



York, North Yorkshire and East Riding ESI Funds Sub-Committee

Draft Minutes of the meeting held 05/04/2019

Agenda:

- 1. Welcome, Apologies and Declarations of Interest**
- 2. Minutes of 15 November 2019 meeting and Progress of Actions**
- 3. MHCLG MA and ERDF programme update**
- 4. ESF programme update**
- 5. RPA Managing Authority and EAFRD programme update**
- 6. Local Partner Update**
- 7. ESF Calls for Proposals for Consideration**
- 8. ERDF Calls for Proposals for consideration**
- 9. Future Agenda Items**
- 10. Items for information**

1. Welcome, Apologies & Declarations of Interest

- 1.1. The **Chair** welcomed sub-committee members to the meeting and noted apologies (See Annex B).
- 1.2. Declarations of interest were made by:
 - **Councillor Waller** declared membership of Leeds City Region LEP and West Yorkshire Combined Authority.
 - **Colin Mellors** declared an interest in YNYER LEP Board, University of York and Yorkshire Regional Flood & Coastal Committee.
 - **Sam Alexander** declared membership of Leeds City Region LEP Board.

2. Minutes of 15 February 2019 Meeting and Progress of Actions

- 2.1. The minutes were agreed as a true record.

- 2.2. Actions from the previous meeting were reviewed, an update on actions was provided by the Secretariat or relevant sub-committee member at the relevant point in the agenda (See Annex A).

3. MHCLG Managing Authority and ERDF Programme Update

Andrew Osivwemu (MHCLG) provided an update on the progress of the ERDF programme at national level.

3.1. National programme position:

- The Treasury's 'no deal' guarantee for the 2014-2020 ERDF financial allocation remains in place and programme delivery is continuing on a 'business as usual' basis.
- MHCLG's planning for a 'no deal' scenario continues to take place and the managing authority will update the sub-committee on impacts on the programme at the appropriate time.
- Funding for new projects via the HMT guarantee is in place until the end of the programme.
- The programme will be replaced by domestic funding in the event of a 'no deal' situation.
- Future ERDF calls are likely to be published in June 2019, although no specific publication date has yet been set.
- N+3 targets for expenditure and outputs in 2018 were exceeded.
- The outputs minimum threshold of 65% is expected to be achieved across all priorities except in PA4 transition area.
- Expenditure targets for PA5, PA6 and PA8 may not achieve the minimum threshold of 65%, which means some negotiation will be needed with the EU Commission regarding re-allocation of performance reserves.

The **Chair** recorded his thanks to MHCLG Growth Delivery Team for continuing with a 'business and usual' approach despite the challenges caused by current uncertainties.

3.2. LEP Area Status Report

Joanna Rowell (MHCLG) presented the ERDF LEP Area Status report.

- £25.96m is currently contracted.
- Pipeline and legal commitments are at 81% which is very strong.
- Value of contracted applications has increased because the Hyper Hubs funding agreement has now been executed.
- £9m is still available with no projects as yet to take up these funds.
- The Northern Powerhouse Export Grants Scheme is now under appraisal.

- The Sustainable Supply Chain project is now being appraised and will be presented at the July 19 sub-committee.

Janet Thornton observed the view that northern-based rural businesses may be finding it harder to access funding than sectors in other settings. **Joanna Rowell** emphasised that this data is scrutinised and challenged regularly and **Andrew Leeming** indicated that he will alert the LEP to this concern.

Action: The issue of northern rural businesses finding funds hard to access to be raised with the YNYER LEP.

Joanna Rowell thanked the committee for their comments via written procedures on the Manufacturing Growth Programme II. This project had been ready earlier than anticipated to come to committee for advice, and project activity was scheduled to begin in April 2019. Valuable points had been received and included in the project appraisal as a result of feedback from the sub-committee.

