



European Union

European Structural
and Investment Funds

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

Growth Programme for England

Minutes of the Growth Programme Board

11:00 Tuesday 18 June 2019

Conference Room 5, Marsham Street, London

Agenda

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|-----------------------------|--------------------------------------|
| 1. Welcome and introduction | 5. ERDF National Evaluation- Process |
| 2. Progress on Programmes* | Evaluation Findings* |
| 3. Reserve Funds* | 6. Minutes of March meeting and |
| 4. AIR 2018: ESF & ERDF* | progress on actions* |
| | 7. Items for information* |

*Agenda items marked * were accompanied
by Board papers*

Minutes

Welcome and introduction

1. **Julia Sweeney** welcomed substitute members **Sarah Purvis** (Greater London Authority) and **Wael Al Abed** (Youth Employment).
2. The Chair asked for the board for any conflicts of interest and none were declared.

Item 2: Progress of Programmes

European Regional Development Fund

3. **David Malpass** presented the progress report on ERDF delivery. The contracting figure as of 31 March 2019 is £3,796 million (699 projects), an increase of 93 projects since 21 December 2018. At 31 March 2019, there are 473 applications being assessed, including two financial instruments. Contracted projects and those in the pipeline represent 96% of the programme budget. The contracting of projects is now a priority and is being closely monitored to ensure that the total value is enough to meet the overall 2023 target.

4. For the performance framework expenditure targets, PA1, PA2, PA3, PA4 and PA7 have actuals above 65%. All PA5, PA6 More Developed category of region (CoR) and PA8 all CoR are below the 65% threshold.
5. **Emily Kent** said that she does not disagree with some progress being slower than expected as reported in the Citizen Summary but wanted to note that it was not just a local issue, there were also delays in appraisals and signing funding agreements too.
6. **James Newman** highlighted that Sheffield may get stuck at 95% investment as the balance left is potentially too small and queried whether the balance could be moved to SUD? **David Morrall** advised this issue is covered in the Reserve Fund discussion.
7. **James Newman** asked are there any major LEP areas which are moving behind? And will pressure be put on them? **David Malpass** said that the calls will give them the push and that as the MA they have been encouraging LEPs where commitment has been lower.
8. **Helen Millne** highlighted the importance of including cross cutting themes.

European Social Fund

9. **Steve Spendlove** presented the progress report on the ESF delivery. Claims are in a much stronger position and are expected to receive sufficient claims to enable us to achieve the 2019 N+3 target by Q3. The current ESF commitment is £1.96 billion, 64.5% of the total ESF allocation. The Interim Payment Application (IPA10) was submitted to the Commission in March 2019 to the value of €33,463,973.96. The forecast suggests 2019 N+3 target will be achieved and likely to be exceeded.
10. Based upon claims received, both the participant and financial aspects of the Performance Framework target are set to be achieved in all Categories of Region (CoR). There will be a smaller call for the Transitional CoR, approximately £1m, utilising the remaining funding the Transitional area of Liverpool.
11. The number of employed participants has increased 174,771.
12. **Carol Botten** asked whether it was only MD regions that have requisite YEI numbers, and whether the report next time could include gender split and cross cutting themes. **Steve Spendlove** responded yes to all three comments.
13. **Huw Edwards** asked whether the targets and forecasts were proving to be accurate. **Catherine Blair** responded that there is relatively low performance with jobs on exit, however this is much greater 6 months later which is really positive. Catherine reminded the board that a focus of the work is to get participants closer to the job market.

14. **James Newman** noted that ESF is in a better place than last year, however had concerns about slippage on claims so there is a need to keep the pressure up. James queried the number of participants starting the programme compared to completion versus, and also raised concerns about the new approach to calls, particularly where the minimum 25% value applies in areas that already have large calls out. This also causes an issue in smaller organisations being able to secure match funding. **Catherine Blair** noted the concerns about calls and informed the board that some participants are still in training and not included in completion figures yet and a data lag also exists from last year which means moving forward there should start to be a habitual data flow.

