



European Union

European Structural
and Investment Funds

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

Growth Programme for England

South East Midlands LEP area ESI Funds Sub-Committee

Minutes of meeting held 06/07/2018 Cranfield Innovation Centre

Agenda:

1. Welcome and introduction
2. Minutes of 19 March meeting and progress of actions
3. ESFA Ethical Walls paperwork
4. Written procedures update (verbal)
5. Managing Authority National Updates
6. Local Area Updates (verbal)
7. ESFA Opt-in update
8. ERDF Management Information
9. ERDF Outline Applications:
10. Items for Information

1. Welcome and introduction

1.1 **Apologies:** Received from those named in the table in Annex A.

1.2 **MC** opened the meeting at 10.28. She introduced **SB**, MHCLG's new SEMLEP Relationship Manager and congratulated Hillary Chipping on her substantive appointment as Chief Executive of SEMLEP.

1.3 **MC** expressed disappointment at the low attendance rate.

1.4 Declarations of interest

There were no declarations of interest.

2. Minutes of 19th March meeting and progress of actions

Due to the low attendance the minutes were not agreed.

3. ESFA Ethical Walls paperwork

3.1 Attendees signed the relevant paperwork on arrival.

3.2 **JR** commented that members had been unhappy that they had not been given the opportunity to comment on the opt-in previously. If members wished to be able to provide advice to the ESFA around LSF they needed to complete the ethical walls and code of conduct paperwork which had been circulated in the committee pack.

Post meeting note:

Members who had signed the ethical walls paperwork would be invited to form a working group. This working group would not be a formal group of the sub-committee, instead reporting on progress as appropriate. The sub-committee would have the opportunity to comment on the process at the point that applications were presented by the ESF MA.

4. Written procedures update (presented by SB)

4.1 ESFA PCR's (10 April 2018)

Members were asked to consider a request to extend time-scales of ESFA projects, as well as finances and deliverables. Comments were invited on strategic fit and value for money. This relates to the opt in arrangements in the first half of the ESIF programme

4.2 ESF Calls and SEM implementation plan (7 May 2018)

Members were asked to provide advice on the call templates for investment priorities 1.1 (Access to Employment) and 1.4 (Active Inclusion), as well as the updated SEM LEP implementation plan.

4.3 ERDF International Trade – outline assessment (21 May 2018)

4.3.1 Members were invited to provide advice on the outline application. Ken Christy suggested two further conditions and the addition of two additional sectors for the focus of the project. No further concerns were raised.

4.4 ESF June Call values (29 May 2018)

Members were asked to comment on the proposal to reduce the June call values for investment priorities 1.1 and 1.4 from £5m to £3m in light of a recent announcement by the ESFA of the intention to offer an additional opt-in option from August 2018.

4.5 **JR** raised a point on the proposals to reduce the ESF call values, explaining that the opt-in option was unexpected. She expressed concern that some projects may withdraw and apply for the opt-in rather than the match available. This would not, however, affect the figures for the opt-in.

4.6 **SB** commented that it would be likely that one ERDF full application (AVIATE) would need to be considered using written procedures before the next meeting to ensure timely progression of the project.

4.7 **JR** noted that the next window for ESF applications to be considered would be in July, so this would fit in with the next planned meeting date.

4.8 **SB** asked if members prefer to receive papers for consideration one by one, or batched together. Members agreed that they would prefer a “drip-feed” approach.

5. Managing Authority National Updates

5.1 ERDF

48% of the programme budget in England has now been contracted to 527 projects, with a further 596 projects currently under consideration.

5.2 Overall Progress by Priority Axis (PA) in the More Developed Region

On a national level, it is considered that PA1 and PA3 will meet their expenditure and outputs performance framework targets. PA2 presents a risk in both categories and is being closely monitored. PA4 presents a significant risk and the targets will not be met in PA6.

