdrawn given the growing need for skills and employability support due to the economic and social shock as a result of the Covid19 crisis.

5. EAFRD Programme Update

Sally Harrison (RPA) provided an update in respect of progress of the EAFRD Programme.

The sub-committee noted the report and the following updates following the last ESIF sub-committee meeting:

- Delivery timescales for the EAFRD programme have now been extended to September 2022.
- Eight applicants, where an offer of grant has been made, have subsequently withdrawn from the process citing Covid19 as the major issue.
- Fourteen applications have been withdrawn, citing Covid19 and planning permission as the main reasons.
- LCR has c£900k allocation remaining to fund applications which are still in the pipeline.
- One project which was held in reserve has now been invited to submit a full application.

The sub-committee advised:

- The sub-committee noted that the calls had generated £21.25m in expressions of interest but only projects valuing £1.6m had received grants.
- The lack of technical assistance may be a contributing factor in the high attrition rate.
- Lessons learnt from the ESIF 2014-2020 programme should inform future programmes.
- The sub-committee was disappointed that the time and effort invested into the EAFRD programmes was disproportionate to the number of projects which had received funding.

6. Local Partner Update

6.1 **Heather Waddington**, LEP area lead presented a paper providing an overview of LEP activities to date.

The sub-committee noted:

- There are currently no live ESF calls and those published prior to the start of 2020 were developed to meet strategic gaps in current provision.
- Three reserve fund calls are now in development which had previously been suspended due to Covid19.
- A national meeting is to be held shortly to discuss ESF performance issues and to develop a recovery plan in response to Covid19.
- The National Lottery Community Fund have submitted a paper to its Board, which is due to meet January 2021, it is looking to invest a further £55m to extend projects which are currently performing well to the end of the programme.
- The sub-committee was invited to support the resubmission of two ESF calls, the Routeways Programme, with consideration as to how to support those over 25 years and the Career Development Programme, for publication in January 2021 to extend provision in LCR.

The sub-committee supported the request of the resubmission of two ESF calls, the Routeways Programme and the Career Development Programme, for publication in January 2021 in order to extend provision in LCR.

<p>ACTION: LCR to re-submit two ESF calls, Routeways Programme and Career Development Programme for publication in January 2021.</p>

7. Policy Update

Richard Thorpe (CLGU) and **Iain Derrick (MHCLG)** provided a policy update following the 2020 Spending Review.

Richard Thorpe (CLGU)

Levelling Up Fund

- The Levelling Up Fund (LUF) will supersede existing local growth funding streams, such as the Local Growth Fund.
- The £4bn fund was announced in the Spending Review to cover the remaining time of the existing Parliament, of which £600m is available in 2021-22.
- A prospectus is to be published in 2021. The fund will be open to all places within England and will be allocated on a competitive basis.
- £300m of the fund is ringfenced to support a further competitive round of Town Deals.

UK Shared Prosperity Fund (UKSPF)

- £220m was announced in the spending review to be spent in 2021/22 to pilot programmes and new approaches prior to the introduction of the UKSPF.
- HMG will set out further details of the UK Shared Prosperity Fund in a UK-wide investment framework due to be published 2021.
- The quantum of funding will be phased in as EU receipts decline and is expected to equal the quantum of current EU funds.

Getting Building Fund

- The £900m fund aims to accelerate development of 'shovel ready' capital infrastructure projects that can stimulate economic growth and deliver impact within two years.
- £58.6m has been allocated to West Yorkshire to support fifteen priority projects.

Towns Fund

- £3.6bn programme to support underinvested/left behind places in support of the levelling up agenda providing up to £25m investment across 101 towns in England.
- Eight towns selected in West Yorkshire are developing proposals to access up to £200m of investment.

Future High Streets Fund

- Competitive fund with a requirement to achieve minimum benefit cost ratio.
- The outcome of the assessment of applications is expected in the near future.

Growth Hubs

- Core funding in respect of growth hubs across England is to be maintained in 2021.
- An additional £6.4m has been made available to Growth Hubs to support EU transition for businesses.

West Yorkshire Devolution Deal

- The devolution order is expected to be laid in parliament next month and set to become law in February 2021.
- The election of a West Yorkshire Mayor is expected May 2021, subject to the statutory tests being met.

Iain Derrick (MHCLG)

- ESIF will continue to operate as business as usual up to end 2023.
- The 2020 spending review confirmed UK governments thematic policy on a place based approach in respect of the following policy areas:
 - Green.
 - Infrastructure.
 - Levelling Up.
 - Strengthening the Union.
- The spending review 2020 also confirmed additional funding of £220m (covering England /Scotland /Wales /Northern Ireland and Gibraltar) to be spent in 2021-22 intending to support communities to transition to full UKSPF from 2022.
- The quantum and further detail on UKSPF will follow publication of UKSPF Investment Framework in mid-2021 and the spending review 2021.

- Further detail on delivery and planning in respect of the £220m will be issued early 2021.
- In parallel other policy activity that will impact on local growth in England include the government plans for consultation in 2021 in respect of:
 - UK's future approach to Subsidy Control.
 - England Devolution White Paper.

The sub-committee noted:

- The Towns Fund should create more sustainable growth and strengthen supply chains and support the levelling up agenda.
- Value for money should be a key consideration in investment of public finances.
- No final decision has yet been made in respect of the methodology of the distribution of the UKSPF £220m pilot fund.
- A collective approach is being taken to ensure match funding is available from both the private and public sector.

