



Tees Valley ESI Funds Sub-Committee

Minutes of virtual meeting held 14 December 2020

Agenda:

- 1. Apologies and Declarations of Interest**
 - 1.1. Apologies
 - 1.2. Declarations of Interest
- 2. Minutes of 11 February 2020 meeting and Progress of Actions**
 - 2.1. Agreement to Minutes
 - 2.2. Update on Actions
 - 2.3. Update on Written Procedures
- 3. ESF Programme Implementation**
 - 3.1. ESF Managing Authority Update
 - 3.2. LEP Area Status Report
 - 3.3. Full Application Appraisals
- 4. Intermediate Body Update**
 - 4.1. ESF
 - 4.2. ERDF
- 5. ERDF Programme Implementation**
 - 5.1. ERDF Managing Authority Update
 - 5.2. LEP Area Status Report
 - 5.3. Outline Application Assessments
 - 5.4. Full Application Appraisals
- 6. EAFRD Programme Implementation**
7. 7.1 Policy Update
8. 8.1 Items for Information (AOB)

1. Apologies and Declarations of Interest

1.1. Apologies

Apologies are recorded in the attendance list at Annex B of these minutes

1.2. Declarations of Interest

The Chair reminded the sub-committee of:

- The publication of revised ESI Funds sub-committee Terms Of Reference (ToR) placing emphasis on the management of conflict of /declarations of interest;
- The importance - and member responsibilities in respect of - conflicts/declarations of interest as set out in the ToR;
- The requirement for the secretariat to hold a signed code of conduct for each member/nominated deputy (ToR Annex C refers);
- The requirement to annually update the individual member declarations of interest (ToR Annex D refers).

Laura Street, from FE Sector made a declaration of interest in respect of agenda item 3.2, with specific reference to the Middlesbrough College / Northern Skills Group project. It is noted that this item was for information only.

2. Minutes of 11 February 2020 Meeting and Progress of Actions

2.1. Agreement to Minutes

The ESIF Funds sub-committee formally agreed the minutes of the meeting held on 11 February 2020.

2.2. Update on Actions

This is a standing agenda item. The secretariat confirmed that the updated action log with actions from previous meetings was circulated to members in advance of the meeting and confirmed that both actions were now closed. There were no further actions recorded.

2.3. Update on Written Procedures

This is a standing agenda item. The Sub-committee was asked to note the update on the formally recorded outcome of the requests for sub-committee advice sought via written procedure since February 2020.

ESF: Priority Axis 2: Skills for Growth - Investment Priority 2.2

Four full application appraisals (Written procedure closed 17 February 2020)

- Business Talent Champions
- Skills for Tees SMEs
- Upskilling Tees Valley
- Tees Valley Collaborative Skills Development Partnership (TVCSDP)

Sub-committee advice:

The LEP Area ESI Funds Sub-committee is content that the applications demonstrate strategic fit with local development needs and opportunities as identified within the Tees Valley LEP area ESIF Strategy

ERDF PA 4 - Central Park Energy Project

Full Application Appraisal (Written procedure closed 5 March 2020)

Sub-committee advice:

The LEP Area ESI Funds Sub-committee is content that the application continues to demonstrate strategic fit with local development needs and opportunities as identified within the Tees Valley LEP area ESIF Strategy.

ERDF PA3 - Tees Valley business Fund

Full Application Appraisal (Written procedure closed 19 June 2020)

Sub-committee advice:

The LEP Area ESI Funds Sub-committee is content that the application continues to demonstrate strategic fit with local development needs and opportunities as identified within the Tees Valley LEP area ESIF Strategy.

ERDF PA1 - South Tees Development Corporation (STDC) Gateway Project.

Full Application Appraisal (Written procedure closed 17 July 2020)

Sub-committee advice:

- The LEP Area ESI Funds Sub-committee is content that the application continues to demonstrate strategic fit with local development needs and opportunities as identified within the Tees Valley LEP area ESIF Strategy.
- The application could be strengthened by demonstrating engagement with the local supply chain to contribute towards recovery of the local economy.

Members were also asked to note the letter of 24 November 2020 circulated detailing the outcome of the ESF National Lump Sum Digital interventions call. The ESF managing authority noted that whilst there were no Tees Valley applications a further call was anticipated in the New Year.

3. ESF Programme Implementation

3.1. ESF Managing Authority Update

The ESF managing authority updated members on the following national level issues:

- The managing authority is confident the Tees Valley ESF programme will soon be 100% committed, with 87% already contracted and a strong pipeline of applications under appraisal.
- The N+3 for 2020 is expected to be achieved with progress currently standing at 99.2% of the target and c£6m euro shortfall expected to be achieved.
- The managing authority confirmed the appraisal process has been streamlined and an additional 30+ appraisers/Contract Managers have been recruited and trained with a further 30 FTE expected to be in post by March 2021 bringing the total headcount over 165. All project appraisals have now been assigned an appraiser.
- National Calls to be administered via the ESF Reserve Fund are expected to be launched in the New Year.
- The recently launched ESF Case study booklet includes Tees Valley projects.
- The managing authority has applied to the commission to move residual funds between priority axis and category of region to implement – decision expected by the end of the month
- There were no Tees Valley bids received in response to the National Digital Intervention call which was launched to address digital exclusion. However, further national calls are being considered.

