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 23 June 2020
Microsoft Teams

Agenda

1. Welcome and introduction
2. Progress on Programmes including initial response to COVID-19*
3. Response to COVID-19 in the medium term*
4. Minutes of the December meeting and progress on actions*
5. Items for information*

*Agenda items marked * were accompanied by Board papers*

Minutes

Item 1: Welcome and introductions

1. **David Malpass** welcomed board members and advised that apologies received would be recorded in the minutes.

2. **David Malpass** asked the board for any conflicts of interest and none were declared.

3. **David Malpass** invited board members to say if they have anything they wish to include under **Items for Information. The board** asked for a progress update on the UK Shared Prosperity Fund (UKSPF).

ACTION 2320/01: MHCLG to provide a written update on UKSPF to members.

Item 2: Progress of Programmes including initial response to COVID-19

<u>European Regional Development Fund</u>

4. **Nicola Lavin** presented the progress report on ERDF delivery. The contracting figure as of 31 March 2020 is £2,256m (853 projects), an increase of 31 contracted projects compared to the previous quarter. As of 31 March 2020, there are 531 pipeline applications. One Financial Instrument is expected to draw down its first tranche shortly.

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5. Contracted projects and those in the pipeline represent 97% of the programme budget. By Category of Region this is Less Developed 108%, Transition 94% and More Developed 96%. The contracting of projects remains a priority and there are now sufficient applications in the pipeline for the 2023 targets to be met.

6. **Pernille Kousgaard** asked whether there are differences between project outputs agreed at contracting and project outputs at the delivery to the end of the project and if there is output optimism in the GFAs. **Nicola Lavin** explained that projects are quite conservative with their outputs at contracting and those who are overachieving are monitored closely and reviewed but agreed to commission a more detailed update.

ACTION 2320/02: MHCLG to commission a more detailed update on outputs across PAs and optimism bias in projects and report to the Performance and Dispute Resolution sub-committee.

7. **Huw Edwards** asked why, given the recent history, we have difficulty in securing flood relief projects. **David Malpass** informed the board that this is due to a number of reasons: not all areas put flood prevention in their local ESIF strategies, proposals must be taken through the Environment Agency's business case process to define the best flood protection solution and there must be consultation with the local community.

8. **James Newman** asked when the board will get output information from the FIs and is there going to be reallocation within the SUDs and how underspend will be dealt with because there are a number that have spent their allocations. **Nicola Lavin** agreed to take the question about FI outputs away. **David Morrall** informed the board that the SUD areas have been informed that there are time limits to committing funding and if they go beyond the time limits the monies will be reallocated.

ACTION 2320/03: MHCLG agreed to provide a more detailed written update to the Performance and Dispute Resolution sub-committee on FIs.

<u>European Social Fund</u>

9. **Steve Spendlove** presented the progress report on ESF delivery. The programme commitment as of 1 June 2020 is £2.304bn, an increase from £2.176bn from 1 February 2020, and this is 75.91% of the total allocation. There are six live calls on GOV.UK with a value of £6.9m with the final close date 30 June and there are 236 applications in the appraisal pipeline with a total value of £571m. 64 of these applications are being actively appraised and a further 15 at various stages of consultation with their ESIF Committees.

10. Priority is streamlining the appraisal process and ensuring that applications are processed and approved quicker. The MA confirmed that as of w/c 8 June 2020, 62 vacancies were advertised, and is working to ensure that these staff are in place by the end of the Summer. A further two phases of recruitment are planned for later in the Summer.

11. In response to COVID-19, the MA has put in place a robust process to ensure that projects can ask questions and flag issues, and this helped to shape the initial response work. Domestic and EC flexibilities have been utilised in the programme response to support projects to submit claims and receive payments. The MA have also been able

to confirm an additional flexibility for YEI support and as a result this year's school leavers, who will not return to education in the Autumn, will be eligible to access YEI support despite technically remaining on the school register.

