



Minutes of the Growth Programme Board meeting

11:00 Tuesday 19 June 2018

Conference Room 5, Marsham Street, London

Agenda

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|------------------------------------|---------------------------------|
| 1. Welcome and introduction | 4. Financial Instruments* |
| 2. Progress on Programmes* | 5. Minutes of March meeting and |
| 3. Management of the impact of the | progress on actions* |
| Foreign Exchange Rate for ERDF | 6. Items for information* |
| and ESF in the England ESI Funds | |
| Growth Programme* | |

*Agenda items marked * were
accompanied by Board papers*

Minutes

1. Welcome and Introductions

1. The **Chair** (Julia Sweeney) opened the meeting and welcomed **Pat Jackson, Dr Clive Winters, Mike Spicer, Dan Bellis** and **Sarah Purvis**, acting for regular Board members. No declarations of interest were declared.
2. **Zainab Agha** thanked the Board for their comments following the March meeting on the Managing Authority's proposed ERDF Operational Programme (OP) modification. The Managing Authority and European Commission have had positive discussions on the revised proposals and the proposed OP modifications would be issued shortly to Board members for approval by written procedure.

2. Progress on Programmes

3. **ESF: Steve Spendlove** presented the progress report. Current ESF commitment is £1.4bn, 47% of the total allocation and an increase of £63m since the March meeting. There are 136 direct bid projects with commitment totalling £345m, 32 applications at outline stage undergoing assessment with a total value of £41m and 64 full applications in appraisal, totalling £229m. Seven live calls have been published as of 31 May to the value of £9.4m. Following the recent ESFA Phase 2 announcement, the Managing Authority (MA) is aware some Local Enterprise Partnership (LEP) areas are reviewing their core plans and Contract Managers are in discussion with them. Clarification had been sought with the Commission on the Youth Employment Initiative (YEI) position and it was confirmed YEI can

continue beyond 2018 providing programme level targets are met. The MA is prioritising project change requests and any resulting revised Funding Agreements will include a break clause reflecting the dependency on programme level targets being met in order for provision to continue beyond 2018. The N+3 target is just over €1bn and the MA will need to claim €570m by the end of 2018. Based on conservative claim rate estimates the MA would be €22m short of the target, so is undertaking measures to increase the claim rate. Steve summarised the proposals by the MA to amend the Performance Framework and adjust Priority 1 and 2 targets, gave details on the latest actuals data and updated the Board on the cross cutting themes through the delivery of equality and sustainable development training to MA and ESFA staff.

4. **Richard Powell** asked for further details of the sustainability training and Steve Spendlove said he would send through details via the secretariat. **Phil Davies** emphasised the need for YEI change requests to be turned around quickly and Steve explained the MA was prioritising the project change requests it receives. **Pat Jackson** asked if there was an average length of time for applications to be turned around from outline to full application stage and **Catherine Blair** said sample checks undertaken by the MA suggested this did vary – although the main lesson learned was that where applicants had received technical assistance these tended to typically be completed quicker. With regard to the call timetable that had been circulated, **Emily Kent** did not think sufficient consideration had been given to Cornwall and the Isles of Scilly and Steve agreed to review this and discuss with Emily her concerns outside of the meeting. Catherine gave an update to the Board on resourcing levels within the MA and the revised ESF Operational Programme, which would be submitted to the Commission at the end of June. **Cllr Ian Stewart** pressed for greater consistency in language to be adopted between the ESF and ERDF reports and asked for an update on successor arrangements for the ESF and ERDF programmes. **Julia Sweeney** said a series of initial conversations would begin shortly with practitioners and partners on the UK Shared Prosperity Fund (UKSPF) and full consultation would follow in the autumn. The first local event would be held in the Midlands and details of these would be shared with the Board. **Sir Albert Bore** noted ESF reporting described amounts committed, rather than giving details of spend, which could raise concerns with the MA's ability to meet targets. Catherine clarified the terminology adopted by ESF, with 'commitment' relating to what the project has agreed with the MA in terms of its schedules and expenditure and 'actuals' describing what the project has claimed back. The ESF MA also remains optimistic it will meet N+3 targets on the basis of grant recipients increasing claim rates throughout 2018. In response to a point raised by **Carol Botten**, Catherine agreed to liaise with the Big Lottery Fund about more detailed performance data at LEP level ahead of any potential extensions of second phase applications.

