



Growth Programme for England

Black Country ESI Funds Sub-Committee MinutesTuesday 10th July 2018

10:30-12:00

Committee Room 4 – Third Floor, Wolverhampton Civic Centre

Agenda				
Item	Description	Purpose	Led by	Timing
1	Welcome and introduction <ul style="list-style-type: none"> Apologies 		Chair	5mins
2	Minutes of last meeting and progress of actions <ul style="list-style-type: none"> Agreement to minutes Update on any actions if necessary 	Agreement	Chair	5mins
3	MA Update ERDF – Verbal update and MI Papers <ul style="list-style-type: none"> Item 3i Financial Framework Item 3ii Indicators Framework ESF - Verbal update and MI Papers <ul style="list-style-type: none"> Item 3iii LEP Area Calls and Progress Item 3vi ESF MI Report 	Information Information	Peter Thomason Harjinder Dhami	25mins
4	March PA1 Call <ul style="list-style-type: none"> Item 4a Call Summary PA1 Applications <ul style="list-style-type: none"> Annex 4i – ATEP Annex 4ii – Focus Digital Annex 4iii – Innovation Networks Annex 4iv - SIRC 	Discussion/ Agreement	Peter Thomason	15mins
5	March PA2 Call <ul style="list-style-type: none"> Item 5a Call Summary PA2 	Information	Peter Thomason	5mins
6	March PA3 Call <ul style="list-style-type: none"> Item 6a Call Summary PA3 Applications <ul style="list-style-type: none"> Annex 6i – Manufacturing Growth Programme (MGP) Outline Assessment Annex 6ii – Black Country MGP Outline Annex 	Discussion/ Agreement	Peter Thomason	5mins
5	AOB – date of next meeting		Chair	10mins

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(70mins)	
Close	
Date, time and venue of future meetings: <ul style="list-style-type: none">• TBC	

1. Welcome and introduction

The Chair, Cllr Roger Lawrence (RL); (Black Country Joint Committee) welcomed everyone to the meeting.

1.1 Apologies

A full list is appended to the minutes (Annex B) confirming attendance. In particular apologies were noted from Charlotte Johns (CJ), Ian Darch (ID), Sanjeev Ohri (SO), Darshana Dookhy (DD), Jan Gilder (JG), Matthew Cadden-Hyde (MCH), Paul Brown (PB), Pete Smith (PS), Roy Stokes (RS), Sheila Ray (SR), Tammy Stokes (TS) and Kelly Thomas (KT).

2. Minutes of last meeting and progress of actions

The Chair referred the group to the minutes from the previous meeting (held 29 March 2018) and asked members for comments. No comments were received. The minutes as agreed will be published on the gov.uk website.

The Chair asked for an update of the actions from the last meeting.

Agenda Item	Action	Action Assigned to
2	Action 1: Heather Clark (HC) to provide an Alternate for when she is unable to attend. Update: HC provided details to Peter Thomason (PT) and informed the sub-committee Charlotte Johns will be her alternate.	HC

3. MA update

3.1 ERDF – Verbal update and MI Papers

- 3.1.1 Agenda Item 3i ERDF BC Performance Framework Financials Update Paper
- 3.1.2 Agenda Item 3b ERDF BC Performance Framework Indicators Update Paper

3.1.1 BC Performance Framework Financials Update Paper circulated: PT provided the sub-committee with an overview of the position of the Black Country project portfolio in relation to meeting the financial performance targets for 2018.

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Each Priority Axis has a performance target (PA) for both expenditure and output delivery which needs to be achieved. Overall, the required financial targets across PA1 and PA3 will be met. Further calls under PA2, 4 and 6 have increased the pipeline value, but not to the level required to enable the framework target to be met. The position for each PA is as follows:

PA1 – This PA has a performance reserve of £9.2m for 2018 with a contracted profile of £7.8m to spend by the N+3 deadline. This is exactly 85% of the target and is the minimum spend needed. Across the programme slippage is averaging 43% but it is hoped this will improve as the majority of projects had project change requests (PCRs) approved and profiles will be more realistic as they take into account slippage and de-commitment of funds. The MA was due to process £5.2m worth of claims, but the actual was £2.9m. If more spend is lost, the ability to meet the target will be at risk. PT reinforced that all organisations in delivery need to maximise spend.

