



## **Minutes of the Growth Programme Board meeting**

**11:00 Wednesday 21 March 2018**

**Conference Room 5, Marsham Street, London**

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### **Agenda**

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| 1. Welcome and introduction                                      | 6. Review of National Sub-committee                     |
| 2. Progress on Programmes (ERDF & ESF)*                          | Terms of Reference and Membership*                      |
| 3. Discussion on future Local Growth Policy                      | 7. Minutes of December meeting and progress on actions* |
| 4. Progress on Programmes (EAFRD & EMFF)*                        | 8. Items for information*                               |
| 5. Employment, Skills & Social Inclusion National Sub-committee* |   |

*Agenda items marked \* were accompanied by Board papers*

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### **Minutes**

#### **1. Welcome and introduction**

1. The **Chair** (Julia Sweeney) opened the meeting and welcomed **Emily Kent, Helen Millne, Jasbir Jhas, Kenroy Quellennec-Reid, Jackie Tinkler** and **Jon Petchey**, acting for regular Board members. **Owen Murray** was introduced as the new Growth Programme Board secretary.

#### **2. Progress on Programmes**

2. **ERDF: David Malpass** presented the progress report. As of 31 January, 506 projects with ERDF funding of £1271m have been contracted. 88% of the projected budget has now been contracted or is in pipeline. The 2018 N+3 target is €573m; an increase of £68m due to the change in the exchange rate. Forecasts indicate targets can be achieved, although this will be challenging. To ensure delivery, Growth Delivery teams have plans in place to monitor slippage and work with projects to ensure assurance work is completed and claims are paid to meet deadlines. The gap of £227m will partly be addressed through new financial instruments coming through. £23m of claims were processed in February and 1200 claims, totalling an estimated £130m, are expected over the rest of the year. David emphasised the role of the

Growth Programme Board in encouraging projects to submit claims. The Board reviewed progress on the performance target framework by category of region. It was noted that priority axis (PA) 1, 2, 3 and 7 continue to perform well, but targets for 5, 6 and elements of PA4 remained challenging.

3. **Ian Stewart** asked if the Managing Authority had confidence it had sufficient capacity to process the claims to be submitted by LEPs. David said detailed resourcing models were in place to ensure resources were matched to priority areas; principally these are addressing decommitment, meeting performance framework targets and addressing the current contracting rate. **Helen Millne** asked about progress towards implementing ECLAIMS. David said the final pieces of the system were expected to be completed shortly. The Common Payments Module - an automated process for paying the claims - had recently been introduced and was increasing the pace of making payments. Some applicants were now connected to ECLAIMS and more would follow towards the end of the year. **James Newman** asked for further details on Financial Instruments (FIs), with a focus on how much they have drawn down and how much they had invested. Julia said a substantive item on FIs would be brought to the June meeting; this would also cover the European Investment Bank issues referenced in the paper. James recommended that where LEPs were not going to achieve and there was not sufficient pipeline, they were encouraged to transfer funds to other areas. In response to a request from members, David agreed to incorporate information on the cross-cutting themes in the ERDF paper for the June meeting.
4. **Emily Kent** asked what scope there would be to reallocate funds to different priority axis in areas where it was predicted targets would not be met. David said amounts already committed in some priority axis would impact on ability to do this; the paper on foreign exchange rates and programme implementation across LEP areas that would now be brought to the June Growth Programme Board meeting would be an opportunity to take stock of this issue.
5. **Jasbir Jhas** asked what flexibility there would be to issue further calls beyond the last one currently scheduled for March 2019. **Zainab Agha** said the schedule of calls had been programmed in line with the December Joint Report, which said that the UK would continue to participate in all EU programmes in the 2014-20 funding period, subject to overall agreement being reached between the UK and EU on our exit from the EU.

**ACTION 1803/01: for a presentation on Financial Instruments to be brought to the June meeting**

**ACTION 1803/02: for a report on the cross-cutting themes to be included in the ERDF progress report for the June meeting**

6. **ESF: Jackie Tinkler** presented the progress report. As of 31 January, there were 174 direct bids with a total commitment of £311m; taken with co-financing organisation data this equates to 47% of total allocation having been committed. On N+3, a task and finish group has been established to review processes; a report on their activities and progress would be brought to the Board's June meeting. Some applicants have now begun uploading their own claims on ECLAIMS. The Managing Authority has also begun looking ahead to N+3 performance in 2019 and 2020. The Board noted

progress towards Performance Framework targets and welcomed the introduction of new LEP-level data on Performance Framework and N+3. Jackie highlighted that it had been confirmed the Apprenticeship Levy could be used as match funding. On the ESF Operational Programme review, it was noted that stage 2 would now be submitted to the EC in late March-early April.