3.2 LEP Area ESF Status Report

The ESF managing authority provided an update on progress in respect of Tees Valley LEP area calls and commitment levels.

- There are currently no open calls for the Tees Valley LEP area.
- Following the three Calls published in 2019:
 - Investment Priority 2.2 (Improving the labour market relevance of education and training systems). Two Full Application have progressed – Business Talent Champions and TV Collaborative Skills Partnership.
 - Investment Priority 1.1 (Access to employment for jobseekers and inactive people). One Full Application has progressed – Tees Works.

- Investment Priority 2.1 (Enhancing equal access to lifelong learning). Two Full Applications have progressed (Ambition Tees and Skills Boost Tees Valley) however the total value exceeds the total call value therefore final decision will remain competitive. ESIF committee advice will be sought via written procedure.
- It was agreed that ESIF sub-committee advice for these projects will be sought after the Christmas Period.

3.2. Full Application Appraisals

This is a standing agenda item – none were considered.

3.3. Project Change request

This is a standing agenda item – none were considered.

4. Intermediate Body Update

This is a standing agenda item. No Intermediate Body update was provided.

5. ERDF Programme Implementation

5.1. ERDF Managing Authority Update

The ERDF managing authority updated members on programme performance at national level, drawing attention to the following:

- Performance to date is positive with c82% of the ERDF programme value of c£2.65bn legally contracted across 914 projects and a pipeline of a further £439m, with the vast majority expected to be contracted by quarter one of 2021.
- The n+3 2020 target was successfully achieved and the error rate is currently below 2%.
- The repurposing of residual funds is currently under consideration with Ministers and expected to progress via commissioning in the New Year and likely to focus on covid-19 response and recovery, taking account of high performing projects and emerging government agenda such as the green agenda.
- No further calls are expected.

In response to Members' questions the managing authority confirmed:

- The 14-20 programme will continue to be delivered as business as usual until 2023, in line with the provisions of the Withdrawal Agreement; effectively current rules, such as procurement and state aid will continue to apply.

5.2. LEP Area Status Report

The managing authority provided a brief update of performance at Tees Valley LEP area level, noting in particular the following:

Overall commitment currently stands at c£86.2m in respect of 38 applications, representing 77% of the total indicative allocation, comprising of £69.24 (62%) legal commitment across 29 live projects and nine projects totalling £16.99m (15%) at appraisal/contracting stage.

- **Priority Axis 1** activity includes 9 applications; 7 are contracted and 2 are at appraisal stage, including a £6m TVCA project – South Tees

Development Gateway Project. Two projects have been withdrawn by the applicant – MICROPRO and BLISS.

- **Priority Axis 2** - One project has been withdrawn by the applicant - TVCA Digital Infrastructure Support £2.7m ERDF.
- **Priority Axis 3** includes 23 applications; 16 of which are contracted, including the Northern Powerhouse Investment Fund at £14.5m ERDF; with 7 applications at appraisal stage.
- **Priority Axis 4** portfolio is made up of 5 live projects which are legally committed and in delivery including the Northern Powerhouse Investment Fund at £5m ERDF. Since the last ESIF sub-committee meeting one project has been withdrawn by the applicant – TVCA Let's Green Tees Valley.
- Since February 2020 headroom has increased to circa £25m partly due to the withdrawal of a number of projects in recent months and includes £4.6m in PA1 (Innovation) £2.7m in PA2 (ICT) £9.3m in PA3 (SME competitiveness) and £8.4m in PA4 (low carbon).
- Claims with an ERDF value of £60,597,048 have been authorised for payment, representing 54.4% of the £111.44m indicative allocation (including NPIF).

Members were asked to note that the Tees Valley LEP area has also received an additional £1.22m in support of the Growth Hub and the visitor economy in response to economic challenges due to Covid19.

5.3. Outline Application Assessments

This is a standing agenda item. No Outline Application Assessments were presented.

5.4. Full Application Appraisals

This is a standing agenda item. No Full Application Assessments were presented.

6. EAFRD Programme Implementation

In the absence of the EAFRD managing authority, members received a written report on the current status of the EAFRD programme in advance of the meeting.