PA2 – This priority's spend is continuing as expected and is broadly in-line with the national picture. There continues to be only one project against this PA, with the project having submitted a PCR to reduce the budget. The project spend target is £379k against the performance framework target of £898k and it is not likely the N+3 target will be met. Only 42% of the allocation is committed and there appears to be little appetite for new projects as demonstrated through the lack of take-up in the March 2018 call. DCMS have launched a gigabit voucher scheme paying 100% of the costs, making the ERDF offer less competitive. To achieve outcomes, a voucher scheme for subscriptions which supports the DCMS offer, could be considered.

PA3 – This priority is profiled to achieve 149% against the target, providing sufficient headroom to mitigate slippage risk. Across the programme, slippage is averaging 17%. PCRs have been received and processed for the majority of projects accounting for slippage and de-commitment. Pipeline and contracted projects account for 103% of the allocation. The performance against this priority is strong and there are currently no concerns.

PA4 – This priority is at 55% of the target and below the minimum needed which is similar to the national picture. Slippage is averaging 23%. In total £3.4m was due to be claimed by Q1, but there was an actual figure of £2.6m. Pipeline and contracted projects account for 71% of the allocation indicating a risk the performance reserve will not be met.

PA6 – This priority is at 53% of the target and below the minimum needed. Slippage is averaging 65% due to longer procurement lead-in times. In total £1.9m was due to be claimed by Q1, but there was an actual figure of £668k. PCRs have been processed for the majority of projects which account for slippage and de-commitment. Pipeline and contracted projects account for 40% of the allocation.

3.1.2 BC Performance Framework Indicators Update: PT provided an overview of the position of the Black Country project portfolio in relation to meeting the performance targets for 2018 and 2023.

PA1 – The target for 2018 is 119 C1s with 331 contracted to be delivered which exceeds the target by 212. To Q1, there were 154 C1 outputs contracted, but only

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137 reported giving a slight underperformance of 12%. Output targets should be achievable.

PA2 – The target for 2018 is 86 C1s with 90 contracted to be delivered, which exceeds the target by 4. To Q1, there were no C1 outputs contracted and none reported. This is similar to the national picture.

PA3 - The target for 2018 is 376 C1s with 1,453 contracted to be delivered, which exceeds the target by 1,077. To Q1, there were 483 C1 outputs contracted and 565 reported for an over performance of 17%.

PA4 - The target for 2018 is 0 C34s with 1,321 contracted to be delivered. To Q1, there were 311 C34 outputs contracted and none reported for an under performance of 100%.

PA6 - The target for 2018 is 40 C23s with 27 contracted to be delivered, which falls below the target by 13. To Q1, there were 31 C34 outputs contracted and 9 reported giving an under performance. It was noted the performance reserve could be lost on this priority.

There was a discussion about the priorities presenting the greatest risk. PT expressed the view PA1 is currently the greatest concern. Projects in this priority have been slower to start with longer lead-in times presenting challenges, but there is scope for the priority to get on track. The PA3 position does not present any concerns. PA4 and PA6 are challenging and have been from the start. PT advised projects should be made aware of risks and challenges and that it is better for projects to be cautious and over perform rather than underperform.

3.2 ESF – Verbal update and MI Papers: Progress on ESF

- 3.2.1 Item 3iii ESF Call and Progress Narrative
- 3.2.2 Item 3vi ESF Black Country ESF MI Report

Harjinder Dhani (HD) provided an update both on the ESF calls and applications for funding (with reference to papers circulated in advance of meeting).