ACTION 1806/01: Steve Spendlove to send Richard Powell details of the Sustainable Development training

ACTION 1806/02: Steve Spendlove to discuss the call timetable for Cornwall and the Isles of Scilly with Emily Kent

ACTION 1806/03: Secretariat to circulate details of the local events being held with partners on the UK Shared Prosperity Fund

5. **ERDF: David Malpass** presented the report and the accompanying slides, which reflected management data up to the end of April. There are 524 legally committed projects totalling £1357m. The value of pipeline applications is £1160m and this continues to be monitored closely. The N+3 target is £516m and latest forecasts from Growth Delivery Teams indicate the target will be achieved by the deadline. David summarised progress to meet N+3 targets by category of region and existing Performance Framework targets by Priority Axis (PA). All PAs are set to achieve targets based on forecasts. David gave a update on the cross cutting themes: on PA 4, 5, 6 and 7 sustainability is being built directly into projects and for equality and diversity David summarised progress against the ten objectives for delivering equality principles agreed with the Operational Policy and Assurance Group.
 6. **Carol Botten** asked if Community Led Local Development (CLLD) did not meet spend targets would funds be moved out of PA8. David said that if CLLD activity by category region did not achieve 85% of either the financial or non-financial 2018 performance framework milestones, then 6% of the respective allocation would need to be moved out. Where this would be reallocated would be subject to discussion with the Commission. **Emily Kent** asked for further information on what support the MA was providing to CLLD projects and David said the National Network Group was tasked with providing support to such projects.
 7. **EAFRD: Tony Williamson** presented the report. Defra had now received 1864 expressions of interest, totalling £342m, in response to the 2017 offer which closed on 31 May. Whilst this was over 100% of the amount made available, it was expected that many expressions of interest would not turn into full applications once they had been assessed by the Rural Payments Agency and ESI Funds Sub-committees. Nevertheless, Defra felt this level of interest would provide a healthy pipeline of projects to use the available funding over the coming months. The Rural Broadband Infrastructure Scheme offer also closed on 31 May and 23 applications had been received, requesting £86m, which the MA is assessing.
 8. **EMFF:** the Board noted the progress report.
- 3. Management of the impact of the Foreign Exchange Rate for ERDF and ESF in the England ESI Funds Growth Programme**
9. **David Morrall** presented the paper. The draft Withdrawal Agreement had confirmed that, subject to final agreement, the UK would continue to participate in EU Structural Fund programmes until their end in 2023. ESI funds programme budgets are set in euros and the sterling value to achieve spend targets is linked to the foreign exchange rate (FOREX). The current FOREX rate used to calculate LEP area notional allocations is £0.78 to €1, which was set two years ago. Managing authorities are considering an uprating in the It in the short-term. In the medium term a Reserve Fund will be established, reflecting the over- and under-spend risk is borne by the two Managing Authority departments. Views from the

Board were invited on the governance arrangements for the Reserve Fund, what the Reserve Fund would be used for and the proposed timings for drawing LEP area underspends into the Reserve Fund.

10. **Sir Albert Bore** and **Cllr Ian Stewart** supported proposals to use existing governance structures, such as the Performance and Dispute Resolution sub-committee. If the sub-committee does not have existing local government representation on it, they would wish to see them involved. **Sarah Purvis** asked if the proposal to uprate was dependent on governance structures being established and operational. David confirmed governance did not need to be in place before uprating took place. **Cllr Philip Atkins** welcomed the proposal to uprate and proposals for the Reserve Funds to promote service delivery innovations or initiatives. **Pat Jackson** encouraged decisions on the use of Reserve Funds to be made quickly and for governance arrangements to be open and transparent. **Emily Kent** said uprating was a pragmatic approach and would allow time for partners to decide the establishment and approach of the Reserve Fund. With the Reserve Funds, flexibility was important and it should serve as a bridge to what replaces Structural Funds. **Dr Clive Winters** asked for clarification on the increased notional allocations to LEPs and how this would work at Priority Axis level. **David Malpass** said all LEP areas would receive the uplift in each of its Priority Axis and **David Morrall** confirmed it could not be varied by PA, so those LEP areas having difficulty meeting existing targets would receive the increase - however the Reserve Funds would help to address this issue in the medium-term. **Carol Botten** asked what scope there would be to consult earlier with LEP areas as to whether they already anticipated any underspends so that funding could be drawn in to the Reserve Funds sooner. **David Morrall** said previous consultation along similar lines had not generated any uptake. The Reserve Funds approach had the advantage of being simpler to manage and deliver; however the Managing Authorities will consider the value of re-running the exercise again in the short term.

4. Financial Instruments

11. **John Horseman** and **David Read** delivered a presentation on Financial Instruments (FIs). John opened with a series of slides outlining the background and purpose of Financial Instruments, with details of the FI projects that had so far been approved in 2018. David then gave details on FI delivery, with a focus on the Northern Powerhouse Investment Fund and Greater Manchester Fund of Funds.
12. **Sir Albert Bore** asked what scope there would be to initiating a new fund. **David Read** said the key challenge would be the timeline: as all investment would need to be deployed into the projects by December 2023, the fund would need to be operational by the end of March 2019. **David Morrall** explained it may be more suitable to top-up existing funds over creating new ones. **Cllr Phil Davies** asked who was eligible to apply for the Urban Development Fund investment and David indicated they could benefit small to medium enterprises (SMEs), e.g. through the development of business space.

5. Minutes of the March meeting and progress on actions

13. **Ben Meadows** presented the minutes of the March meeting. In response to action 1803/03, **Steve Spendlove** said the percentage of Direct Bids contracted was 29% and opt-ins 71%. All remaining actions had been discharged. The minutes were agreed by the Board.

