



European Union
European Structural
and Investment Funds

European Structural and Investment Funds
2014 - 2020

Growth Programme for England

ESI Funds Growth Programme Board

Partnership Working Review – Final Report

Purpose:

To provide the Board with a final version of the Partnership Working Review previously circulated at the June meeting. The document includes additional sections setting out the Executive Summary, Conclusions and Next Steps. An Annex is also presented drawing together all thirty nine recommendations emerging from the Partnership Working Review.

Recommendation(s):

That the Growth Programme Board:

- Note the contents of the additional sections to the report;
- Agrees the additional sections presented and the Report as Final.

Summary:

The Final Partnership Working Review report considers the extent to which local partnership arrangements across the ESI Funds Growth Programme for England are delivering the level of partner input and influence they were designed to do, and recommends additional measures that may be needed to deliver and improve upon this objective.

The Final report reflects the views and comments of the Growth Programme Board. The review was initiated and undertaken before the EU referendum. Its conclusions and recommendations will be used to inform the delivery of the current ESI Funds Growth Programme in England and will also help to inform local growth planning for when we leave the EU.

The Final Report is presented to the Board in full.

- **Section 1** provides an overview of the methodology of the Review, with detail on how feedback from partners and Managing Authorities was gathered.
- **Section 2** explores the representation of partners and the sectors in the membership of the local sub-committees, as well as barriers and opportunities for the participation of members in committee business.

- **Section 3** considers the level of influence partners have through the LEP area sub-committee advice to the Managing Authorities on local strategic fit in respect of calls and applications.
- **Section 4** explores the working arrangements of the sub-committees and how the Managing Authorities operate together.
- **Section 5** considers how communication flows and information provided to partners are operating and how they could be improved.
- **Section 6** provides an overview of the conclusions, recommendations and next steps to be taken as a result of the Review

The findings and recommendations emerging from the report are a result of a broad consultation with stakeholders, which took place in three stages:

- **Stage1** - Engagement with Managing Authority and Department for Business Innovation and Skills teams at a national and local level.
- **Stage 2** - Consultation with ESI Funds sub-committee members on a LEP area, a regional or bilateral basis as well as ESF Opt-in Organisations.
- **Stage 3** – Engagement with wider partners and LEP area ESI Funds sub-committee members via an online survey.



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Partnership Working Review Report

A review of partnership working arrangements in the 2014-2020
EU Structural and Investment Funds Growth Programme in
England

September 2016

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Foreword

Colleagues,

The 2014-2020 European Structural and Investment (ESI) Funds Growth Programme in England is a national programme delivered through our thirty nine Local Enterprise Partnership areas, each with its own ESI Funds strategy. National and local partners are committed to responding to the needs of each area and our governance and partnership working arrangements reflect this commitment.

As we began the programme in 2015 we made a commitment to review our partnership working during our first year of delivery.

I am pleased that we can now report the findings of this work. The review team has sought the views and input of the three Managing Authority departments, their delivery teams, partnerships and LEP area ESI Funds sub-committee members to produce this summary of the views of all those involved in the ESI Funds growth delivery agenda.

The work has been supported by colleagues from the Growth Programme Board, whom I would like to thank:

- Cllr Roger Phillips, Herefordshire Council
- Heather Waddington, Leeds City Region Local Enterprise Partnership
- Cllr Ian Stewart, Cumbria County Council
- John Markham, Northamptonshire Local Enterprise Partnership
- Anita Prosser, European Funding Network
- Richard Powell, Wild Anglia Local Nature Partnership

Yours sincerely



Julia Sweeney
Director, European Programmes and Local Growth

Executive Summary

Introduction

The 2014-2020 England European Structural and Investment (ESI) Funds Growth Programme represents a fundamentally new approach to the organisation and implementation of European Structural Investment Funds in England for the programme period 2014-2020.¹

It promotes greater alignment between the ESI Funds and is informed by local growth priorities identified through robust local partnership arrangements in each of England's 39 Local Enterprise Partnership Areas.

The Partnership Working Review report considers the effectiveness of partner working arrangements for the ESI Funds Growth Programme. The report aims to identify good practice and opportunities for improving local partnership arrangements and to put any changes and new arrangements recommended into effect.