3.2.1 Item 3iii ESF Call and Progress Narrative - There are currently no open calls.

Applications - The YEI call closed and four applications were received.

ESF Opt-in/Co-Financing Organisations (CFOs) – CFO committed spend in the LEP area is £27.83m. CFO applications were received from Big Lottery Fund and Education and Skills Funding Agency. The MA expects to be able to communicate information on the CFOs financial commitments for the remainder of the programme in due course.

The current position on co-financing organisations is as follows:

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HMPPS (formerly NOMS) has committed their entire ESF budget and agreements cover the duration of the ESF 14-20 programme. This accounts for £191m of the ESF budget. HMPPS have the ability to react quickly and their contracts are flexible allowing for expansion should more funds be available. Total claims paid to Q4 2017 total £46.95m.

DWP are having discussions with local areas to encourage more spend. A letter was issued by DWP with the proposal to extend existing contracts. Total claims paid to Q4 2017 total £12.9m.

BLF has committed the majority of their allocation. Possibilities are being explored to make best use of project extensions and PCRs to expand activities. Informal discussions with LEPs will take place in the autumn. Total claims paid to Q4 2017 total 14.57m.

ESFA submitted claims of £26m up to Q4 2017. There has been some negotiating of Q1 claim which was unexpected. There have been discussions with local LEP representatives to scope local requirements and finalise the offer based on match available up to 31 March 2019. In order to procure works in time, there was no time for further consultation. CFOs are to develop PCRs prior to ESIF sub committees being approached. Allocations can go over 15% which includes the performance reserve. At this stage, nothing has been agreed.

A 'mid-term review,' of the Operational Programme was conducted. There are no drastic changes expected. Once the European Commission approval is given to any reallocations, LEPs will be further engaged to ensure local strategies are considered. The financial performance 2018 targets for 1.2 are not agreed.

YEI Update – There have been delays and discussions have now concluded. The largest YEI PCR has been agreed. Other PCRs have been submitted and these are being considered. Most projects have asked for additional monies. YEI can continue to be spent beyond 2018 and up to the end of 2023 providing the programme meets the N+3 targets. When looking at extensions, reviews will consider project performance. Requests will need to be submitted via a formal PCR.

3.2.2 Item 3vi ESF MI Report

Finances and Performance Framework targets for 2018 are healthy with commitment levels as they should be. Locally 76% is committed against the agreed allocation.

Participants Performance Framework is well above targets for 2018 for all IPs with the exception of IP 1.3 YEI which is just below and IP 1.2 where there is no commitment.

IP 1.1 only has 12% left against the allocation. The committee was reminded this can be increased by 15%. There is 100% remaining on 1.2. IP 1.4 has 9% remaining. IP 2.1 has 55% and 2.2 is at 59%. A Call for 1.2 is being developed to provide support to young people.

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N+3 is on target for all Category of Region (COR) N+3 targets. Overall the Black Country position is very positive. Additional work with opt-in organisations is taking place and calls are to be developed. Once those are in they can be factored into the national targets.

Zoey West (ZW) indicated there is £14m available under IP 2.1. A plan to use this has been proposed that allows for £10m to be allocated to the Coverdale project to involve universities. The remainder would go out for local calls to ensure a wider depth of offer. ZW sought views from the BC ESIF sub-committee on the use of this approach. The approach as proposed was agreed by the sub-committee.

HD reported that with regards to IP 2.2, the skills factory was not approved at a national level. Members of the sub-committee expressed the view that the skills factory had been a good programme and were disappointed it will no longer be available for BC businesses. Sarah Middleton (SM) agreed to draft a letter to CA for the Chair to forward which expresses the disappointment and view of the ESIF sub-committee.

Action: SM to draft a letter for the BC Chair which expresses the BC ESIF sub-committee's disappointment with the decision to cease funding skills factory which the Chair will forward to the CA.