6. Items for information

14. **National Sub-Committees' report:** the Board received and noted the report. In response to a query from **Emily Kent, David Morrall** confirmed the next meeting of the Evaluation sub-committee would be held on Monday 23 July.
15. **ESF Operational Programme:** the Board were invited to note that the ESF Operational Programme modifications would be sent to the Board shortly for information, in advance of their submission to the Commission at the end of June.
16. **ESF and ERDF Annual Implementation Report:** **Ben Meadows** said the Annual Implementation Reports had been issued to members for approval by written procedure on 4th and 14th May respectively. Observations and comments received from members had been addressed and both documents had subsequently been submitted to the Commission.

Meeting Closed

Date, time and venue of future meetings

- 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
- Tuesday 18 June 2019, 11:00 – 15:00, MHCLG Conference Rooms 5A & 5B

Annex A

List of agreed actions from June 2018 Growth Programme Board meeting

No.	Action	Assigned to:
1806/01	Steve Spendlove to send Richard Powell details of the Sustainable Development training	Steve Spendlove
1806/02	Steve Spendlove to discuss the call timetable for Cornwall and the Isles of Scilly with Emily Kent	Steve Spendlove
1806/03	Secretariat to circulate details of the local events being held with partners on the UK Shared Prosperity Fund	Secretariat

Annex B

ESI Funds Growth Programme Board meeting 19 June 2018 - Attendees

Chair:

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

Board Members (full and advisory):

	<i>Sector/Organisation Representing</i>
Sarah Purvis Greater London Authority	Greater London Authority
Emily Kent Head of Economy, Skills & Culture Cornwall Council	Cornwall and the Isles of Scilly
Pat Jackson Cheshire & Warrington LEP	LEPs
Cllr Ian Stewart Cumbria County Council & South Lakeland District Council	Local Authorities
Sir Albert Bore Birmingham City Council	Local Authorities / LGA
Cllr Philip Atkins Leader, Staffordshire County Council	Local Authorities
Carol Botten Deputy CEO, VONNE	Voluntary & Community Sector (Local)
Helen Millne Chief of Operations & Finance, The Women's Organisation	Voluntary & Community Sector (National)
Dan Bellis Federation of Small Businesses	Business / Private Sector (SMEs)
Mike Spicer Director of Research & Economics, Chamber of Commerce	Business / Private Sector
Dr Clive Winters Ass. Pro Vice-Chancellor, Coventry University	Higher Education (Universities)
Keith Cowell Principal, City of Westminster College	Further Education
Cllr Phil Davies Wirral Council	Sustainable Urban Development
Shelly Dowrich Government Equalities Office	Equalities
Richard Powell Chair, Wild Anglia Local Nature Partnership	Local Nature Partnerships
Catherine Blair Deputy Director, Head of ESF	DWP
Steve Spendlove ESF Division	DWP
Tony Williamson Head of RDPE Strategy Team, Rural Policy	Defra
Clare Davenport BEIS	BEIS

Zainab Agha Deputy Director, Policy & Partnerships	MHCLG
David Malpass Deputy Director, Growth Delivery Network	MHCLG
David Morral Head of European Programme & EU Urban Policy	MHCLG
Simon Jones Policy Manager, MHCLG	MHCLG
Guus Muijzers DG Regio	European Commission, DG REGIO
Kris Magnus DG Regio	European Commission, DG REGIO
Marc Vermyle Programme Manager	European Commission DG EMPL

Additional Attendees / Observers:

	Sector/Organisation
David Read Head of North West GDT, MHCLG	MHCLG
John Horseman Financial Instruments Policy Manager	MHCLG
Jennifer Gunn LEP Network	LEP Network
James Ransom Universities UK	Universities
Paul Green Policy Advisor, LGA	LGA/Local Government
Nina Mistry Homelessness Team	MHCLG
Rich Gill Centre of Excellence	MHCLG
Camden Dell ERDF Programmes	MHCLG
Asha Patel ERDF Programmes	MHCLG
Andy Gibbs ESF	DWP
Owen Murray Growth Programme Board Secretariat	MHCLG
Ben Meadows Growth Programme Board Secretariat	MHCLG
Abe Allen Growth Programme Board Secretariat	MHCLG

Apologies:

	Sector/Organisation
Professor John Latham Vice-Chancellor, Coventry University	Higher Education (Universities)
Dr Huw Edwards Thames Valley Berkshire ESI Funds Sub-committee	LEPs

Simon Nokes Greater Manchester Combined Authority	LEPs
James Newman Sheffield City Region LEP	LEPs
George Kieffer Vice Chair, South East LEP	LEPs
Mayor Joe Anderson Liverpool City Council	SUD / Core Cities
Keith Harrison Chief Exec, Action with Communities in Rural Kent	LEADER
Kevin Rowan Trades Union Congress	Trade Unions
Robert Matthews Head of Unit, EU Fisheries Funding	Defra (EMFF)
Emma Kirkpatrick Head of ESF Managing Authority	DWP