European Agricultural Fund for Rural Development

15. The report on EAFRD delivery progress was presented by **Emma Friend**. As at 1 May, under the RDPE Growth Programme, £94million of the grant has been awarded to 544 projects, of this £94million, £32million has been paid out, creating 373 FTE jobs and contracted 3,424. The scheme is on track to meet its job creation target. Invitations to submit a Full Application have now been issued to 1,099 applications for funding totalling to £226million. From these, 689 projects have submitted applications for funding of £128million, with 457 projects securing grant offers worth £86million. In addition, 22 contracts for funding totalling just over £79.5m have been awarded under the Rural Broadband Infrastructure offer. The RPA's latest estimate is that the scheme could underspend by £34million. Defra and RPA are considering options for utilising the underspend.
16. **James Newman** asked that if there is going to be an underspend, does that mean there will be a Reserve Fund? **Tony Williamson** said that is a fair assumption to be made and will further be discussed during the Reserve Fund item.

17. **Helen Millne** asked for consistency with regards to cross-cutting themes.

European Maritime and Fisheries Fund

18. The update paper was noted by the board and there were no further comments or questions.

Item 3: Reserve Fund

European Regional Development Fund

19. **David Morrall** presented the update for the ERDF Reserve Fund paper. The two core objectives of the Reserve Fund are to:

- Invest the full value of the programme, maximise local growth, employment and social inclusion opportunities and to ensure that the 2023 performance framework expenditure & N+3 targets are met.
- To manage available funding in line with FOREX rate fluctuations ensuring the risks of over/under-spending are mitigated and manage the financial risk carried by MHCLG and DWP.

20. To manage these objectives, MHCLG and DWP have systems in place to monitor exchange rate fluctuations and their impact. Based on these systems DWP and MHCLG update the value of LEP area notional allocations last year. In the medium term, the approach will be complemented by ERDF and ESF Reserve Funds, which will be introduced to support the full use of available funding and manage the impacts of a fluctuating FOREX rate.

21. Both programmes continue to plan on expectations of the Reserve Fund approach being in place from Autumn 2019 onwards. The MA will apply flexibility to reflect the respective programme and delivery arrangements.

22. The Reserve Fund calls will have two core objectives:

- Ensure the full value of the programme is realised
- Will prioritise activities that support fresh approaches that complement existing investments, such as:
 - Applications that EITHER Pan-LEP area, on the basis of existing pan-regional structure OR community-level initiatives.
 - Clear delivery of the Industrial Strategy and Gran Challenges AND multi-Foundation based
 - Innovation
 - Links to domestic growth initiatives

23. The current planning assumptions is that the Reserve Fund call will apply to all PAs except PA8 (CLLD).

24. MHCLG will review progress against SUD following the initial assessment of the June Call outline applications. If it is concluded that the further SUD calls are required for the UK to meet the SUD target, then these will need to be run separately to the Reserve Fund call.

25. **Emily Kent** asked about CLLD in relation to being outside of red areas. **David Morrall** said it would potentially be outside but would work with the PDRNSC to develop it further.

26. **Paul Green** commented on the pan-boundary approach and asked if that is a lesson learned from LEP structures and if other good practice would be looked at. **David**

Morrall stated that where there are good initiatives the Reserve Fund will be about trial, support and incentive for different approaches and hopefully inform future thinking

27. **Allison Gordon** asked how SUD calls would be incorporated into this. **David Morrall** stated that the commitment level from the June call will determine whether a further SUD call is necessary.

28. **Clive Winters** asked how the Reserve Fund would draw on existing cross-LEP projects and whether through the approach cross LEP projects may be approved against the local ESIF decisions. **David Morrall** reiterated that the approach would look at existing practice and lessons. With regards to the scenario described, David started that there would be a need to be pragmatic of it would mean a much larger project would therefore be unviable and the MA would work with an area in this situation to move things forward jointly to avoid top down imposition.

29. **Janet Thornton** asked whether this would launch before or after all Local Industrial Strategies had been published. **David Morrall** stated that the Reserve Fund would also look to use LIS analysis where available.

European Social Fund

30. **Steve Spendlove** presented the ESF Reserve Fund. The Reserve Fund will:

- Provide a mechanism for redistributing any shortfalls in LEP area commitments, increasing the potential for the maximum value of the programme to realised;
- Enable the ESF MA to make financial commitments in line with the accounting and financial controls of DWP and made down the financial risk caused by a fluctuating FOREX rate
- Be subject to the objectives, targets and spending plans of the ESF OP

31. The Reserve Fund will have two key priorities previously set out by the GPB and PDR sub-committee

- Priority will be given to Call Proposals which address Programme under-performance against specific targets set out in the OP. Priorities will include under-performance against the cross-cutting themes
- Priority will be given to local areas which were previously unable to fully commit their national allocation. This reflects the policy objective of ESIF funding in addressing regional disparities, whilst not jeopardising commitment of the programme.