12. **Carol Botten** asked for clarification on what the MA sees as the pressing needs to allocate the new recruits to. **Geoff Hawker** responded that the 62 new recruits will be prioritised to focus on the appraisal process and to help clear the appraisal backlog, where good progress is being made, but also focus on the contract management side of projects. The plan was to recruit earlier but recruitment was paused whilst staff were allocated to work on Universal Credit claims.

13. **Carol Botten** asked for clarification on the decision to drop the 20% ringfencing on social inclusion and when the board was consulted. **Emma Kirkpatrick** responded that the flexibility was offered by default in the EC's CRII and CRII+ flexibilities on existing programmes. The programme has already been spent a large amount on social inclusion and this amount already outweighs the 20% ringfenced amount so the ESF Programme won't be implementing this flexibility.

14. **Pernille Kousgaard** asked why the flexibility was only for YEI school leavers and whether the MA intended to communicate this with YEI LEP and MCA areas. **Emma Kirkpatrick** responded to say that YEI flexibilities were previously conflicted by the legal definition of NEET but recently the EC have confirmed that their definition is broad enough to include school leavers in Y11 and Y13. There has always been the flexibility in PA1.2 to work with pre-NEET young people and this group will continue to be support by the programme outside of the YEI support, and that the MA would be communicating with local areas, and though updating the Q & A document.

15. **Councillor Albert Bore** informed the board that Greater Birmingham and Solihull area are beginning to see decommitment by their partners because the formal performance measures on employment are unreachable and therefore, they are not willing to take the risk with penalties of the programme. There is concern with the formal performance targets going forward and whether there could be some flexibilities on these to avoid further decommitment from partners. **Geoff Hawker** informed the board that the MA has already offered that projects could re-scope where needed as a result of Covid-19, as well as offering assurance that where project performance is affected as a result of Covid-19, we would discuss that with projects on a case by case basis. Geoff agreed to investigate whether any projects were seeking to de-commit funds due to performance concerns.

ACTION 2320/04: DWP to come back to the board with a further update on project commitments at the next meeting.

16. **James Newman** raised concerns about the length of time it takes to appraise projects and, even though recruitment is taking place, 38 weeks to appraise a project takes partners into 2021 and this has risks for ensuring that projects deliver by the end of 2023. **Geoff Hawker** reiterated that the priority is to remove the back log of existing projects that are in the pipeline. **Emma Kirkpatrick** reiterated that the MA have streamlined the project appraisal timeline in response to COVID-19 and that this should help to decrease the length of time it takes to appraise projects going forward.

17. **Marc Vermyle** informed the board that a temporary change to the 1720 staff cost calculation proposal has been accepted by the EC and asked whether the MA would foresee any OP modifications as a result of this decision in light of the CRII+ measures? **Emma Kirkpatrick** responded that the MA does not see any OP modifications considering the CRII+ measures but that they will need to do an OP modification to amend the financial tables to reflect the changes in the ESF Reserve Fund.

European Agricultural Fund for Rural Development

18. **Emma Friend** presented the EAFRD progress report. As of 5 May 2020, under Rounds 1 and 2 of the RDPE, a total of £114m has been awarded in grants to 655 projects, and £69.3m has been paid out, contracting 3,964 FTE jobs. The fund remains on track to meet its job creation target of creating 4,075 FTE jobs. Round 3 of the Growth Programme closed to new Expressions of Interest (EoIs) on 16 February 2020 and receive 3,020 EoIs.

19. The RDPE is 91% committed and the remaining monies have been distributed via calls or allocated to future calls, so the MA are not currently looking at schemes to specifically address COVID-19. However, the MA remain flexible and responsive and have adjusted the programme within its existing parameters including extending timelines and grant schemes and have made use of EC derogations and allowed beneficiaries to submit claims electronically and use alternative evidence to on-site visits.

