



**The Marches ESI Funds Sub-Committee
Minutes of Meeting held Monday, 23 September 2019
Craven Arms Community Centre, Newington Way, Craven Arms SY7 9PS**

Agenda:

1. Welcome and introduction
2. Minutes of last meeting and progress of actions
 - Agreement to minutes
 - Update on any actions
3. ESF Update
 - More Developed Management Information
 - Transition Management Information
4. EAFRD Update
 - Update – Paper
- 5 ERDF Update:
 - Programme Update (Verbal)
 - Performance Management Update (Papers 5(i), (ii) and (iii))
- 6 ERDF – Review Outline Application Assessments
 - i. Midlands Internationalisation Fund
- 7 Any other items for information

1 Welcome and introduction

1.1 Cllr Roger Phillips (RP) welcomed new members to the sub-committee. Elaine Priest (EP) replaces Stuart Brandrick (SB) as the MHCLG representative and deputy chair, following Stuart's retirement at the end of March. RP let members know that his role has also changed, with him now being an independent chair rather than being the local authority representative for Herefordshire. Cllr Liz Harvey (LH) joins as the local authority representative for Herefordshire.

2 Minutes of last meeting and progress of actions

2.1 The minutes of the meeting held on 28 January 2019 were agreed as a true record.

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2.2 Members were reminded of the importance of declaring any interest when an item was about to be discussed. Also, EP confirmed that the Managing Authority does not have signed codes of conduct and declarations of interest for all members.

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 EP. Any member whose responsibilities have changed since completing the form should submit a new one.

3. ESF Update

LEP Narrative Report: Alexia Heath (AH) presented an update paper, circulated before the meeting.

3.1 There are no current calls. Further calls are in development to allocate the rest of ESF funding in the Marches area.

3.2 Management Information – Transition and MD: for ESF opt-in/co-financing organisations (CFOs) there is committed spend of £23.1m in Marches, with further CFO spend in the pipeline. This is broken down as £7.1m in (MD) CoR and £16m in 'Transition' CoR.

3.2 DWP has worked with the Marches LEP to finalise procurement in the LEP area. Members agreed the proposal via written procedure in August and the proposal is now in the final stages of the appraisal process and is expected to be concluded in the next month. DWP ESFA change requests were issued to committee members in December and have been agreed; the MOUs have been signed and are included in the MI. And the MA is progressing the National Community Lotter Fund PCR following committee members recent endorsement.

3.3 As regards progress, the position in the Marches has improved significantly compared to six months' earlier. In MD CoR, though £12.2m was allocated to the Marches, approximately 58% of that has been committed to date (£7.1m), but further spend from DWP, NCLF and direct bids are in the pipeline which totals 95%. In Transition CoR, though £30.1m was allocated to the Marches, approximately 57% of that has been committed to date (£17.1m), but further spend from DWP, NCLF and direct bids are in the pipeline totalling 86%.

3.4 There are 4 applications at appraisal stage, all of which are under Investment Priority (IP) 2.2. In the transition CoR, there are 3 applications which are extensions and which total £1.04m and there is 1 new application for the MD CoR, valued at £0.82m.

3.5 Under IP 1.1, Reed in Partnership was awarded the contract in the recent tender exercise and there will be a planning meeting with all parties. A request has been made that any funding that remains in IP 1.1 be moved into IP 2.2. There will be an open call for IP 2.2 and there would be a need for match funding. There are potential applicants for IP 2.2 and the Marches are in a strong position to commit the funding.

4 EAFRD Update

4.1 **Growth and Programme Update.** Jo Jury (JJ) presented the update paper, circulated prior to the meeting. The current Marches spend position is very positive. The second round total call value, c£7.1m, is significantly exceeded by the current pipeline of projects valuing c£8 m. Key points highlighted regarding this second call included:

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- 47 projects at a value of £6.1m have been contracted to date
- 2 projects at a value of £380K are in appraisal
- A further number of full applications are expected to be submitted at the end of September to a value of £3.2m.
- There was a high dropout rate, with £20m applied for, and c£12m no longer viable, which is not uncommon for EAFRD.
- The tourism applications have the highest dropout rate (68%), with the likely reason being planning issues.

Overall the Marches has some of the best Food and Tourism projects in the West Midlands and there are some good case studies that need to be shared. Rural broadband has also been very successful.

Discussion followed on the level of information that can be provided to the ESIF sub-committee on the successful grant recipients. JJ explained that GDPR prevents the sharing of such information but that it would be possible to provide a county-specific breakdown. Members expressed frustration about the GDPR issue, particularly given the role of the sub-committee in committing public money for the benefit of the Marches. RP suggested he would raise this at ministerial level and Gary Spence (GS) agreed to investigate this further.

4.2 JJ went on to provide a national programme update. Subject to ministerial decision, a further round of growth calls is expected to be launched in 2 – 3 weeks' time. This will cover business development, tourism infrastructure and food processing and will be open to all 36 LEPs. Significant changes from the last round are not expected as there was a good response to the previous call and preparations are advanced. The Managing Authority will work with LEP officers and the Growth Hubs to promote the calls via workshops. There will be a minimum grant of £30k (40% intervention rate) and food processing will be capped at £0.5m.