32. ESF is proposing to flat profile the value across the Fund's anticipated lifespan, dividing the fund value across a series of fortnightly assessment periods. The number of fortnightly assessment periods will be determined by the anticipated cut off point of

issuing Funding Agreements. Any funds not allocated in each fortnightly assessment period would immediately be made available in the following fortnight. This will ensure immediate and maximum availability of funding and will support more proposals being successful in the early stages of the fund.

33. LEP areas will no longer draw on their own allocations to fund provisions. Instead, LEP areas will develop and submit Call Proposals in conjunction with their MA LEP Lead. The MA will assess Call Proposals on a rolling fortnightly basis, this will minimise any delays and ensure a degree of pace to the process.
34. **James Newman** asked about the fortnightly allocations and whether projects would automatically get carried forward. **Steve Spendlove** responded yes it will get carried forward, same would apply to any balance of funds that would not be used within that fortnight, it will immediately be carried forward.
35. **James Newman** asked how will you judge the priority? Will the local bids have priority over CFOs? James raised concern about the size of the Reserve Fund, the fortnightly bids will not be a lot, therefore encouraging smaller bids rather than larger bids. **Steve Spendlove** responded saying it is a balancing act between wanting to ensure the ongoing access of funds versus the proposal. As the MA need to make sensible judgements around how to do that - there are some specific scenarios and to be assured that ESF is considering the same questions, the local area will be a priority. The reference to CFOs is to demonstrate that ESF is considering the whole picture.
36. **James Newman** refers to paragraph six of the document and quotes that “there is a preference to those who have not spent their allocation”. **James Newman** mentioned that it might not be about spending the money but rather the market and demand. **Catherine Blair** said what matters is that ESF is trying to stagger the release of the Reserve Fund.
37. **Alison Gordon** asked are there any intention that the match will be provided centrally, or will CFOs have to hold their own match. **Steve Spendlove** said normal existing arrangements will apply.
38. **Clive Winters** thanked them for the paper and was keen to understand the principals of the LEP leads, what are they working towards, what TN colleagues, local committees should expect from the LEP leads after the process, it would be helpful to understand the response. **Steve Spendlove** said it was a helpful comment and is happy to make the LEP roles more explicit.
39. **Catherine Blair** added that the coming months are important and the Reserve Fund will be up and running after the summer holidays. ESF encourage ESIF sub-

committees to think of what next and to make further use beyond the December 2019 calls.

40. **Carol Botten** asked at what point is there a conversation between the LEP area and LEP leads about not putting a project forward. **Steve Spendlove** confirmed that Reserve Fund Management Information will be produced, including anecdotal information and this will be continually developed. **Catherine Blair** said that if areas believe the project is important they should apply, but that it could be entirely possible that calls are issued in areas but produce no projects, however this provides data and evidence to speak with the EC over OP revisions.
41. **James Newman** asked for clarification on paragraph 24 on the comment about “cross-regional calls will not seek alignment with local committees”. **Steve Spendlove** said this would be driven by scale, but the MA would not create national calls without speaking to LEP areas and the GPB.
42. **Helen Millne** asked a process question of ESIF sub-committee meeting dates and how that would work with the proposed process. **Steve Spendlove** said there would be flexibility about aligning with dates, but that the overall fund shouldn’t be held up if the next meeting date is sometime away.
43. **Huw Edwards** highlighted that written procedure processes already existed so could be used to address some of the timing and alignment issues.
44. **Emily Kent** asked how the IB role would fit in as it is not in the ESF paper. **Catherine Blair** said it is business as usual, expect to receive advice from the IB within two weeks. But that this will be further worked up and clarified.

EAFRD

45. **Tony Williamson** provided the board with a verbal EAFRD Reserve Fund update. Following a broad discussion, **all GPB members** requested that the EAFRD proposal was provided as a paper for the board to consider at the next meeting.

ACTION 1806/01: Defra to provide EAFRD Reserve Fund paper at the next meeting.