20. **Jan Thornton** asked whether when looking at how to support the visitor economy it was possible to identify businesses that are beneficiaries but may be at risk of folding and therefore may need extra support to adjust. **Emma Friend** responded that they could support beneficiaries that continue to deliver projects but may need extra support through the project sponsor and reiterated that the MA is being as flexible as possible to support beneficiaries.

European Maritime and Fisheries Fund

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

Item 3: Response to COVID-19 in the medium term

22. **David Morrall** provided a verbal update on the short-term response to COVID-19 which has focused on new models of funding and delivery as well as providing large packages of support like the £50m Reopening High Streets Safely Fund (RHSSF).

23. **David Morrall** presented the slides and informed the board that ERDF funding will continue to pivot to fund projects focused on responding to COVID-19. Over the coming weeks the intention is to provide support to the hardest hit sectors like the visitor economy through a business support package delivered via Growth Hubs. The support will be a combination of small grants and access to specialist business advice which will be delivered as a short-term intervention through the 100% intervention rates flexibility.

24. In March, the MA deferred the Reserve Fund calls to respond to COVID-19 and in the current environment new options are being explored for using the remaining unallocated ERDF. This money will still be spent on priorities for local areas but will be focused on medium to long-term growth propositions. There is a demand to get monies into local economies quicker and therefore commissioning will be considered as well as using existing infrastructure in local areas rather than national calls.

25. **Alison Gordon** asked how the visitor economy project will be delivered and how much money will be available. **David Morrall** responded that the fund is £10m and this will be delivered via Growth Hubs and existing providers to those businesses who are operating within the visitor economy. In principle this money will be distributed based on the proportion of the local economy that is dependent on the visitor economy.

26. **James Newman** asked whether the MA could be more specific about the grants available and those businesses who must put in place more social distancing measures in their visitor economy businesses to help them open safely and more quickly. **David Morrall** reiterated that this is a £10m ERDF package and in parallel the Department for Culture, Media and Sport (DCMS) are investigating a complimentary package to address safe tourism which could include marketing, communications and practical measures.

27. **Pernille Koursgaard** asked when will this package of support be announced, when will the money need to be spent by, and has all the RHSSF been allocated to local authorities? **David Morrall** responded that all local authorities are aware of how much money is available to them through the RHSSF and there are already examples of measures being put in place using this fund. There are local authorities who will be unaccustomed to ERDF and there is a team within MHCLG that is supporting them through the process, but it has been designed as simple as possible. The visitor economy package of support will be announced in the coming weeks.

28. **Jan Thornton** asked how confident the MA was that the visitor economy support package has been 'rural proofed' and for assurances that there was some sort of weighting for rural areas that are highly reliant on the visitor economy. **David Morrall** responded that the fund does reflect some of the complexities that have been outlined and that the fund has been subject to scrutiny and testing by economists to ensure that the methodology is fair and has a weighting to those local economies that are dependent on the visitor economy.

29. **James Newman** suggested that data could be used from the Retail, Hospitality and Leisure Grant Fund to help to target businesses who may need the support from the visitor economy support package. **David Morrall** said he would take this suggestion away.

30. **Alison Gordon** asked how the visitor economy is being defined because one of the challenges for Greater Manchester is that the visitor economy is dependent on their leisure offer and these businesses can only open safely at a loss. **David Morrall** confirmed that the definition is broad to ensure that the fund can be useful to as many visitors as possible and includes culture and leisure. He reiterated that the fund is £10m and no match funding would be required.

31. **Carol Botten** asked how much money is left in ERDF Reserve fund once £80m is committed? **David Morrall** responded that there is not much left in the fund however to commit the remaining funding the MA will need to move away from rolling national calls to ensure commitments can be made quickly and to respond to immediate needs.

32. **Councillor Albert Bore** noted that there is an opportunity to combine both ERDF and ESF funding in employment and business support packages, and that this would help businesses address a set of problems that are not addressed completely by the funds separately. **David Morrall** welcomed this contribution but noted the different delivery models of each of the programmes which makes it difficult to combine the funds, even more so in the current environment. However, stakeholders are using the funds in a coherent way in local areas. **Geoff Hawker** reiterated that this is a complicated issue but would take the suggestion away.