Seventeen outline applications were presented for advice at the February 2019 sub-committee meeting. The managing authority selection decisions have now been made, informed by the advice of the sub-committee, and were as follows:

- PA1: all applications have been advanced to full application
- PA3: four applications were received, but 3 were seeking only Humber funds. One application was rejected owing to deliverability. There were insufficient funds to invite all remaining applicants to submit a full application as such two were advanced and one was retained on a reserve list and will be advanced should further PA3 funds become available.
- PA4: Seven applications received. Six out of 7 applications have been progressed to full application stage, including the CERES, Beverley Energy Network and Housing & Public Building Carbon Reduction Programme which sought YNYER funding. The seventh was rejected because it proved not to be viable following removal of ineligible activity.
- PA5 and PA6: both applications: South Withernsea and Grove Hill, have been progressed to full application.

The **Chair** expressed appreciation at this positive outcome.

The **Chair** noted that Table 5 highlighted the current position of projects, and asked that the managing authority consider whether any help could be given from the sub-committee to support performance delivery of some of the challenging projects.

Action: Managing Authority to consider what, if any, help the sub-committee might give to support improved delivery amongst some of the challenged projects.

The sub-committee noted the ERDF LEP Area Status Report provided by the managing authority.

The **Chair** thanked **Andrew Osivwemu** and **Joanna Rowell** for the updates.

4. ESF Managing Authority and ESF Programme Update

Maureen Stafford (DWP) had given apologies for the meeting, and provided a written update on the progress of the ESF programme at both national and local level.

4.1 ESF Call and Progress Update:

The sub-committee noted the written update provided by the managing authority and the following points:

LEP area calls and applications update:

2.1 & 2.2 Agri Tech Skills joint Call – Humber

The sub-committee noted that there are four full applications under appraisal for Priority Axis 2:

- Business Scale-up Development Programme
- Specialist Skills Support Programme
- Strand 4 Apprenticeship Capacity
- Aspire2Lead

These will be submitted for consideration by the sub-committee before the July meeting. **Joanna Rowell** asked the sub-committee whether they would be content to consider all of these applications by written procedures since one had changed significantly since the outline stage.

The **Chair** indicated that the sub-committee would not wish to delay projects unnecessarily and, to that end, if appropriate (ie. the sub-committee had already discussed the proposal at outline stage) then it would be prepared to use written procedures on a case-by-case basis. However, this approach should not become the default and where the full application is substantially different from outline, the sub-committee should not be asked to approve via written procedures other than in exceptional cases. It was noted that it would also be helpful for the Managing Authority to be present to take the Sub-committee through applications.

Pip Betts informed the sub-committee that she had spoken to Maureen Stafford and established that it would be possible to consider the significantly changed application in July, enabling it to be ready to be contracted in September/October 2019. It was agreed that a small group comprising **Janet Thornton, Sam Alexander and Pip Betts** would hold a teleconference with Maureen to advise the Chair whether written procedures would be sufficient, or whether this application should be brought to the July meeting.

The sub-committee agreed to consider the remaining three ESF applications by written procedures, whilst disappointed that all four had not been prepared in time for today's meeting.

The sub-committee also noted the interruption to the ESF programme, and requested an update at the July meeting.

Action: Specialist Skills Support Programme, Strand 4 Apprenticeship Capacity and Aspire2Lead ESF full applications to be circulated for consideration by written procedures.

Action: Janet Thornton, Sam Alexander and Pip Betts to have a teleconference with DWP to advise the Chair whether written procedures would be sufficient for the Business Scale-up Development Programme full application, or whether it should be brought to the July 2019 sub-committee.

Action: Update on the interruption to the ESF programme to be provided at the July sub-committee meeting.

5. RPA Managing Authority and EAFRD Programme Update

5.1 EAFRD Management Information

The sub-committee noted the content of the EAFRD Management Information report detailing progress in the YNYER LEP area.

The **Chair** noted that some applications were awaiting planning permission from local authorities and wondered whether any assistance might be needed.

6. Local Partner Update

Pip Betts reported that work is being undertaken with the ERDF managing authority towards publishing calls in May/June 2019, and that information will be circulated.

Leeds is holding a Calls Workshop event on 16 May, which sub-committee members will be invited to attend.