4. March PA1 Call

- 4.1 Item 4a ERDF Priority 1 Call Summary
- 4.2 Applications
 - 4.2.1 Annex 4i - ATEP
 - 4.2.2 Annex 4ii – Focus Digital
 - 4.2.3 Annex 4iii – Innovation Networks
 - 4.2.4 Annex 4iv – Science in Research Centre (SIRC)

4.1 Item 4a ERDF Priority 1 Open Call Summary

PT provided the sub-committee with an overview of the MA's assessments of the Outline Applications submitted under the PA1 Research and Innovation Call. The sub-committee members were asked to provide views on the strategic fit of the applications presented.

4.2 Applications

Annex 4i, 4ii, 4iii and 4iv provides copies of the individual Outline Assessment Forms

4.2.1 Annex 4i - ATEP

There were no declarations of interest.

PT summarised this was an application considered at outline with Midlands Aerospace Alliance as the applicant. Due to their capacity and project management risks, the University of Nottingham is now the proposed applicant. The University is

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an experienced applicant with experience in the aerospace sector which strengthens the project offer. The applicant is requesting £1,314,000 towards total project costs of £2,629,000. The project aims to deliver ten collaborative R&D projects, each lasting 18 months within the aerospace supply chain. In addition, it will work with 60 BC SMEs to provide R&D support. The project will lead to ten new technologies being delivered into the supply chain. In addition, 40 jobs are expected to be created.

Value for money (VFM) is good. The project is requesting 7.34% of the PA1 allocation and will deliver 8.93% of the PA1 C1 outputs. Deliverability is considered to be much improved and there is good fit with local and national policies.

GB considered the project's plans for new technologies were too generic as the application did not detail what the new technologies would be likely to be. PT explained this is due to the scope of detail provided at outline stage and the applicant will need to see what is brought forward by SMEs. The sub-committee stated it would be beneficial to get a flavour for what the applicant thinks the target technologies will be. PT suggested this can be requested as part of the full application. SM commented that the development of supply chains is critical and this programme can really develop innovation and links between sectors.

The committee agreed that the project had good local strategic fit.

4.2.2 Annex 4ii – Focus Digital

There were no declarations of interest.

PT summarised this was a cross LEP application from Coventry University Enterprises covering Coventry and Warwickshire, Birmingham and Solihull and BC. The BC budget request is £151,900 towards total project costs of £2,170,000 (ERDF £1,085,000). The project will provide practical and financial support to SMEs within the digital media, ICT sectors. VFM is good. The project is requesting 0.008% of the BC allocation to deliver 4% of the C1 target. It will provide 28 business assists, 14 grants and 4 new to firm and 4 new to market products. The current project has slipped by 74% due to delays with start-up and recruitment. It is now re-profiled and on track. The project will be a continuation with staff already in place. It is considered to have a good fit with local and national strategies.

HC noted the project was not performing well. She asked about the performance in the BC and whether the applicant had links in the BC. PT stated the applicant works closely with the University of Wolverhampton. Corin Crane (CC) noted the application did not highlight any local delivery partners. HC noted the project is targeting ICT and digital companies. HC was of the view the project needs to ensure they are adding value to the BC Digital Passport project rather than competing with the project. HC was surprised there was no mention of creative and digital sectors in BC. GB expressed concern about local delivery. PT indicated the applicant has been successful in app development.

The sub-committee offered medium support for the project and want to see the areas of concern addressed as part of the full application.

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4.2.3 Annex 4iii – Innovation Networks

No declarations of interest were received.

