



European Union

European Structural
and Investment Funds

**European Structural and Investment
Funds
2014 - 2020**

Growth Programme for England

**Minutes of the Growth Programme Board meeting
12:30 Tuesday 28 March 2017
Conference Room 5, Marsham Street, London**

Agenda

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| 1. Welcome and introduction | 5. Partnership Working Review – |
| 2. Progress on Programmes* | Progress on Implementation* |
| 3. The Industrial Strategy consultation:
SME competitiveness and
sustainability considerations | 6. National Sub-committees' Report* |
| 4. Review of Growth Programme Board
Membership and Terms of
Reference and Local Area ESI
Funds Sub-committee Terms of
Reference * | 7. Minutes of December Meeting &
Update on Actions* |
| | 8. Items for information* |

*Agenda items marked * were accompanied
by Board papers*

Minutes

1. Welcome and introduction

1.1. The **Chair** (Julia Sweeney) welcomed members to the meeting. **James Ransom** deputised for the Higher Education & Universities sector; and **Greg Warren** for Businesses and Private Sector SMEs). **Christian Aagaard** (European Commission, DG Emploi) was attending his last meeting and the Board thanked him for his contribution.

2. Progress on Programmes

2.1. ESF: **Catherine Blair** presented the ESF progress report. Data was taken to 31 January, covering N+3 targets and commitments profiled against categories of region and outputs. Transition and More Developed regions are on track to meet performance reserve and N+3 targets. Based on current commitment, the Less

Developed region is below the level anticipated but will be kept under review. Good progress is being made against investment priority allocations. The Youth Employment Initiative (YEI) underspend continues. Claims processing is being prioritised to minimise the risk of making insufficient payment applications, although time-critical calls will still issue. **Carol Botten** sought reassurance that DWP had sufficient resources to deal with any potential backlog of call publication arising from the focus on processing claims rather than issuing calls; and asked for an update on how the YEI underspend is being addressed, as there may be opportunities to learn from previous experience. A cross-cutting themes report would be welcome. Members queried how value for money considerations might be taken into account. **James Newman** suggested that assessment of value for money was built-in to project appraisal/assessment and proceeding with calls would ensure a pipeline of projects beyond 2019. **George Kieffer** explored whether unit costs might be reviewed. **Sandra Rothwell** considered whether the use of revised unit costs in value for money assessment would disadvantage less developed areas; whether management information could be released more speedily and whether a case could be made for a review of outputs, to inform future amendments to the operational programme. **Ian Stewart** sought reassurance on the use of performance reserve. **Simon Nokes** queried whether there were plans to look at the exchange rate; opt-ins; and other sources of match-funding such as Apprenticeship Levy.

2.2. Catherine Blair committed to report on the YEI underspend situation at subsequent meetings. Direct-bid and CFO procurement and market evidence will be taken into account when reviewing unit costs and it would be appropriate to look at value delivered overall through the balance between costs, outputs and results. This is already built into project appraisal processes but guidance and procedures have been strengthened to ensure we have gathered robust evidence around value for money. There have been lower levels of commitment in some areas which may be driven by assumptions that have not been borne out in practice since the design of the operational programme, so an output review might indicate a need to revise the operational programme in consultation with the Commission, in due course. The managing authority is not pursuing a change in exchange rate at the current time as the programme is only mid-term so there is little financial pressure. Future match funding resourcing will be discussed at a meeting with co-financing organisations planned for Friday 7 April. **Anne Donkin** recalled recent conversations about potential to use Apprenticeship Levy as match-funding, but doubted there would be an affirmative decision to do so.

ACTION 1703/01: Managing authorities to incorporate cross-cutting themes in Board reports, from June 2017.

2.3. ERDF: David Malpass presented the ERDF progress report. To the end of January, 38% of the programme had been contracted. The value of these and applications being considered came to 56% of funds. Calls had been launched in December 2016 and January 2017, worth £347m. A further 45 calls published in March are worth an additional £191m. A schedule of future calls, identified for May, July and November 2017, was presented to the Board. Contracting on Priority Axis 4 (low carbon economy) is doing well in Less Developed areas but behind profile in Transition and More Developed regions. A proposal to amend