46. **Julia Sweeney** provided a summary, noting that as each fund operates differently, so too do the Reserve Funds and this makes it hard to align them perfectly and then opened the floor to general Reserve Fund questions.
47. **James Newman** asked whether Technical Assistance will be available and is ERDF going to balance the Exchange Rate or not. **David Morrall** responded that more

ERDF TA is available in the system and there are more people on the ground supporting projects and that unused TA goes into front line delivery. Exchange Rate is an ongoing process and will continue to be reviewed.

48. **Emily Kent** queried whether calls in early 2020 leaves enough time for projects to be contracted and delivered. **David Morrall** said the call timings had been planned using a number of scenarios and incorporate improvements and lessons learned. **Julia Sweeney** also stated a realistic approach would be taken and unlikely that big projects would be issued through the Reserve Funds.
49. **Carol Botten** raised a concern about the ESF RF and the paper is heavy on generating applications, but then move to BAU which can be 12-18 months from application to contract. LEPS would need reassurance that when full applications will be assessed in a timely manner. **Catherine Blair** said that the process has accelerated through the front and back end and that there have been significant delays as ESF struggled with the response time from applicants. Appraisers give people too many opportunities to provide full details. The aspirational figure for an appraisal is 16 weeks. **Steve Spendlove** added that there needs to be careful monitoring and change the approach in how ESF is handling the application.
50. **Sarah Purvis** asked for more information on the National Moderation exercise for ERDF. **David Morrall** said this is still being developed with the PDRNSC and other stakeholders.
51. **Julia Sweeney** then asked if the board were happy to approve the ESF and ERDF Reserve Funds and the board approved both.

Item 4: AIR 2018- ESF & ERDF

European Regional Development Fund

52. **John Horseman** presented the ERDF 2018 AIR and Citizens Summary, seeking comments and views from the board before he sends it to the European Commission with their approval.
53. **Clive Winters** asked for consistency between the case studies throughout the paper. He also mentioned that some of the images were blurred. **John Horseman** noted the comments.
54. **Huw Edwards** suggested in the Citizens Summary there should be a greater emphasis on outputs and achievements. Also, there is a gap between what the general population see regarding performance and what the GPB do, this could be used to address this.

55. **John Horseman** advised that the comments were noted, and the Summary would be revisited before sending to the commission next week.
56. **Nick French** asked are there any examples of other Member States citizens summary that the Commission considered best practice. **Guus Muijzers** said to feel free to look at other programmes and that either he or someone from the European Commission will send examples that could be used for the next AIR report.
57. **David Morrall** advised that our own communications network will be circulating the summary through the main communication so that it reaches a wide audience.
58. **Julia Sweeney** asked the board to approve the ERDF AIR and the board agreed.

European Social Fund

59. **Julia Sweeney** mentioned that the ESF AIR paper was circulated by Written Procedure and asked for comments by 5 pm Thursday 13th June, therefore DWP will be seeking final approval for the ESF AIR.
60. **Catherine Blair** listed the suggestions that were made and informed the board. They have edited the document online with the improvements. Some of the improvements that made were: including a minimum bid value, gender participation and clarifying questions.
61. **Julia Sweeney** asked the board to approve the ESF AIR and the board agreed.

Item 5: ERDF National Evaluation- Process Evaluation Findings

62. **Neil Evans and Stuart Merali-Younger** from Hatch Regeneris presented the Phase 1 National Evaluation- Process Evaluation Findings.
63. **David Morrall** praised the first report of the ERDF programme and said the piece is significant, it is working well through government and local players. The findings are quite interesting.
64. Multiple board members raised issues about the presentation of the PowerPoint. **Stuart Merali-Younger** mentioned that some of the usage was in-line with their own corporate branding but will take the comments mentioned on board.
65. **David Morrall** mentioned that the full report gives a better picture and will be circulated in due course. David also highlighted that the report finds local committees get value out of review outline applications but less so in seeing the full applications, which creates duplication of effort where there no material difference so

difficult to find the added value. The ERDF MA are considering how to improve this through a change to the Terms of References.

ACTION 1806/02: MHCLG to circulate suggested improvements to Terms of Reference.

66. **James Newman** asked if there was an evaluation of the process of promotion or marketing as that is the learning that can be applied to any future programmes, as well as cross cutting themes. **Stuart Merali-Younger** said that promotion and marketing are covered to an extent in the project development but will look to include it in the next phase. Stuart added that cross cutting themes are covered more in depth within the full report.

67. **Paul Green** asked how this is being used to inform development of the UK Shared Prosperity Fund. **David Morrall** informed the board of the ongoing discussions with UKSPF teams and elsewhere.