Claire Watts reported that the Humber ESIF Showcase event took place on 3rd April, and that presentations and videos shown at the event would be available via the Humber's Technical Assistance project (TA) website.

It was agreed that a full local partner update, including a Local Implementation Plan overview, would be presented at the next meeting.

7. ESF Calls for Proposals for consideration

The sub-committee was updated on local work being undertaken to assess local needs and priorities for ESF calls for proposals under Priority Axis 2: Skills for Workforce. The sub-committee was invited to provide advice and feedback on three draft call narratives.

The **Chair** noted that this was the sub-committee's first sight of the calls. **Pip Betts** explained that the timetable for call publication is June to September 2019. Priority Axis 2 is the only area of YNYER allocation remaining, which is for Skills for Workforce.

Caroline O'Neill noted that voluntary and community sector organisations do not see themselves as private sector or SMEs. The sub-committee recommended that the calls be amended to include the words 'voluntary and community sector'.

Sam Alexander welcomed the more inclusive call, less focussed on mental health, it was felt that organisations may feel that they can offer a more comprehensive service to employers as a result.

The **Chair** queried whether 'work placements' and 'work experience' were always helpful descriptions since they implied one-way benefits and could be seen to place administrative pressures, especially on SMEs, that deter many from offering placements. By contrast descriptions such as internships and similar could better portray the multiple benefits to all concerned of such 'bridges' between work and study. Young people are often unaware of the extent of their skills and the benefits that they can bring to organisations.

Caroline O'Neill commented on the difficulties with travelling for people from rural areas, and felt that this should be explored more deeply in the call, as it is a significant issue.

The sub-committee also advised that the call should ensure that projects coming forward outline how they will take a holistic approach around the level of support offered to prospective candidates.

<p>Action: ESF Managing Authority (DWP) and LEP to further develop ESF draft calls to reflect sub-committee advice and feedback, including:</p>
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- Inclusion of reference to 'voluntary and community sector';
- Review of whether internships could be included in the call;
- Inclusion of further detail regarding difficulties faced by people travelling from rural areas;
- Inclusion of a requirement for projects to outline how they will take a holistic approach around the level of support on offer to prospective candidates.

8. ERDF Calls for Proposals for consideration

The sub-committee was updated on local work being undertaken to assess local needs and priorities for ERDF calls for proposals under Priority Axes 1, 3, 4, 5 and 6. The sub-committee was invited to provide advice and feedback on six draft call narratives.

It was noted that this was the sub-committee's second view of these calls, since at the February 15th 2019 sub-committee meeting it had been agreed that further work was required. **Tim Frenneaux** had subsequently worked on a number of the calls jointly with colleagues at Leeds City Region LEP.

Joanna Rowell advised that it was important that the sub-committee was clear about the rationale for putting forward joint calls, rather than parallel calls, where they were proposed. The sub-committee noted that PA6 would not be a joint call as originally proposed.

Janet Thornton observed the importance of ensuring that the outputs were appropriately recorded and captured for relevant areas in the event of joint calls. She was keen to ensure that outputs were not 'lost' to any one part of the wider geography. This view was supported by the sub-committee. The **Chair** stated that he will take this up with the Leeds City Region LEP, and that each application needs to be considered on its merits.

Catherine O'Neill suggested that it would be helpful to articulate the criteria for deciding which calls should be joint with Leeds City Region LEP area and which should be parallel.

The ESIF sub-committee considered the principles that might inform when parallel calls should be issued in preference to a single joint call. In essence, these were:

- A parallel call might be more appropriate where there is clear distinction in either the needs of the LEP area or the opportunities available to it.
- A parallel call might be more appropriate where it is desired to target spend towards areas of common or greatest need.

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- A joint call might be more appropriate where it is intended that the funding should apply to the whole geographical area and/or it is intended to replicate activity throughout the whole area.
- The views of both ESI Funds sub-committees should be based upon good strategic fit with each of the component LEP areas and not simply aiming to ensure that the funding is equal.
- It is assumed that, in the event that there is disproportionality of spend within a joint call between the two LEPs then associated outputs should reflect this disproportionality.
- The minimum call values should not be prohibitive for organisations who may want to bid for them.