5.3 Targets and Programme Performance

Achievement of the N+3 expenditure target continues to be a challenge due to project spend being behind profile across the board. The MA has been working hard to proactively manage this risk, with key projects being closely monitored and encouragement of timely and quality claim submissions. In the East Midlands the MA has had meetings with all projects to ensure that their contribution to the N+3 target is understood and all spend is maximised by Q3.

5.4 Exchange rate

The Growth Programme Board discussed the exchange rate at their June meeting and an update will be circulated in time for the October calls window.

5.5 Calls

5.5.1 The next call windows will be opened in October 2018, followed by March 2019. All projects must be contracted by December 2020. SB suggested that SEMLEP should consider launching calls for PAs 1, 2, 3 and 4 in those windows.

5.5.2 **JR** raised a question about the possibility of increasing the PA6 allocation. The current project in appraisal had been capped at £1m, however, there were several projects in reserve. **SB** commented that there may be an opportunity to increase the PA6 allocation at a later date.

5.6 ESF

5.6.1 **JR** explained that she would collate questions for Jay Kara at DWP on the update circulated, which included a list of projects which had gone to full application stage.

5.6.2 **SQ** confirmed that the Transitions application had been withdrawn.

5.6.3 **JR** mentioned that the last call closed on 31st May and at the time was underspent, but that it was now oversubscribed. She commented that there had been a 30% drop out rate. It may still be possible to achieve spend across all investment priorities.

5.6.4 **KC** commented that there was a good spread of potential projects across SEMLEP and the sectors.

5.7 EAFRD

5.7.1 **JR** delivered information received from MB in line with her update paper: DEFRA received an unprecedented response to Growth Programme grant calls in the last few days before they closed in May, receiving 660 Expressions of Interest compared to only 1,200 in the preceding 18 months. A smaller peak of Countryside Productivity Added Value Food and Water Efficiency applications were also received prior to the end of June deadline for these schemes. A high volume of EOIs are being processed at the moment and DEFRA hope to be in a position to let applicants know the outcome from mid to end July. By then, it should also be possible to provide ESIF sub-committees an overview of the eligible applications received in their area, and how many will now be invited to full application stage.

6. Local Area Updates (verbal)

6.1 CVS and Rural

6.1.1 **KC** attended a Campaign to Protect Rural England meeting with 38 LEPs, during which DEFRA delivered a clear message that they are keen to involve LEPs in future funding for rural economy.

6.1.2 The CPRE report was made available which appeared to criticise LEPs around their work in rural England. SEMLEP was mentioned but it was stated that it was too early to judge the positive impact on rural inclusion. **KC** explained that the comments will be taken on board. The report is in the public domain: **KC** confirmed that he would provide the link to members.

Action: KC to circulate link to members

6.1.4 **KC** confirmed that the sub-group would meet quarterly on a formal basis, but that exceptions would be made for important items arising in between.

6.1.5 **TK** explained that ESF IPs 1.1 and 1.4 had lower thresholds and that there had been a good level of interest shown in these, however it would be difficult to maintain this when the Skills Funding Agency (SFA) opt-ins are launched due to the use of Bravo.

6.1.6 **TK** mentioned that he had spoken to ESFA regarding Rotap training organisations, particularly around full due diligence requirements. He observed that unless community based projects can be bigger or enter into consortiums they may struggle to be part of the £1.4 billion ESFA pot being made available in August 2018. **TK** also commented that it would be useful to consider how these projects will be handled going forward. Good workshops had been held, and **TK** felt that expectations had been raised when opt-ins were mentioned.

6.1.7 **JR** mentioned that she had been trying to work with the ESFA to confirm if they wish for one contract to be procured. Some in London had been split. She has suggested this be split into 2, based on population: 40% for Northamptonshire and 60% SEMLEP, in order to bring the contact value down to hopefully enable local delivery by providers who are based within the LEP geography. 6.1.8 **JR** to discuss this with ESFA within 5 working days and report back to members.