PT stated this is a cross LEP application from Coventry University Enterprises covering Coventry and Warwickshire, Birmingham and Solihull and BC. The BC budget request is £341,510 against total project costs of £3,104,640 (total ERDF of £1,552,320). There is an existing project currently being delivered. The project offers grants to SMEs to collaborate with at least two other SMEs to develop new products, processes or services. SMEs can apply for capital or revenue grants of up to £15k at 45% intervention rate. VFM is good with the project requesting 1.9% of the BC allocation to deliver 4.3% of the C1 target. The current project has under-performed due to loss of staff and delays in recruitment. The applicant de-committed funds on phase one and this phase two project is requesting 12% more which presents a risk. It was suggested the latest Q2 spend against revised profiles should be considered to determine performance. The project is considered to have good fit with local and national priorities.

CC suggested funding this project would be a bit of a gamble, but it is a good provider and investment is needed in this area. PT offered that the cost is not substantial but there is potential to get good VFM.

The sub-committee agreed the project had good local strategic fit.

4.2.4 Annex 4iv – Science in Industry Research Centre (SIRC)

Declarations of Interest from GB and Joy Holland (JH)

PT provided an overview of the project which is a cross LEP application from the University of Wolverhampton covering the more developed areas of the BC, Coventry and Warwickshire, Greater Birmingham and Solihull and the transition areas of the Marches and Stoke and Staffordshire. The BC budget request is £562,902 against a total budget of £2,558,645 (total ERDF £1,336,411). The project will be delivered in complimentary strands applying R&D and proof of concept type activities. The project will look at the best route to commercialise activities. VFM is slightly poor as the project is requesting 3.14% of the BC allocation for 2.53% of the C1 target. This does not present an issue for BC in terms of affordability as there are enough C1s in BC. The BC outputs are 17 business assists. The applicant has a good track record in terms of compliance. However, of the nine projects in delivery, all are performing below profile with PCRs complete or in progress. Underperformance appears due to over ambitious start dates, recruitment and start-up delays. Subject to VFM the project fits well with local and national policies. The project is affordable within the LEP allocation.

RL queried the match and asked what would happen should the other LEP areas decide not to award funding. PT stated the BC element makes the project worth over £1m so this should not be a concern for BC.

The sub-committee agreed the project had good local strategic fit.

5. March PA2 Call

5.1 Item 5a ERDF Priority 2 Open Call

PT advised that no applications were received under this call. There will be a further PA2 call in autumn.

6. MARCH PA3 Call

- 6.1 Item 6a ERDF Priority 3 Open Call Summary
- 6.2 Applications
 - 6.2.1 Annex 6i – Manufacturing Growth Programme (MGP)
 - 6.2.2 Annex 6ii – Black Country MGP

6.2.1 Annex 6i – Manufacturing Growth Programme (MGP)

PT provided an overview of the project stating it is a multi LEP project to be delivered over 16 LEP areas and taking a national approach. The applicant is Oxford Innovation Services working with the WM Manufacturing Fund. The BC ERDF request is £900,000. As per the existing MAS provision, the project will undertake in-depth diagnostic needs assessments to identify manufacturing risks, issues and opportunities. VFM is considered good with 3.5% of the LEP allocation requested to deliver 7.3% of the C1 target. The project has profiled that 155 businesses will be supported in the BC. The project is being delivered well with a model that is working. The only concern is around the change of the delivery organisation. The project is considered to have good local and national fit.

The sub-committee was of the view this is a large project with a low level of BC commitment.

The sub-committee agreed the project had strong local strategic fit.

7. AOB

Smart Intelligent Infrastructure Investment Grant Increase

There was a declaration of interest from HC.

PT presented the application as there are notable changes from outline which required consideration. The total project budget has increased by £374,310, resulting in an ERDF increase of £135,316. Public-sector match will increase by £238,994. PT explained the changes do not have a big impact on the project, but the applicant does want more money from the LEP allocation.

RL asked why the charging points are unique and whether they are considered smart. PT explained there have been issues with who uses the charge points and eligibility under Article 61 and revenue generation on sites.

The sub-committee supported the change and approved the additional ERDF funding of £135,316.

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No additional business was discussed.

Date, time and venue of future meeting

It was agreed that the next meeting should be held in November 2018.