The sub-committee considered each draft call in turn and offered advice as follows:

Priority Axis 1: Innovation - Joint Call, More Developed area

It was noted that a YNYER call for more developed activity had already been issued unsuccessfully and that some unallocated funds remained, which would now be combined with Leeds City Region investment into a joint call. The priorities sought remained consistent with the LEP's strategic priorities.

It was also noted that, at present, the draft call appeared to prioritise capital spend. However, the sub-committee believed that the call should be left as open as possible and that prioritisation between capital and revenue could happen in the event that the call is overbid.

Where the joint call referred to the specific geography of the proposed merged LEP that then it was suggested that the generic phrase 'north and west Yorkshire' should be used given that no title has been agreed. Where it refers to the geography of one or other of the existing LEP areas then the call should continue to refer to LCR or YNYER LEP area, as appropriate.

Priority Axis 1: Innovation, YNYER Call, Transition area

It was noted that the call cover both Investment Priority 1a and 1b, with scope for any innovation projects. In addition to targeting high productivity sectors, a priority of the call is to stimulate innovation in low productivity sectors such as tourism and health and social care. The sub-committee was content.

Priority Axis 3: SME Competitiveness, Joint Call, More Developed area

Leeds City Region LEP area commitment to the call would be £9m. This is a broad call and capital activity would include 'wraparound' provision. Productivity support is regarded as important. It was noted that the 'local need' section had a number of references to Leeds, but none to north and west Yorkshire.

Priority Axis 4: Low Carbon, Joint Call, More Developed area

This is a very broad call for £12m which is a large sum for north and west Yorkshire. All investment priorities can be done in PA4 – this is common.

It was queried whether (page 72) ‘support for SMEs’ was a precise reflection of what was being sought since there could be duplication which the recently-approved CERES project. The sub-committee agreed that we should avoid unintentional duplication and that this might be achieved by a check of how far perceived demand is being met by existing schemes. This will be checked with the LEP and the Managing Authority. It was noted that there was no reference to the circular economy which is a key issue. The sub-committee is content to have this as a joint call.

Priority Axis 5: Climate Change, YNYER Call, More Developed area

The sub-committee noted that the proposed call was unchanged from the last version published and that the call value would be £500,000 ERDF.

Priority Axis 6: Environment, YNYER Call, More Developed area

The sub-committee noted that a joint call with Leeds City Region was proposed at the last meeting, but that there is now specific focus on landscapes in North Yorkshire which justifies the issuing of a parallel call - landscapes for business, investing in natural capital etc. It was noted that the demarcation with the Countryside Stewardship Scheme remained in place.

Finally, it was suggested that it might be helpful for presentation of joint calls to be co-edited by a single person to make them appear fully integrated.

MHCLG and the **LEP** agreed to work together to address the advice received from the sub-committee. It was agreed that final drafts of the calls be sent to the sub-committee by written procedures prior to publication. It was noted that they may also need to return to Leeds City Region LEP area ESI Funds sub-committee for review.

Action: ERDF Managing Authority (MHCLG) and LEP to further develop ERDF draft calls to reflect sub-committee advice and feedback..

Action: Final draft ERDF Calls to be circulated to the sub-committee for review via written procedures, once re-drafted.

9. Future Agenda Items

- ERDF Full Applications are expected in July 2019.
- Outcome from written procedures for ESF applications.

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- Strategic vision setting for the new combined LEPs – the two separate sub-committees are likely to continue to exist, their terms of reference are less clear.

10. Items for information

It was noted that **Joanna Rowell** would be starting maternity leave before the next meeting. The sub-committee expressed their thanks for all of her work on ESIF and wished her and her family well.