68. **Sarah Purvis** asked about the bid appraisal slide and if there is the capacity to look from an applicant's perspective rather than a programme view.? **Stuart Merali-Younger** have deliberately avoided going into detail as they do not want to repeat what the Continuous Improvement work undertaken by the MA has done, but the next phase could look at this.

Standing item 6: Minutes of March meeting and progress on Action

69. **Owen Murray** outlines actions arising from the March meeting and that all actions have been completed, there are no outstanding actions.

Standing item 7: National Sub-Committee Report

70. **Owen** informed the board about the NSC report.

71. The next meeting will be held on 19 September 2019.

Meeting closed: 14:00

Date, time and venue of future meetings

- Thursday 19 Sept 2019 11:00 - [15:00] Conference Room 5a & 5b, MHCLG
- Tuesday 10 December 2019 11:00 - [15:00] BEIS Conference Suite, 1 Victoria Street
- Monday 23 March 2020 11:00 - [15:00] Conference Room 5a & 5b, MHCLG

Annex A

List of agreed actions from June 2019 Growth Programme Board meeting

No.	Action	Assigned to:
1806/01	Defra to provide EAFRD Reserve Fund paper at the next meeting.	Emma Friend/ Tony Williamson
1806/02	MHCLG to circulate suggested improvements to Terms of Reference.	David Morrall

Annex B

ESI Funds Growth Programme Board meeting 18 June 2019 - Attendee List

Board Members (full and advisory):	Sector/Organisation Representing	Substitute For
Julia Sweeney (Chair) Director, European Programmes and Local Growth Delivery	MHCLG	
Carol Botten Deputy CEO, VONNE	Voluntary/ Community Sector	
Lindsey Hall Economy, Skills & Culture Cornwall Council	Cornwall and the Isles of Scilly	
Emily Kent Cornwall Council	Cornwall and the Isles of Scilly	
Alison Gordon Greater Manchester Combined Authority	LEP	
Dr Huw Edwards Thames Valley Berkshire LSC	LEP	
Clive Winters Pro-Vice-Chancellor Coventry University	Further Education	
Alex Conway Greater London Authority	Local Authorities	
Janet Thornton Vice Chair, Yorkshire Food Farming and Rural Network	Rural Farming Network	
Louise Bennet Chamber of Commerce	Business/ Private Sector	
Keith Cowell City of Westminster College	Further Education	
James Newman Sheffield City Region LEP	LEP	
Neil Evans	Hatch Regeneris	
Stuart Merali-Younger	Hatch Regeneris	
Guus Muijzers DG Regio / European Commission	EC	
Wael Al Abed Youth Employment	Voluntary/ Community Sector	<i>Laura- Jane Rawlings</i>
Helen Millne The Women's Organisation	Voluntary/ Community Sector	
Sarah Purvis Greater London Authority	Local Authorities	<i>Alex Conway</i>
Paul Green Local Government Association	Local Authorities	
Marc Vermyle	EC	

DG EMPL / European Commission		
Joanne Knight DG EMPL/ European Commission	EC	
Nick French European Directorate	BEIS	
Steve Spendlove ESF	DWP	
Catherine Blair ESF	DWP	
Emma Friend EAFRD	DEFRA	
Tony Williamson EAFRD	DEFRA	
Andy Churchill Network for Europe	Voluntary/ Community Sector	
David Malpass Deputy Director, Growth Delivery Network	MHCLG	
Nicola Lavin European Programmes	MHCLG	
John Horseman European Programmes	MHCLG	
Claire Shakespeare European Programmes	MHCLG	
Simon Jones European Programmes	MHCLG	
David Morrall Head of European Programme & EU Urban Policy	MHCLG	

Additional Attendees / Observers:

Name	Sector/Organisation	
Sylvain Alem European Programmes	MHCLG	Observer
Owen Murray European Programmes	MHCLG	Secretariat
Krishma Sawami European Programmes	MHCLG	Secretariat

Apologies:

Name	Sector/Organisation	Sending a Substitute?
Richard Powell Chair Wild Anglia	Local Nature Partnerships	No, not on this occasion
Alex Conway Greater London Authority	Local Authorities	Yes, Sarah Purvis
Laura-Jane Rawlings Youth Employment	Voluntary/ Community Sector	Yes, Wael Al Abed