the operational programme had been raised at the December meeting and the managing authority was in discussion with the Commission. There is a need to discuss possible output targets with some LEPs, where there is a concern they may be unachievable. **Carol Botten** queried whether anything could be learnt from Cornwall's experience of PA4 projects and whether the managing authority had concerns that demand for project funding might not meet supply. **James Newman** suggested the Performance & Dispute Resolution sub-committee should examine making an amendment to the exchange rate, to help deal with priority axes where contracted funds were advancing beyond profile. **Tim Parry** asked about plans for intermediate bodies that are coming on stream. **Alex Conway** noted that E-CLAIMS delivery remains behind schedule and would lead to increased pressure for managing authorities to meet N+3 targets. **Sandra Rothwell** offered to help or support any shared learning that might be taken forward on PA4. She noted there were risks on the Cornwall financial instrument and urged the managing authority to work closely with BEIS. The difference between ERDF claims and targets suggested that quality of claims might be an issue. There was a perception that a unit-cost based approach to assessing value for money could disadvantage Cornwall claims.

2.4. **David Malpass** agreed that quality of applications can be an important factor. The proportions of claims/target had been discussed at the Sheffield LEP Area ESI Funds sub-committee the previous week, but results vary between priority axes and categories of region. The future call windows offer an opportunity for local sub-committees to encourage quality applications. **Iain Derrick** acknowledged the position of CLLD was a consequence of the way the strategy was designed, but the policy team is mindful of the impact a unit costs approach might have on less developed areas. The **Chair** noted that project applicants were receiving support and feedback on their proposals, which will help to improve quality. The Performance & Dispute Resolution sub-committee would take a more active role in discussing performance data. The February performance data will be released more speedily and there will be greater emphasis on actuals at the June Board meeting.

2.5. **EAFRD: Tony Williamson** presented the EAFRD progress report. Defra and DCLG are collaborating to resolve the PA6 (Preserving and Protecting the Environment and Promoting Resource Efficiency) demarcation issue. Calls for funding in 2015 led to 105 full applications, requesting funding of £15m. All of the applications have been assessed. Contracts have been signed for 90 projects, committing nearly £10m and RPA had paid out £0.5m to 28 February 2017. Three national calls offering £120m in total were issued in January 2017 focussing on food and drink, tourism development and SMEs. Full applications for more than £3m have already been received. RPA has accelerated the application process, inviting expressions of interest to replace the outline application stage. Workshops have been arranged to help potential applicants improve the quality of applications. A call focussed on broadband is intended. Larger applications are being encouraged; although the nature of rural areas is that businesses are often smaller-scale.

2.6. **George Kieffer** agreed the workshops had helped to raise application quality. **Sandra Rothwell** considered it would be helpful if fuller delivery information from

EAFRD (and EMFF) could be considered at future meetings, but acknowledged those programmes report to their own Programme Monitoring Committees. **James Newman** requested that the EAFRD scoring framework be shared and sought reassurance that RPA had capacity to deal with the most recent calls. **Huw Edwards** raised his concern about the premise-based model of rural broadband, noting there were solutions to fast broadband other than fibre.

ACTION 1703/02: Tony Williamson to explore whether the EAFRD Scoring Framework could be circulated, for the Board's information.

2.7. **EMFF: Rob Matthews** presented the EMFF Progress Report. The programme is worth €52m and focusses on delivering the Common Fisheries Policy, the discard ban and managing stock levels. To date, 406 applications have been received, totalling £41.5m. Of those, 210 had been approved at £16.2m. EMFF does not operate a calls system and applications are open throughout the year. The Marine Management Organisation has introduced four panels a year to assess applications; the next ones will be held in June, September and November. The CLLD element is delivered through Fisheries Local Action Groups (FLAGs) in Holderness, Hastings, Cornwall, Dorset, East Devon, North Tyne and North Thames. **Keith Harrison** sought confirmation that each FLAG had a supply line. Rob confirmed that both the FLAG strategy and business plan are part of the approvals process. He committed to provide an update to the EMFF paper for the Board

2.8. **[Post-meeting note, provided by Rob Matthews on 29 March]** Both the Holderness and the Hastings FLAGs launched in January as mentioned in our paper. I am pleased to confirm that the remaining 4 have now also launched. Cornwall FLAG held their launch event at Looe on 10 March 2017, closely followed by Dorset and East Devon on 13 March 2017 at Weymouth. North of Tyne launched at North Shields on 16 March 2017 and finally on 17 March 2017 North Thames launched with an event in Leigh on Sea. The launches mark a significant step in the progression of the FLAG community led local development strategies and each has been awarded £800,000 under the EMFF scheme.