6.1.9 It was confirmed that the deadline for confirmation of opt-in allocations is 20th July 2018.

Action: JR to work with ESFA

6.1.10 **JR** explained that the ESFA are going to open procurement for a ESF IP1.4 community grants contract. She explained that it may be possible for SEMLEP to apply for an ESFA grant in respect of this, as long as there is no conflict of interest shown by being involved in writing the bid. She commented that she feels the LEP is well placed to write the bid, in respect of a value up to £20,000, giving small organisations the opportunity to build projects enabling access to employment for more difficult to reach individuals. **JR** confirmed that members had signed up.

6.1.11 **SQ** commented that she had been involved in community grants and that she had been disappointed with the low number of applications from social enterprises based in Milton Keynes. The current provider is based outside of the LEP and **SQ** expressed a concern that there was no connection with people in the sector on a local basis.

6.1.12 **MC** asked how this compares with the LEADER model. **TK** confirmed that this is very similar. **JR** commented that the project application process is easier and that LEADER funding was for rural projects only.

6.1.13 **MC** asked if members supported SEMLEP in bidding for the contract. All attendees confirmed they did.

6.2 SEMLEP Board

6.2.1 **HC** advised that the Board last met in April. The next meeting would be on 16th July, during which approval would be sought to recruit a replacement for the Chair who is due to leave in October.

6.2.2 **HC** explained that there are three private sector vacancies available on the board, which if approved will be advertised soon to the SEMLEP community in order to encourage a wide range of applicants. She requested that members let anyone who may be interested know of these. The process will be clear and transparent.

6.2.3 Another bidding round for projects may be launched, subject to approval, if the LEP is not able to spend the local growth fund allocation. It was discussed that this will be capital money, and that it will need to fit with the SEMLEP strategic plan. Part of the criteria would be that money will have to be spent by March 2021. Bids will be required to be submitted by October 2018 and consultants will be procured to evaluate those bids. Where bids are accepted in

principal, due diligence will be carried out in March 2019. Good examples are available of projects that have used this fund as well as ERDF.

6.2.4 There is continued engagement with the business community in order to achieve the industrial strategy. A consultant has been appointed by three LEPs to produce an overall vision for the corridor, with a draft strategy due by October to be finalised by the end of the year.

7. ESFA Opt-in update

7.1 **JR** commented that the maximum allocation to ESF is £12million, subject to approval. There was to be £6million allocated to 2.1.

7.2 In respect of ESFA, SEMLEP will take part in investment priorities (IP's) 1.1, 1.2, 1.4, 2.1 and 2.2. Jay Kara had confirmed it is not permitted to move money between (IP's).

7.3 **JR** pointed out that the ESFA opt in as tabled may be reduced dependent on further clarifications. It was important that the IP contract values were achievable.

7.4 Big Lottery Fund and the Department for Work and Pensions (DWP) would be unlikely to allow new contracts, with extensions being offered to current providers. The ESFA opt-in would provide new project opportunities.

7.5 **TK** explained that the Bravo portal, a register of training organisations, is being used. He understands that the pre-qualification questionnaire (PQQ) will be released at the end of July for companies registered on Bravo database. These will request full financial information in order for the due diligence. ESFA will validate all PQQs from 20th August. It is unclear how long this will take. The consideration of the invitation to tender is expected to take place in November/December 2018, and the contract to be awarded in January 2019. **TK** mentioned that he hoped support would be made available for applicants.

7.6 **SQ** mentioned that SEMLEP carried out the due diligence process when signing people up- so this shouldn't present an issue at this stage. She commented that Social Business Alliance (SBA) is linking up with housing trusts in order to offer support in Milton Keynes. She pointed out that councils are cancelling job clubs as they no longer have the necessary funding available.

8. ERDF Management Information

8.1 **SB** informed members that, since the paper was sent out, MI figures had been updated; the balances remaining to invest are:

PA1 £4.2m
PA2 £2.2m
PA3 £3.8m

8.2 **SB** explained that discussions are underway to allow the Smart Energy Business PA4 project to go ahead. She hopes to be able to provide further positive news at the next meeting.