4.3 Due to programme timing, there will need to be a quick turnaround, with a 4 month timeframe for submission of the full applications. Discussion then focussed on planning issues and how these can cause delays to project applications or even withdrawal of applications. Further, members referred to seasonal constraints in respect of species reports for example which would further impact on the timing of planning. It was suggested that planning officers are alerted to the time critical nature of the applications in order to expedite issues where possible.

4.4 JJ confirmed that the standard of applications can be very poor, particularly noticeable when dealing with certain agents. RP requested that success rates by agents should be published so it is transparent which agents are delivering poor applications.

4.3 **LEADER Update.** Both Herefordshire and Shropshire LEADER have been performing 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 Elaine Priest (EP) provided a verbal national programme update.

5.2 National Programme update - Contracting is the main priority. As at June, 737 projects had been contracted, which equates to 59% of the ERDF budget at a value of £1.9bn ERDF. There are 389 applications in appraisal, equating to £813m which is a further 24% of the total ERDF budget. There remains 17% of the programme budget to commit.

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5.3 N+3 – The Programme is on course to achieve the N+3 spend target. Claims paid to date total 102% of overall spend target although when taking into account claims held in quarantine, the figure is slightly lower at 96%.

5.4 National Reserve Fund – this is likely to be operational from January 2020 and is to ensure that the full value of the programme is committed. It allows available funding to be managed in line with exchange rate fluctuations and helps to address the risk of under or overspend across the programme. Further details will be communicated in a variety of ways, including ESIF partner and ERDF practitioner bulletins and through the sub-committee meeting. An England-wide call broken down according to priority axes and CoR will be launched in January 2020. The full process has yet to be determined but sub-committee members will be consulted on applications for the Marches. The priorities will be PAN LEP projects such as the Midlands Engine.

5.5 Marches Update – EP summarised the key MI performance data regarding commitment levels, spend performance of contracted projects and the output commitment levels compared with LEP targets. Against a budget allocation of £60m, the Marches has made good progress with commitment levels, having committed 75% and with the June calls seeking to commit the remaining £15m funds in their entirety.

5.6 Written Procedures – since the last update provided in September, 2 applications were endorsed by written procedure and are now being contracted: Science in Industry Research Centre and Marches Business Investment Programme.

5.7 June Calls – The call closes on the 30 September 2019 and outlines will be available to members to review in early November. GS provided an overview on progress to date in generating potential applications across the 4 priority axes. This is the last opportunity for a LEP-specific call to allocate funding, and the technical assistance team have been working hard to support applicants with either new applications or extensions to existing projects. It has been a challenge across the board, with PA3 presenting the greatest risk in not fully committing the financial allocation or meeting the output target. GS went on to outline the types of bids that are expected, with University-led projects delivering R & D advice to businesses, the Marches Growth Hub seeking to extend, delegated grant schemes across the different priorities and several capital build projects expected. In PA2, the broadband project is looking to extend and in PA4 (low carbon) a good response to the call is anticipated.

6. ERDF Full Appraisal – Midlands Internationalisation Fund – no declarations of interest were made. EP provided an overview of the proposal and the appraisal. Members raised concerns about the proposed targeting of SMEs of high growth potential which have a turnover of over £500K, and the impact that this would have on supporting smaller businesses which might be excluded from receiving the grant assistance. An additional condition to address this will be included in the grant funding agreement. *Members agreed that this had strong strategic fit and were supportive of the proposal subject to addressing the targeting issue.*

7. AOB – None

8. Date, time and venue of next meeting

14 November : 2 – 4pm, Craven Arms Community Centre.

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Annex A: Action Points

Agenda Item	Action	Action Assigned to
2	1. Any member who has not yet submitted a declaration of interest form, or whose responsibilities have changed, to submit a signed form to EP as soon as possible.	All

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Annex B: Attendee List

The Marches ESI Funds Sub-Committee 23 September 2019 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Cllr Roger Phillips	Chair - Independent
Elaine Priest	Deputy Chair – MA ERDF (MHCLG)

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Liz Furey	Higher Education (Harper Adams University)
Cllr Cecilia Motley	Local Authority (Shropshire)
Jo Jury	Managing Authority – EAFRD (Defra/RPA)
Cllr Liz Harvey	Local Authority (Herefordshire)

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

Name, title and organisation	Sector/Organisation Representing
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 Lee Carter	Local Authority – Telford & Wrekin
Clare Greener	Rural Sector (National Farmers Union)
Gill Hamer	Marches LEP
Katherine Kynaston	Telford & Wrekin Council
Claire Maguire	Managing Authority – ESF (DWP)
Kathy Mulholland	Telford & Wrekin Council
Sonia Roberts	VCSE Equalities (Landau Ltd)
Clair Schafer	Education and Skills (Marches Skills Provider Network)
Mandy Thorn	Business (Shropshire Business Board)