33. **Pernille Kousgaard** asked when local areas will be asked what support they need for local recovery because this intelligence is not always known at a national level. **David Morrall** responded that the MA are looking carefully at the ERDF pipeline and are focusing on how these projects are responding to COVID-19, where priorities may have changed and how they may support local recovery plans. **David Malpass** added that the MA are prioritising projects that can deliver as soon as possible to support the COVID-19 response, and that partners have been asked to identify projects that fit this purpose.

34. **Councillor Albert Bore** suggested that local areas could put a proposition together illustrating where combined ERDF and ESF funds delivered via Growth Hubs would work. **Geoff Hawker** and **David Malpass** welcomed this.

EU Flexibilities & ESF Response

35. **Geoff Hawker** presented the slides noting that the focus of the Department has been on processing increased benefit claims and developing and promoting employment support services.

ESF Reserve Fund

36. **Emma Kirkpatrick** presented the slides on the ESF Reserve Fund. The Fund launched in September 2019 and is currently valued at £256.5m as of June 2020 the changes since the fund was launched in September 2019. Monies haves been moved from More Developed Category of Region to Transition to address COVID-19 related support needs using flexibilities available from the ESF regulation. There is an opportunity to move more monies from PA2 into PA1 to provide extra support for employment and social inclusion and comments were welcomed from members.

37. Further measures are being considered to reduce timelines for appraising applications and paying claims by streamlining the appraisal and delivery processes. This includes making better use of Technical Assistance resources in LEP areas, automating parts of the appraisal process and potentially making more use of Simplified Cost Options in future calls.

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38. **James Newman** noted that it was positive to see the monies available in the ESF Reserve Fund and welcomed the flexibility to move funds from PA2 to PA1 to encourage calls and help transitional areas like the Sheffield City Region.

39. **Pernille Kousgaard** asked what happens to the calls in PA1 which were declined because they were told there was no money available, how quickly LEP areas would need to respond and when the MA will communicate with LEPs and MCAs. **Emma Kirkpatrick** clarified that the numbers were only finalised the day before (22 June) and are now able to engage local areas to understand which calls they would like resurrecting. **Geoff Hawker** added that he was speaking with ESF LEP Leads today to begin engagement with local areas.

40. **Huw Edwards** asked how Reserve Fund proposals will be processed, how quickly, how much capacity is there and what KPIs are in place. **Emma Kirkpatrick** responded that a set of criteria and a process have been agreed that aims to turnaround proposals within two weeks, but that the MA will try to work quicker where possible.

41. **Carol Botten** asked what about the potential use of 100% intervention rate for new calls? Geoff Hawker responded that the MA are looking at how they could source additional match funding, so that projects don't need to source it, however the timescales to utilise the 100% intervention rate are tight because the funding is only available for one year and 100% intervention flexibilities will not available up until the end of the programme.

Standing Item 4: Minutes of December Meeting and Progress on Actions

42. **Sophie Waddington** outlined the actions arising from the December meeting and that all actions have been completed, there are no outstanding actions.

43. **David Malpass** asked the board if they approve of the minutes. **The board** agreed.

Standing Item 5: Items for Information

National Sub-Committee Report

44. **Sophie Waddington** informed the board about the NSC report.

Annual Implementation Report (AIR) (Verbal Update)

45. **Simon Jones** informed the board that although the submission deadline has been pushed back to the 30 September the intention is to submit the AIR to the EC by the end of the July and therefore it will be circulated to members mid-July via written procedure. Note that this is a light touch report. **Geoff Hawker** reported that the ESF AIR was working to a similar timescale.