8.3 The MA has concerns about performance in PA2, compounded by the recent withdrawal of the continuation project Node, a digital programme run by Northamptonshire County Council.

8.4 The full application for the PA3 MK Launch and Grow project had been withdrawn the day before the meeting.

8.5 **TK** asked if employers' money with regards to the apprenticeship levy could be used for match for ESF can also be used for ERDF. He queried if this is done nationally, in particular for PA3 which covers business start-ups, new SMEs etc. These could mean hitting multiple boxes in terms of spend, as well as counting towards apprenticeship targets.

Action: SB to find out if this could be permissible under ERDF.

8.9 **JR** commented that she is working with DWP on this, who have suggested she put together a SEMLEP steering group to address queries about the apprenticeship levy.

Action: JR to set up the steering group.

8.10 **SB** referred to table 2. This shows how much money has been claimed by projects to date against the SEMLEP performance target for this year. PA1 is a challenge: money claimed so far accounts for 50% of the performance target. The MA has met with two PA1 projects and it became apparent that the PA1 target would be out of reach as they are struggling to spend the money as contracted.

8.11 **SB** explained that projects are widely decommitting funds across LEP areas. The MA would prefer projects to identify money that they would not be able to spend earlier rather than later, so it could be added back into the individual LEP areas' allocations.

9. ERDF Outline Applications:

9.1 It was agreed that the ERDF outline applications would be addressed via written procedures due to low attendance.

Action: SB to circulate outline assessments via written procedures.

10. Items for Information

10.1 **SQ** talked about launching a Wise Women Enterprise network on the 19th July. She has attracted a good response from the Northamptonshire organisations but not from Milton Keynes.

10.2 **SQ** explained that she will discuss with TK how networks can be reinvigorated to ensure that SEMLEP doesn't miss out from social enterprise attention nationally. SQ also proposed running workshops that will help social enterprises prepare for BREXIT.

10.3 **HC** provided an update on the first briefing held on Monday on the Shared Prosperity Fund.

10.4 **JR** Chairs the ESF Providers Forum which gave the opportunity to share information about contracted projects. Attendees were interested in feeding into the UKSPF consultation. The next forum will be on the 4th October where organisations in a working group can feed into the discussion on social impact values.

10.5 The Chair highlighted the importance of making every effort to attend the meeting as non-attendance results in delays to the business of the sub-committee.

10.6 Meeting closed at 12:03.

Actions

Number	Action	Who by	By when
1	SB to arrange for ERDF outline applications at item 9 to be addressed via written procedures, as discussed at 1.4.	SB	11/07/2018
2	JR to discuss percentage split with ESFA as per 6.1.8 discussion and report back to members.	JR	Within 5 working days from meeting.
3	8.8 SB to find out if discussions have taken place at national level regarding the apprenticeship levy, as per discussion at 8.8, and report back.	SB	Next meeting
4	JR to set up a SEMLEP steering group, as discussed in 8.20.	JR	Next meeting
5	KC to circulate link to report on rural inclusion	KC	Next meeting

Date, time and venue of future meetings:

- 10:00 – 12:00 26 September 2018 Cranfield Innovation Centre
- 10:00 – 12:00 12 December 2018 Cranfield Innovation Centre

Annex A Attendee List

South East Midlands ESI Funds 6th July 2018 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
<i>Mary Clarke (MC) - Chair</i>	SEMLEP
<i>Samantha Barkwith (SB) – Vice Chair</i>	ERDF Managing Authority (MHCLG)

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Ken Christy (KC)	SEMLEP Rural Group
Hilary Chipping(HC)	SEMLEP
Jane Roemer (JR)	SEMLEP
Tony Knaggs (TK)	Learning Academy
Sue Quinn (SQ)	Social Business Alliance
Donna Wilkinson (DW)	Local Authority
Daniel Curtis (DC)	Environment Agency
Debbie Pool Hunt (D P-H)	Local Authority