7. **Carol Botten** asked if dashboard data for the Big Lottery Fund opt-ins would be made available and **Sue Ormiston** confirmed the reports would be issued to LEPs shortly. With regard to Output data, Carol asked if any analysis was undertaken on women and basic skills. **Jackie** said this was a level of data already being considered by the Equality and Diversity national sub-committee. **Helen Millne** asked if the LEP level output data could have the gender split; **Jackie** would check if information was available at this level. **Louise Bennett** asked about the scheduling of future ESF calls and Jackie explained DWP were in the process of seeking views from the LEP network on what their requirements would be over the next 18 months. **Ian Stewart** highlighted the data indicating the varying progress on the commitment by LEPs in transitional and more developed areas and asked for clarity on what measures DWP were taking to address this; Jackie explained this was something being considered by the Performance & Dispute Resolution sub-committee. **Jasbir Jhas** asked what percentage of the 174 direct bids has been contracted compared to the opt-ins; Jackie agreed to provide this data at the June meeting. **Emily Kent, Jasbir Jhas** and **James Newman** asked to see more data on actuals in future iterations of the ESF paper, rather than the current focus on commitment. **Marc Vermyle** also clarified that, contrary to the information in the paper, the Youth Employment Initiative could not be spent beyond 31 December 2018.

**ACTION 1803/03: DWP to include the additional data on percentage of direct bids contracted compared to the opt ins.**

**ACTION 1803/04: DWP to identify if LEP level output data can be split by gender**

### **3. Discussion on future Local Growth Policy**

8. **Ben Pledger** said the Joint Report issued in December had confirmed that the UK would continue to participate in all EU programmes in the 2014-20 funding period, subject to overall agreement being reached between the UK and EU on our exit from the EU. This had helped shape planning assumptions and the UK Shared Prosperity Fund (UKSPF) was expected to start no later than 2021 - although would be subject to the terms of the final deal reached with the European Commission. Government's manifesto set out the overarching principles of UKSPF to reduce inequalities, deliver the Industrial Strategy and be simpler to administer. Government would also consult widely in the development of the fund and wanted to ensure there would be no gaps in funding at a local level. Ben said his team would be looking at what the objectives of the fund would be and the role of institutions. A first principles approach was also being adopted, with particular consideration on the transition from current Structural Funds to the new programme. Initial consultation had been held in late summer 2017, with a further round taking place later this year. A full public consultation would then follow

9. **Ian Stewart** said the Growth Programme Board would support government's ambition for a fund that is simpler to administer and more local. Partners would also want to avoid a 'cliff edge' scenario. **James Newman** said simplification would be enhanced by having one government department managing and administering the Fund. As UKSPF proposals developed, he asked for clarity on whether it was intended to replace Structural Funds, or if it was envisaged it would include other forms of funding that currently goes to LEPs and Combined Authorities. **Carol Botton** raised concerns with what would happen to devolved and non-devolved areas and Mayoral Combined Authorities to ensure non-devolved areas did not miss out. **Jasbir Jhas** said the LGA would support the place-based approach and that partners would welcome greater understanding the implications UKSPF would have on match funding.
10. **Ben Pledger** said the strength of institutions would be important to deliver simplification and emphasised how current LEP reform was therefore a key factor. Partners' views would be welcome on those specific areas where simplification is needed - for example, the application and monitoring processes and audit requirements. **Carol Botton** said simplification could be delivered through greater clarity in guidance and process, as there was currently too much scope for interpretation.
11. **Emily Kent** reflected on Structural Funds' role in delivering cohesion and levelling-up not just poorest areas, but the most disadvantaged people in those areas and encouraged the development of UKPSF to consider people as well as funding for business support and capital investment. **Helen Millne** noted that the level of capacity and capability of LEPs to deliver did vary and valued the impartiality of Whitehall's role mediating between the local and national need. **James Newman** encouraged government to consult and engage widely with the private sector and not rely on public sector organisations who have received Structural Funds. **Guus Muijzers** encouraged members to reflect on the key messages arising from the recent report from OECD (Organisation for Economic Co-operation and Development) on rethinking regional growth policies.