3. The Industrial Strategy consultation: SME competitiveness and sustainability considerations

3.1. **Jacqui Ward**, Deputy Director of the joint DCLG and BEIS Cities & Local Growth Unit and Chair of the SME Competitiveness National Sub-Committee, led discussion on the industrial strategy, which is open to public consultation until 17 April and is being considered by the national sub-committee. The strategy is taking a long-term view. Government is not looking to jump to conclusions about what the economy might want. It is constructed around ten pillars: science, research and innovation; skills; infrastructure; business growth and investment; procurement; trade and investment; affordable energy; sectoral policies driving growth across the whole country; and creating the right institutions to bring together sectors and places. The sub-committee had recognised interdependencies. It had focused on the support and institutions that places might need to drive growth and which would underpin an expanded local approach. Government has committed to a review of LEPs, which will coincide

with the end of current commitments on local growth funding. **Huw Edwards** considered that weight ought to be given to high-grade technicians. **Sandra Rothwell** welcomed recognition of links between pillars. She suggested that government would benefit if it gained a sense of what it would not want to lose, particularly around economic convergence, balance, subsidiarity and local approaches.

4. Review of Growth Programme Board Membership and Terms of Reference and Local Area ESI Funds Sub-committee Terms of Reference

4.1. **Ben Meadows** introduced his paper and recalled how the secretariat led the review, guided by a steering group that included representatives from the Local Government Association, LEPs and managing authorities. The Board had been represented by Richard Powell. Board terms of reference and range of memberships are considered to still be appropriate. Minor changes to the LEP Area ESI Funds sub-committee terms of reference will include creating an opportunity for members to be re-appointed; and incorporate two Partnership Working Review recommendations on describing the role of Chairs and enabling the use of specialist/task-and-finish groups in a supportive role. **Carol Botten** noted that current terms of reference include a commitment for managing authorities to provide risk registers to sub-committee and the provision was scheduled for deletion. Members discussed the respective roles of managing authorities, the monitoring function of the Board and advisory LEP Area ESI Funds sub-committees. It was settled that responsibility for risk management falls to managing authorities, which should bring issues to the attention of the Board and its sub-committees if they arise, including proposals for remedial action. The **Chair** noted the Board took an advisory and monitoring role, not a management one. Board members agreed there was no appetite to bring risk registers to meetings. **Sandra Rothwell** noted the proposal for sub-committees to provide advice to managing authorities or intermediate bodies. **Iain Derrick** explained how a sub-committee might need to advise an IB focussing on a specific area and may look to bring people in to reflect the detail of the Sustainable Urban Development strategy. The proposed amendments to terms of reference were agreed.

5. Partnership Working Review – Progress on Implementation

5.1. The Board received the written report.

6. National Sub-committees' Report

6.1. The Board received the written report.

7. Minutes of last meeting and progress on Actions

7.1. The **Secretary** (Richard Inman) presented draft minutes from the December 2016 meeting, which were agreed. **Catherine Blair** reported against **ACTION 1612/01**. Following a conversation with Commission colleagues, the possibility for applicants to benefit from technical assistance from local teams was settled to be

out of scope. The **Secretary** noted that the Smart Specialisation sub-committee had been invited to present at the June Board meeting, for **ACTION 1612/03**.

8. Items for information

8.1. **Noel Farrell** emphasised the importance of the blue economy and Atlantic Strategy. Research shows that the blue economy has potential to provide 7 million jobs in Europe by 2020. Twelve LEP areas have Atlantic coastlines. Noel recalled that the England ERDF growth programme makes references to the Atlantic Strategy and associated opportunities; and the annual implementation report for 2016, due to be submitted by end June, should report on the Growth Programme's contribution to the Atlantic Strategy and Action Plan. The Commission will prepare a mid-term review of the implementation of the Atlantic Action Plan by the end of 2017. The Managing Authority has received a joint DG MARE/REGIO letter on this. The United Kingdom is currently chair of the Atlantic Steering Group. An Atlantic Stakeholder Conference will be held in Glasgow, in September/October. Noel noted the conference will provide opportunities to explore areas for cooperation; share information and good practice; and promote interesting project ideas as well as funding opportunities and partnerships for marine and maritime projects. Detailed information on the conference is available via www.atlanticstrategy.eu

8.2. The Board received David Read's information paper 'Priority Axis 2 – Enhancing access to, and use and quality of ICT'.