46. The next meeting will be held on 15 September 2020.

Meeting closed: 13:30

Date, Time and Venue of Future Meetings

Tuesday 15 September 2020	11:00 - [15:00] Conference Room 5a & 5b, MHCLG
Wednesday 9 December 2020	11:00 - [15:00] Conference Room 5a & 5b, MHCLG
Tuesday 23 March 2021	11:00 - [15:00] Conference Room 5a & 5b, MHCLG
Tuesday 22 June 2021	11:00 - [15:00] Conference Room 5a & 5b, MHCLG

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Annex A

List of agreed actions from June 2020 Growth Programme Board meeting

No.	Action	Assigned to:
2320/01	MHCLG to provide a written update on UKSPF to members.	David Morrall
2320/02	MHCLG to commission a more detailed update on outputs across PAs and optimism bias in projects and report to the Performance and Dispute Resolution sub-committee.	Nicola Lavin/David Malpass
2320/03	MHCLG agreed to provide a more detailed written update to the Performance and Dispute Resolution sub-committee on FIs.	Nicola Lavin/David Malpass
2320/04	DWP to provide an update to the board on project commitments at the September meeting.	Emma Kirkpatrick/Geoff Hawker

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Growth Programme for England

Chair:

	Sector/Organisation Representing	Attending (Y/N)	Substitute For
David Malpass Deputy Director, European Programmes and Local Growth Delivery	MHCLG	Y	Julia Sweeney

Board Members (full and advisory):

	Sector/Organisation Representing	Attending (Y/N)	Substitute For
Carol Botten Deputy CEO, VONNE	Voluntary/Community Sector	Y	
Emily Kent Cornwall Council	Cornwall and the Isles of Scilly	Y	
Councillor Albert Bore Birmingham City Council	Local Authorities	Y	
Councillor Peter Thornton Cumbria Council	Local Authorities	Y	
Alison Gordon Greater Manchester Combined Authority	LEPs	Y	Simon Nokes
Clive Winters Pro-Vice-Chancellor Coventry University	Further Education	Y	John Latham
James Newman Sheffield City Region LEP	LEPs	Y	

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Councillor Phillip Atkins Staffordshire County Council	Local Authorities	Y	
Janet Thornton Rural and Farming Network	Rural	Y	
Pernille Kousgaard Liverpool City Region	LEPs	Y	Mayor Joe Anderson
Guus Muijzers European Commission	European Commission	Y	
Joanne Knight European Commission	European Commission	Y	
Marc Vermyle DG EMPL / European Commission	European Commission	Y	
Jennifer Gunn LEP Network	LEPs	Y	
Paul Green Local Government Association	Local Authorities	Y	
Huw Edwards LEP	LEPs	Y	
Alex Conway Greater London Authority	Local Authorities	Y	
Emma Kirkpatrick ESF Division	DWP	Y	
Steve Spendlove ESF Division	DWP	Y	
Geoff Hawker ESF Division	DWP	Y	
Emma Friend EAFRD Division	DEFRA	Y	
Nicola Lavin Centre of Excellence	MHCLG	Y	
David Morrall Head of European Programmes & EU Urban Policy	MHCLG	Y	

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Simon Jones ERDF Policy Division		Y	

Additional Attendees / Observers:

Name	Sector/Organisation	
Chris Taylor European Programmes	MHCLG	Observer
Sean Hughes Growth Programme Board Secretariat	MHCLG	Growth Programme Board Secretariat
Sophie Waddington Growth Programme Board Secretariat	MHCLG	Growth Programme Board Secretariat

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Apologies:

	Sector/Organisation	Sending a Substitute?
Mayor Joe Anderson Liverpool City Council	SUD	Yes, Pernille Kousgaard
Professor John Latham Coventry University	Further education	Yes, Clive Winters
Simon Nokes Greater Manchester Combined Authority	LEPs	Yes, Alison Gordon
Richard Powell Chair Wild Anglia	Local Nature Partnerships	No, not on this occasion
Keith Harrison Action with Communities in Rural Kent	Rural	No, not on this occasion
Helen Milne The Women's Organisation	Voluntary/Community	No, not on this occasion

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