#### 4. Progress on Programmes

12. **Tony Williams** presented the progress report. Commitment from the 2017 offer stands at £16.5m. The current offer, closing at the end of May, is £165m. Thirteen applications had been received from Local Authorities to the offer to support the provision of rural broadband infrastructure; scope to make further money available was under consideration. The Rural Payments Agency has analysed the key emerging findings from previous and current offers, and the findings included a correlation between the size of the LEP area budget and the number of applications received. The conversion rate from expressions of interest to applications is also being monitored.
13. **Huw Edwards** raised a series of questions on the scope of the broadband band offer and it was agreed Tony would contact Huw outside of the meeting to provide this. **Emily Kent** asked what scope there would be to extend the current open offer beyond 31 May 2018. Tony said the offer had previously been extended, but that Defra would take a view towards the end of May based on the number of expressions of interest

received and the attrition rate to full applications.

**ACTION 1803/05: Tony Williams to discuss details of the broadband offer with Huw Edwards**

14. **EMFF**: the Board noted the progress report.

**5. Employment, Skills & Social Inclusion**

15. **Sue Ormiston** gave a presentation to the Board on the work of the Employment, Skills and Social Inclusion sub-committee. The Board noted the sub-committee's role in performance monitoring, reviewing implementation and providing analysis of employment, skills and social inclusion policy to maximise impact of the Structural Funds. In a discussion on the risks that had been identified, and discussed, by the sub-committee **Huw Edwards** reflected on their observations on audit requirements - particularly in those instances where audits undertaken by the European Commission and the Big Lottery Fund have not agreed on the interpretation of guidance. **Julia Sweeney** said a monitoring and evaluation process that must operate across 39 member states will always be more complex than a single, domestic system – but highlighted the low error rate on the 2014-20 programme.

**6. Review of the National Sub-committee Terms of Reference and Membership**

16. **Ben Meadows** presented the conclusions of the review in to the National Sub-committee terms of reference and membership. A questionnaire had been sent to sub-committee chairs and the results used to inform the changes to the terms of reference. A framework was also developed to test the terms of reference against. Key revisions were summarised in annex A of the paper. The Board agreed the proposed amendments to the terms of reference. Ben confirmed the revised document would be shared with National Sub-committee chairs and published on the relevant sub-committee page on GOV.UK.

**7. Minutes of the September meeting and progress on actions**

17. **Ben Meadows** presented the minutes of the December meeting. All actions had been discharged. The minutes were agreed by the Board.

**8. Items for information**

18. **National Sub-Committees' report**: the Board received and noted the report.

19. **ERDF Operational Programme modification**: **Simon Jones** summarised the Managing Authority's rationale for its proposed additional modifications to the ERDF Operational Programme which relate to 2018 performance framework milestones. **Guus Muijzers** explained the European Commission's reservations with the proposal, which could be perceived as seeking to fit 2018 performance framework targets based on delivery experience, as opposed to responding to changes in the economic context or addressing incorrect assumptions. Guus explained that failure to meet targets would result in moving the 6% performance reserve out of "failing" priority axes into those which had met their targets by 85%. It was agreed the managing authority



would seek Board members' views on whether the managing authority should continue to pursue ERDF Operational Programme modification, or accept that in certain priority axes the performance reserve will be moved where targets are missed.

**ACTION 1803/06: Growth Programme Board Secretary to email Board members for views on the proposed ERDF Operational Programme modification**

20. **Foreign exchange rates and programme implementation across LEP areas:** the Board were asked to note that the proposed paper would be brought to the June meeting to allow MHCLG and DWP the opportunity to reflect on any outcomes from the EU Council meeting on 22-23 March.

21. **Annual Implementation Report 2017: imminent written procedure:** the Board were invited to note that the AIR 2017 would shortly be submitted to Board members for approval by written procedure.

**Date, time and venue of future meetings**

- Tuesday 19 June 2018, 11:00 – 15:00, MHCLG Conference Rooms 5A & 5B
- Thursday 20 September 2018, 11:00 – 15:00, MHCLG Conference Rooms 5A & 5B
- Tuesday 18 December 2018, 11:00 – 15:00, MHCLG Conference Rooms 5A & 5B
- Wednesday 20 March 2019, 11:00 – 15:00, MHCLG Conference Rooms 5A & 5B

## Annex A

### List of agreed actions from March 2018 Growth Programme Board meeting

No.	Action	Assigned to:
<b>ACTION 1803/01</b>	For a presentation on Financial Instruments to be brought to the June meeting	John Horseman
<b>ACTION 1803/02</b>	For a report on the cross-cutting themes to be included in the ERDF progress report for the June meeting	David Malpass
<b>ACTION 1803/03</b>	DWP to include the additional data on percentage of direct bids contracted compared to the opt ins	Jackie Tinkler
<b>ACTION 1803/04</b>	DWP to explore if LEP level output data can be split by gender	Jackie Tinkler
<b>ACTION 1803/05</b>	Tony Williams to discuss details of the broadband offer with Huw Edwards	Tony Williams
<b>ACTION 1803/06</b>	Growth Programme Board Secretary to email Board members for views on the proposed ERDF Operational Programme modification	GPB Secretariat