Date, time and venue of next meeting:

- Friday 12 July 2019, 2.00-4.00pm, Thornton Room, City of York Council, West offices

Annex A - Agreed Actions

Action Point & Date raised	Action	Action Assigned to	Status/Closing Date
05/04/2019	The issue of northern rural businesses finding funds hard to access to be taken up and raised with the YNYER LEP.	Andrew Leeming	Before 12 July meeting
05/04/2019	Managing Authority to consider what help the sub-committee can give to support improved delivery amongst some of the challenged ERDF projects	MHCLG	Before 12 July meeting
05/04/2019	Specialist Skills Support Programme, Strand 4 Apprenticeship Capacity and Aspire2Lead ESF applications to be circulated to the sub-committee by written procedures	ESF	Before 12 July meeting
05/04/2019	JT, SA and PB to have a teleconference with MS to establish whether written procedures are sufficient for the Business Scale-up Development Programme full application, or whether it should be brought to the July 2019 sub-committee	ESF	Before 12 July meeting
05/04/2019	Update on the interruption to the ESF programme to be provided.	ESF	12 July meeting
05/04/2019	ESF Managing Authority (DWP) and LEP to further develop ESF draft calls to reflect sub-committee	ESF	Before publication

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	<p>advice and feedback, including:</p> <ul style="list-style-type: none"> • Inclusion of reference to 'voluntary and community sector'; • Review of whether internships could be included in the call; • Inclusion of further detail regarding difficulties faced by people travelling from rural areas; • Inclusion of a requirement for projects to outline how they will take a holistic approach around the level of support on offer to prospective candidates. 		
05/04/2019	ERDF Managing Authority (MHCLG) and LEP to further develop ESF draft calls to reflect sub-committee advice and feedback.	MHCLG	Closed
05/04/2019	Final draft ERDF Calls to be circulated to the sub-committee for review via written procedures, once re-drafted.	MHCLG	Closed

Annex B - Attendee List**York, North Yorkshire and East Riding ESI Funds sub-committee 05/04/2019 meeting****Chair & Deputy Chair:**

Name, title and organisation	Sector/Organisation Representing
Colin Mellors , LEP Board Member York, North Yorkshire and East Riding Partnership	Chair
Andrew Osivwemu , Programme Manager Ministry of Housing Communities & Local Government	Deputy Chair (ERDF Managing Authority)

Sub-committee Members:

Name, title and organisation	Sector Representing
Joanna Rowell, Senior Executive Officer Ministry of Housing Communities & Local Government	ERDF Managing Authority
Cllr Andrew Waller City of York Council	Local Authority
Cllr. Steve Arnold Ryedale District Council	Local Authority
Claire Watts East Riding of Yorkshire Council	Local Authority / Technical Assistance
Caroline O'Neill North Yorkshire & York Forum	Voluntary and Community Sector
Janet Thornton Vice Chair, Yorkshire, Food, Farming and Rural Network (YFFRN)	Rural Interests
Sam Alexander Chief Executive, Your Consortium Ltd	Voluntary and community Sector
Mark Gunthorpe Head of Economic Development, University of York	Higher/Further Education

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

Name, title and organisation	Sector Representing
Pip Betts Programme Funding Coordinator, York, North Yorkshire and East Riding Partnership	Local Enterprise Partnership
Andrew Leeming LEP Officer	Local Enterprise Partnership

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Catherine Surtees ERDF Secretariat, Ministry of Housing Communities and Local Government	Secretariat & Minute Taker
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Apologies:

Name, Title and Organisation	Sector Representing
Pauline Teale Rural Development Manager, Rural Payments Agency	EAFRD Managing Authority
Maureen Stafford DWP ESF Operations Manager, Department for Work and Pensions	ESF Managing Authority
Cllr. Andrew Lee North Yorkshire County Council	Local Authority
Andrew MacHutchon Senior Partner, The MacKenzie Partnership Limited	Private sector
Rita Lawson Chief Officer, Tees Valley Rural Community Council	Rural Interests
Matt Millington Local Nature Partnership Development Officer, East Riding of Yorkshire Council	Environment
Gill Alton Chief Executive, Grimsby Institute of Further and Higher Education	Higher/Further Education
Martin Hewitson Recruitment & Partnership Manager, Department for Work and Pensions – Job Centre Plus	Department for Work and Pensions
Peter Campey Assistant Director, Cities and Local Growth Unit, BEIS	BEIS