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

Name, title and organisation	Sector/Organisation Representing
Dominique Rowan (DR)	Managing Authority ERDF (MHCLG)
Sarah Edwards (SE)	Managing Authority ERDF (MHCLG)

Apologies:

Name, title and organisation	Sector/Organisation Representing
Gina Reilly (GR)	Milton Keynes College
Lee Baron (LB)	TUC
Urselle Mumford (UM)	Environment Agency
Simon Bovey (SB)	LNP
Ian Achurch (IA)	Northamptonshire County Council
Mohua Bhattacharya (MB)	Department for Environment, Food and Rural Affairs
Pam Gosal (PG)	Milton Keynes Council
Jay Kara (JK)	DWP
Greg Ward (GW)	South Northamptonshire Council
Eleanor Marcham (EM) - apologies	Bedford Borough Council
Jodie Yandall (JY) - apologies	Central Bedfordshire Council
Rob Purdie (RP) - apologies	FSB
Haydn Rees (HR)	Central Bedfordshire Council
Lesley Nicholls (LN)	Luton Borough Council
Nicholas Lancaster (NL)	Bedford University



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Growth Programme for England

SEMLEP ESI Funds Sub-Committee Membership

Name	Organisation	Alternate	Organisation	Sector Representation
Mary Clarke (Chair)	SEMLEP			LEP
Samantha Barkwith (vice chair)	Ministry of Housing, Communities and Local Government	John Fuller	Ministry of Housing, Communities and Local Government	ERDF Managing Authority
Jay Kara	Department for Work and Pensions	Yogesh Patel	Department for Work and Pensions	ESF Managing Authority
Mohua Battacharya	Rural Payments Agency	Lorna Halls	Rural Payments Agency	EAFRD Managing Authority
Simon Bovey	LNP	James Russell	Forest of Marston Vale	Environment
Daniel Curtis / Urselle Mumford	Environment Agency	Daniel Curtis / Urselle Mumford	Environment Agency	Environment
Hilary Chipping	SEMLEP	TBC	SEMLEP	LEP
Debbie Poole-Hunt	Luton Borough Council	TBC	Luton Borough Council	Local Authority
Vicky Hlomuka (TBC)	Central Bedfordshire Council	TBC	Central Bedfordshire Council	Local Authority
Eleanor Marcham	Bedford Borough Council		Bedford Borough Council	Local Authority
Pam Gosal	Milton Keynes Council	Cllr Matt Clifton	Milton Keynes Council	Local Authority
Ian Achurch	Northamptonshire n County Council	TBC	Northamptonshire County Council	Local Authority
Steve Adkins	AVDC	Claire Britton	AVDC	Local Authority
Greg Ward	Cherwell and South Northants	TBC	Cherwell and South Northants	Local Authority
Gina Reilly	Milton Keynes College	Chris McLean	MK College	Higher Education
Nick Lancaster	Bedfordshire University	TBC	University of Northampton	HE (SEMUA)
Rob Purdie	FSB	TBC	TBC	Business Partner (private)

				sector)
Sue Quinn	Social Business Alliance	TBC		Business Partner (social enterprise)
Ken Christy	SEMLEP Rural Group	TBC	SEMLEP Rural Group	Rural
Vacant		TBC		VCS
Lee Barron	TUC	TBC		TUC
Sandra Hayes	Luton Borough Council	TBC	CLLD	CLLD
Tony Knaggs	Learning Academy	TBC		Education, skills and employment
Vacant				Equality and Diversity
<u>Officers</u>				
Jane Roemer	SEMLEP			
	SEMLEP			
Rebekah Duckmanton	MHCLG Secretariat			
Sarah Edwards	MHCLG Secretariat			

Current at: 18 October 2018