## Annex B

### ESI Funds Growth Programme Board meeting 21 March 2018 - Attendees

#### Chair:

	<i>Sector/Organisation Representing</i>
<b>Julia Sweeney</b> Director, European Programmes and Local Growth Delivery	MHCLG

#### Board Members (full and advisory):

	<i>Sector/Organisation Representing</i>
<b>Kenroy Quellenec-Reid</b> Greater London Authority	Greater London Authority
<b>Emily Kent</b> Head of Economy, Skills & Culture Cornwall Council	Cornwall and the Isles of Scilly
<b>James Newman</b> Sheffield City Region LEP	LEPs
<b>Dr Huw Edwards</b> Chair, Thames Valley Berkshire ESI Funds Sub-committee	LEPs
<b>Cllr Ian Stewart</b> Cumbria County Council & South Lakeland District Council	Local Authorities
<b>Jasbir Jhas</b> Local Government Association	Local Authorities / LGA
<b>Carol Botten</b> Deputy CEO, VONNE	Voluntary & Community Sector (Local)
<b>Helen Millne</b> Chief of Operations & Finance, The Women's Organisation	Voluntary & Community Sector (National)
<b>Dominic Williams</b> Policy Portfolio Holder, Federation of Small Businesses	Business / Private Sector (SMEs)
<b>Louise Bennett</b> Chief Executive, Chamber of Commerce	Business / Private Sector
<b>Keith Cowell</b> Principal, City of Westminster College	Further Education
<b>Richard Powell</b> Chair, Wild Anglia Local Nature Partnership	Local Nature Partnerships
<b>Jackie Tinkler</b> DWP	DWP
<b>Tony Williamson</b> Head of RDPE Strategy Team, Rural Policy	Defra
<b>Jon Petchey</b> BEIS	BEIS
<b>Zainab Agha</b> Deputy Director, Policy & Partnerships	MHCLG
<b>David Malpass</b> Deputy Director, Growth Delivery Network	MHCLG
<b>Simon Jones</b> Policy Manager, MHCLG	MHCLG
<b>Guus Muijzers</b> DG Regio	European Commission, DG REGIO



<b>Marc Vermyle</b> Programme Manager	European Commission DG EMPL
<b>Fredrik Tiger</b> Programme Manager	European Commission, DG AGRI

#### Additional Attendees / Observers:

Name	Sector/Organisation
<b>Ben Pledger</b> BEIS	MHCLG / BEIS
<b>Sue Ormiston</b> The Big Lottery Fund	The Big Lottery Fund
<b>Andy Churchill</b> Network for Europe	Voluntary & Community Sector
<b>Jennifer Gunn</b> LEP Network	LEPs
<b>James Ransom</b> Universities UK	Universities
<b>Paul Green</b> Policy Advisor, LGA	LGA/Local Government
<b>Owen Murray</b> Growth Programme Board Secretariat	MHCLG
<b>Ben Meadows</b> Growth Programme Board Secretariat	MHCLG
<b>Abe Allen</b> Growth Programme Board Secretariat	MHCLG

#### Apologies:

	Sector/Organisation
<b>Professor John Latham</b> Vice-Chancellor, Coventry University	Higher Education (Universities)
<b>Simon Nokes</b> Greater Manchester Combined Authority	LEPs
<b>Cllr Philip Atkins</b> Leader, Staffordshire County Council	Local Authorities
<b>Sir Albert Bore</b> Birmingham City Council	LGA / Local Authorities
<b>George Kieffer</b> Vice Chair, South East LEP	LEPs
<b>Shelly Dowrich</b> Government Equalities Office	Equalities
<b>Mayor Joe Anderson</b> Liverpool City Council	SUD / Core Cities
<b>Keith Harrison</b> Chief Exec, Action with Communities in Rural Kent	LEADER
<b>Mark Tinsley</b> Lincolnshire Forum for Agriculture and Horticulture	Rural & Farming Network
<b>Kevin Rowan</b> Trades Union Congress	Trade Unions
<b>Robert Matthews</b> Head of Unit, EU Fisheries Funding	Defra (EMFF)
<b>Catherine Blair</b> Deputy Director, Head of ESF	DWP

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