Items for information:

Agenda and official papers circulated

- BC ESI Funds Sub-Committee Minutes 29/03/18 final
- BC ESI Funds Sub-Committee Agenda 10/07/18

Agenda Item 3

- Agenda Item 3i ERDF BC Performance Framework Financials Update Paper
- Agenda Item 3ii ERDF BC Performance Framework Indicators Update Paper
- Item 3iii ESF LEP area Call and Progress Narrative
- Item 3vi ESF MI Report and Black Country LEP MI Fig 2

Agenda Item 4

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- Annex 4a ERDF Priority 1 Open Call
- Annex 4i ATEP Outline Assessment
- Annex 4ii Focus Digital
- Annex 4iii Innovation Networks
- Annex 4iv SIRC

Agenda Item 5

- Annex 5a ERDF Priority 2 Open Call

Agenda Item 6

- Annex 6a Priority 3 Open Call
- Annex 6i Manufacturing Growth Programme (MGP) Outline Assessment
- Annex 6ii Black Country MGP Outline Annex

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Annex A

List of Agreed Actions:

Agenda Item	Action	Action Assigned to
3	SM to draft a letter for the BC Chair which expresses the BC ESIF Sub-Committee's disappointment with the decision to cease funding skills factor which the Chair will send to the CA.	SM/Chair

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Annex B Attendee List

Black Country ESI Funds Sub-Committee 10th July 2018 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Cllr Roger Lawrence (Chair)	Black Country Joint Committee
Pete Thomason (Deputy Chair)	MHCLG (MA ERDF)

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Glen Barrowman	Wolverhampton University (Low Carbon rep)
Harjinder Dhami	DWP (MA ESF)
Heather Clark	Wolverhampton City Council (Creative Industries & Skills)
Joy Holland (alternate for Jan Gilder)	Wolverhampton University (HE rep)
Mark Lavender	Walsall MBC (Public Funding and Infrastructure)
Paul Mountford	Dudley MBC (Tourism & Culture)
Corin Crane	BC Chamber of Commerce (SMEs)
Sarah Middleton	Black Country Consortium (Strategy Coordination)
Zoey West (alternate for Mark Lavender)	Walsall MBC (Public Funding and Infrastructure)

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

Name, title and organisation	Sector/Organisation Representing
Inez Costa	MHCLG (MA ERDF) Minutes
Sam Islam	MHCLG (MA ERDF) Minutes

Apologies:

Name, title and organisation	Sector/Organisation Representing
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Charlotte Johns (alternate for Heather Clarke)	Wolverhampton City Council (Creative Industries & Skills)
Ian Darch	Wolverhampton Voluntary Council Services (3rd Sector)
Darshana Dookhy (alternate to Peter Yeomans)	Sandwell MBC
Jan Gilder	Wolverhampton University (HE rep)
Matthew Cadden-Hyde (alternate to Sanjeev Ohri)	Dudley College (FE rep)
Paul Brown	Private sector Black Country LEP
Pete Smith	BEIS
Roy Stokes	Environment Agency
Sheila Ray (alternate Paul Mountford)	Dudley MBC (Tourism/Visitor Economy Rep)
Sanjeev Ohri	Dudley College (FE rep)
Dawn Nichols (observer)	Dudley New Heritage Regeneration
Jatinder Singh (alternate to Roy Stokes)	Environment Agency
Jo Rushton	DWP (MA ESF)
Matthew Cadden-Hyde (alternate to Sanjeev Ohri)	Dudley College (FE rep)
Darshana Dookhy (alternate to Peter Yeomans)	Sandwell MBC (
Sanjeev Ohri	Dudley College (FE rep)
Sheila Ray (alternate Paul Mountford)	Dudley MBC (Tourism/Visitor Economy Rep)
Simeon Green	Engage Youth Empowerment Services (BME rep)
Peter Yeomans	Sandwell MBC