8. ERDF Full Applications for Consideration

8.1. ERDF Priority Axis 3 (Enhancing the Competitiveness of Small and Medium Sized Enterprises - Property).

8.1.1 Leeds Media Centre – Leeds City Council

No declarations of interest were received for this item.

The sub-committee advised:

- The application demonstrated a strong strategic fit with the local ESIF strategy and alignment with the call specification.
- It was supportive of the proposed activities in relation to its strategic fit with local development need, growth conditions and opportunities and contribution towards delivering the LCR ESIF Strategy.
- It concurred with the managing authority's assessment.
- It was supportive of progressing the application to contract.
- The Committee noted in delivery it will be important to take into account the changing conditions facing freelance and SME businesses in creative industries as a result of Covid19 in the city region, the growth of home based working and its potential impact on delivery of the outputs

8.1.2 Hope Foundry – Music and Arts Production Leeds

No declarations of interest were received for this item.

The sub-committee advised:

- The application demonstrated a strong strategic fit with the local ESIF strategy and alignment with the call specification.
- It was supportive of the proposed activities in relation to its strategic fit with local development need, growth conditions and opportunities and contribution towards delivering the LCR ESIF Strategy.
- It concurred with the managing authority's assessment.
- It was supportive of progressing the application to contract.
- The Committee noted if approved, the project should provide more detail about how specifically the project will engage with ERDF-funded business support providers and the growth hub, although a good list of organisations proposed to signpost to is suggested.
- In delivery it will be important to take into account the changing conditions facing freelance and SME businesses in creative industries as a result of Covid19 in the city region, and the growth of home based working, and its potential impact on delivery of the outputs.

9. ESF Full Applications for Consideration

9.1. ESF Investment Priority Axis 1.1 (Access to Employment for Jobseekers and Inactive People)

9.1.1 Community Hubs – Leeds City Council

The sub-committee advised:

- The application meets the call requirements and local development needs focusing on the newly unemployed and inactive participants which is expected to increase due to Covid-19.
- Value for money is considered to be good although it recognised outputs are below the call requirements.
- This is an extension to current provision being delivered by the applicant.
- It was supportive of progressing the application to contract.

9.1.2 West Yorkshire Pathways to Employment – Talented Training Ltd

The sub-committee advised:

- The application meets the call requirements and local development needs.
- Value for money is considered to be good.
- Clarity required on the suggested conversion rate and if this is achievable in the current climate.
- A further condition may be required to ensure that the complementarity and non-duplication with other organisations delivering similar activity in the region including local authority's.
- It was supportive of progressing the application to contract.

10. Future Agenda Items

- Presentation from the applicant of **the Leeds City Region Supply Chain** project.
- Update on the UKSPF.
- Presentation on progress to date from Northern Powerhouse Investment Fund.

11. Items for Information

- The sub-committee agreed to consider any full applications by written procedures prior to the next scheduled meeting.

Date, time and venue of future meetings: To be confirmed for the first quarter of 2021

Annex A

List of Agreed Actions from 1 December 2020 Leeds City Region sub-committee meeting

	Action	Action Assigned to	Status
	LCR to re-submit two ESF calls, Routeways Programme and Career Development Programme for publication in January 2021.	LEP	Open
Outstanding actions from previous meetings			
	RPA to provide a more detailed analysis of application status and programme performance at the next ESIF sub-committee meeting.	RPA	Open



European Union

European Structural
and Investment Funds

European Structural and Investment Funds

2014 – 2020

Growth Programme for England

Annex B Attendee List

Leeds City Region ESI Funds Sub-Committee 1 December 2020 meeting

Chair:

Name, title and organisation	Sector/Organisation Representing
Andrew Wright , Chair of the LCR Business Innovation and Growth Panel	LEP Board
Peggy Haywood , ERDF Programme Manager, MHCLG	ERDF Managing Authority

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Richard Thorpe on behalf of Lorraine Coates , Assistant Director, BEIS Yorkshire, Humber and the North East	BEIS
Ian Smyth , Head of Economic Policy, West Yorkshire Combined Authority	LEP
Nav Chohan , Principle of Leeds College of Building, LEP's Employment and Skills Panel	LEP Employment and Skills Panel/Colleges
Janet Thornton , Vice Chair, Yorkshire, Food, Farming and Rural Network (YFFRN)	Yorkshire Food Farming & Rural Network
Maureen Stafford , Department of Work & Pensions	ESF Managing Authority
Sally Harrison , Rural Payments Agency	EAFRD Managing Authority
Colin Mellors , Professor of Regional Development, University of Huddersfield	Universities
Dorothy Hodgkinson , Finding Perspectives	Equalities
Martin Hathaway , Managing Director of Mid Yorkshire Chamber of Commerce	Business
Pam Warhurst , Chair of the South Pennines LNP Pennine Prospects Ltd	Local Nature Partnerships

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

Name, title and organisation	Sector/Organisation Representing
Heather Waddington , Head of ESI Funds and Future Funding Policy, WYCA	LCR LEP
Michelle Unwin Relationship Manager & ERDF Secretariat, MHCLG	MHCLG Managing Authority Secretariat & Minute Taker
Andrew Wilson , Policy Assistant, West Yorkshire Combined Authority	LEP Secretariat
Alex Clarke, Item 8 only West Yorkshire Combined Authority	LEP/WYCA
Peter Glover, Item 9 only West Yorkshire Combined Authority	LEP/WYCA

Apologies:

Name, title and organisation	Sector/Organisation Representing
Lesley Calder , Head of Growth Delivery, North East, Yorkshire and the Humber, MHCLG.	ERDF Managing Authority
Neil Kendall , Convenor, Leeds City Region Policy Group, Federation of Small Business	Business