Meeting closed: 14:35

Date, time and venue of future meetings

- Wednesday 14 June 2017, 11:00 – 15:00, DCLG Conference Rooms 5A & 5B
- Thursday 14 September, 11:00 – 15:00, DCLG Conference Rooms 5A & 5B
- Thursday 14 December, 11:00 – 15:00, DCLG Conference Rooms 5A & 5B
- Wednesday 21 March 2018, 11:00 – 15:00, DCLG Conference Rooms 5A & 5B

Annex A

List of agreed actions from March 2017 Growth Programme Board meeting

No.	Action	Assigned to:
Action 1703/01	Managing authorities to incorporate cross-cutting themes in Board reports, from June 2017	David Malpass Catherine Blair
Action 1703/02	Tony Williamson to explore whether the EAFRD scoring framework could be circulated, for the Board's information.	Tony Williamson

Annex B Attendee List

Growth Programme Board meeting 28 March 2017

Chair:

	<i>Sector/Organisation</i>
Julia Sweeney Director, Europe Programmes and Local Growth Delivery	DCLG

Board Members (full and advisory):

	<i>Sector/Organisation</i>
Greg Warren Federation of Small Businesses	Business / Private Sector (SME)
Louise Bennett Chief Executive, Chamber of Commerce	Business / Private Sector
Alex Conway Greater London Authority	Greater London Authority
Sandra Rothwell Cornwall & the Isles of Scilly LEP	Cornwall & the Isles of Scilly
Simon Nokes Chief Executive, New Economy	LEPs
George Kieffer Vice Chair, South East LEP	LEPs
Dr Huw Edwards ESIF Chair, Thames Valley Berkshire LEP	LEPs
James Newman Sheffield City Region LEP	LEPs
Cllr Ian Stewart Cumbria County Council & South Lakeland District Council	Local Authorities
Cllr Philip Atkins Leader, Staffordshire County Council	Local Authorities
Sir Albert Bore Birmingham City Council	LGA / Local Authorities
Carol Botten Deputy Chief Executive, VONNE	Voluntary & Community Sector (Local)
Tim Parry CEO, Community Council for Berkshire	Voluntary & Community Sector (National)
James Ransom Universities UK	Higher Education (Universities)
Keith Cowell Principal, City of Westminster College	Further Education
Keith Harrison Chief Executive, Action with Communities in Rural Kent	LEADER
Tony Williamson Head of RDPE Strategy Team, Rural Policy	Defra
Robert Matthews Head of Unit, EU Fisheries Funding	Defra
Catherine Blair Head of ESF Division	DWP
Jon Petchey Europe Directorate	BEIS
Nick Dexter Deputy Director, Policy & Partnership	DCLG

David Malpass Deputy Director, Growth Delivery Network	DCLG
David Morrall Head of 2014-20 Policy Team	DCLG
Frank Elholm UK Unit	European Commission, DG REGIO
Noel Farrell UK Unit	European Commission, DG REGIO
Marc Vermyle Programme Manager	European Commission DG EMPL
Christian Aagaard Programme Manager	European Commission DG EMPL
Tarja Tiainen-Balsby Deputy Head of Unit	European Commission DG AGRI

Additional Attendees / Observers:

Name	Sector/Organisation
Pernille Kousgaard LEP Network	LEP
Andy Churchill Network for Europe	Voluntary & Community Sector
Pavish Patel	Inspectorate of Constabulary
Iain Derrick Manager, 2014-20 Policy & Partnerships Team	DCLG
Richard Inman Growth Programme Board Secretariat	DCLG
Ben Meadows Growth Programme Board Secretariat	DCLG
Abe Allen Growth Programme Board Secretariat	DCLG

Apologies:

	Sector/Organisation
Professor John Latham Vice-Chancellor, Coventry University	Higher Education (Universities)
Dominic Williams Federation of Small Businesses	Business / Private Sector (SMEs)
Sir Richard Leese Leader, Manchester City Council	LEPs
Richard Powell Chair, Wild Anglia Local Nature Partnership	Local Nature Partnerships
Mayor Joe Anderson Liverpool City Council	SUD / Core Cities
Mark Tinsley Lincolnshire Forum for Agriculture and Horticulture	Rural & Farming Network
Shelly Dowrich Government Equalities Office	Equalities
Kevin Rowan Trades Union Congress	Trade Unions