7. Policy Update

7.1. Policy and future funds update

BEIS and MHCLG provided Members with an update on policy developments and future funds, highlighting the following:

- Levelling Up Fund worth £4bn of investment for England, focussed on a range of projects, including transport schemes, upgrading town centres and community infrastructure. Up to £600m will be available in 2021-22, and further funding will be spread over subsequent years up to 23/24. A prospectus for the fund providing more details including the launch of the first round of competitions is expected in the New

Year. The Fund will be open to all local areas and allocated competitively, with the focus likely to be on impactful projects of up to £20m;

- The Spending Review 2020 confirmed the UK government thematic policy focus on place based approach, green agenda, infrastructure, levelling up agenda and strengthening the Union. It also confirmed additional funding of £220m (covering the UK and Gibraltar) for 2021-22, intended to support communities to transition to full UKSPF in 2022. The quantum and further detail on UKSPF Investment Framework is expected in mid-2021 and the Comprehensive Spending Review 2021. Further detail on planning and delivery for the additional £220m is anticipated early in 2021;
- The Spending Review also confirmed further investment for the Towns Fund; plus £175m for Free Ports with a deadline of 5 February 2021 for applications
- In parallel other policy activity that will impact on local growth in England include the UK government's plans for consultation in 2021 on the UK's future approach to subsidy control and the Devolution White Paper, expected in mid-2021, which will impact on the role of institutions on delivery.

Members noted the following in response to points of clarifications raised:

- A significant number of consultation events on the UKSPF have already taken place and given the time constraints it is not expected that further consultations will be undertaken;
- The definition of 'communities' referred to in respect of the £220m additional funds, will be determined and clarified as part of the prospectus expected in early 2021;
- The Levelling Up Fund will be 100% capital investment;
- The green agenda is embedded across all of the funds and not just the UKSPF, also it is important not to see the UKSPF as a direct replacement for ESIF;
- The thinking in terms of the fund remains fluid and evolving, including in respect of how the fund is allocated, with considerations being given currently to a mixture of competitive and allocative elements, however the thinking will evolve until the framework is published in mid-2021.

8. Items for Information

8.1. AOB

The Secretariat confirmed that a schedule of meetings during 2021 will be considered in the new year. The number and timing of meetings will take account of business needs as well as national policy developments, noting that the number of meetings is expected to reduce.

The second Devolved Intermediate Body systems annual audit has recently been concluded and the managing authority were pleased to report this received a category 1 outcome; thanking those involved for their participation.

Federation of Small Business representative Simon Hanson confirmed he is leaving his post in January 2021 and confirmed his North Yorkshire representative will continue to support Tees Valley LEP area.

Chair thanked Simon on behalf of the whole Tees Valley ESIF sub-committee for his enthusiasm and continued support to the committee and the ESIF programme over the years.

Annex A

List of Agreed Actions from 14 Dec 2020 Tees Valley Sub-Committee Meeting

Agenda Item	Action	Action Assigned to
3.2	ESF Written Procedures process agreed for projects to be circulated early in 2021	ESF managing authority / Secretariat.

Annex B Attendee List

Tees Valley ESI Funds Sub-Committee 11 February 2020 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Julie Danks Chief Executive, Stockton Borough Council	Chair
Claire McLaughlin ERDF Programme Manager (Performance), MHCLG	Deputy Chair/ERDF Managing Authority, MHCLG

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Maureen Stafford ESF Operations Manager, Department for Work and Pensions	Managing Authority, ESF
Adrian Coates Relationship Manager, Department for Business, Energy and Industrial Strategy	BEIS
Laura Street Contracts, Bids and Proposals Manager, Middlesbrough College/Northern Skills Group	Further Education and Skills
Stephanie Rose (Deputy) Policy Advisor-Education, Employment & Skills, Tees Valley Combined Authority	Tees Valley Combined Authority (Intermediate Body ESF)
Geraldine Brown (Deputy) Policy Manager, Tees Valley Combined Authority	Tees Valley Combined Authority (Intermediate Body ERDF)
Simon Hanson Policy Manager North East, Federation of Small Businesses	Private Sector
David Soley Deputy Chair, Tees Valley LEP Board	Private Sector
Laura Woods Director of the Forge and Academic Enterprise, Teesside University	Higher Education
Julie Gillespie Chief Executive, TVCA	TVCA
Andrew Carter Assistant Director, Growth & Enterprise. Redcar and Cleveland Borough Council	Local Authority
Richard Horniman Director of Regeneration. Middlesbrough Borough Council	Local Authority
Jon Carling Chief Executive, Catalyst Stockton	Voluntary and Community Sector
John Simpson Investment and Funding Manager Darlington Borough Council (Deputy)	Local Authority

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

Name, title and organisation	Sector/Organisation Representing
Jackie Hopper ERDF Adviser, MHCLG	Secretariat
Sue Donnelly ERDF/ESF Project Development Officer, Tees Valley Combined Authority	LEP Officer
Iain Derrick , MHCLG Policy	MHCLG
Guus Muijzers , Desk Officer	EU Commission

Apologies

Name, title and organisation	Sector/Organisation Representing
Ian Williams (Deputy attended) Director of Economic Growth, Darlington Borough Council	Local Authority
Shona Duncan (Deputy Attended) Head of Skills, Education and Employment, Tees Valley Combined Authority	Tees Valley Combined Authority (Intermediate Body ESF)
Caroline Watson Rural Development Manager. Rural Payments Agency	EAFRD managing authority
Beverley Bearne Hartlepool Borough Council	Local Authority
Rita Lawson Chief Executive, Tees Valley Rural Action	
Chris Renahan (Deputy) Stockton Borough Council	Local Authority