The main body of the report summarises stakeholder perspectives in the following main areas:

- Partner representation and participation in programme governance;
- Partner influence on the local strategic fit of project calls and assessments;
- How well communication within the programme is working.

The Review report reflects the views and experience of government Managing Authority departments and partners.

Summary of the main report findings

The report highlights the central role of partners in local ESI Funds sub-committees in each of England's 39 Local Enterprise Partnership areas. It suggests that the 'partnership model' underpinning the ESI Funds Growth Programme continues to be viewed by Managing Authorities and partners as integral to successful implementation.

Partner representation and participation

The partnership model has promoted engagement and added value locally by enabling partners on local committees to draw upon local intelligence to advise and support the decision making-role of Managing Authorities.

¹ The European Structural Investment Funds (ESIF) involved in the England Growth Programme are European Agricultural Fund for Rural Development (EAFRD), European Social Fund (ESF), European Regional Development Fund (ERDF).

Local ESI Funds sub-committees have brought a robust mix of old and new perspectives and a wealth of experience of programme implementation. This has been of benefit to Managing Authorities in ensuring that the delivery of the national Operational Programmes has been informed by local strategic priorities and aligned with wider local growth strategies.

The report identifies the key role played by Local Enterprise Partnerships (LEPs) in the formation and work of the local ESI Funds sub-committees and also identifies a number of recommendations designed to help ensure balanced and effective participation and engagement across all of the sectors involved.

The role of the Chair was identified as critical to the successful operation of local ESI Funds sub-committees, as was the ongoing need to ensure a close working relationship between the ESI Funds Secretariat, the Chair and LEP support officers in supporting this. There is growing interest in greater networking and exchange of experience and performance data between local ESI Funds sub-committee, between Chairs and between local sub-committees themselves to foster best practice and improved performance. A number of partners suggested that discussion of relative performance between areas and /or common implementation issues and how they were addressed would add value to agendas and debate at local level.

In most cases the level of representation has evolved and settled at an appropriate level to reflect the advisory role of the sub-committee and the technical and strategic nature of discussions involved. A number of actions such as pro-active membership reviews and robust induction processes were identified as having strengthened participation and helped to make partner contributions more effective.

There is a need for greater clarity on the type of advice to be provided by partners when offering views on local strategic fit as well as the management of conflict of interest and role of ESF Opt-in Organisations . Opt-in-Organisations themselves commented that arrangements worked best when the local ESIF sub-committees better understood the respective roles of the Opt-in Organisations and the ESF Managing Authority and where local ESIF sub-committees had clearly identified and agreed to lead organisations, or in some cases key individuals, through which communications between Opt-in Organisations and local ESIF partners could be channelled.

The importance of ensuring close working relations between the Managing Authorities was confirmed. Practical recommendations are highlighted that enable all ESI Funds and associated stakeholders to inform and influence delivery and to ensure that rural, ESF and ERDF issues are each given appropriate time and scope for discussion.

Processes underpinning partnership engagement and influence

Over the first twelve months of programme delivery the majority of partners have felt confident about the impact they have had on the spending decisions of the ESI Funds Growth Programme.

This headline finding is considered in relation to the partnerships in each Local Enterprise Partnership (LEP) area and their influence on project calls and investment decisions, as well as wider working and communications arrangements.

Partners have typically exerted positive influence on local project calls, which are therefore generally reflecting local conditions well. As a result, funding applications provide a range of investment propositions that have been meeting local needs. The position is however uneven across the country and for each ESI Fund, owing to a range of factors.

With such large and diverse investment priorities, local capacity has been challenging at times. In response, many areas have used thematic groups and networks to provide advice to the Managing Authorities on both calls and funding assessments across all funds. This has provided added expertise and insight that all parties have found invaluable.

The localised basis of the ESI Funds Growth Programme has been particularly tested with regard to certain national services and products, which have been less successfully tailored to local conditions. Some European Social Fund activities delivered through particular national Opt-in organisations have experienced similar challenges.

The co-ordinated use of activities such as call timetables have enabled the Managing Authorities to manage the business of call development and project assessment and appraisal in an effective and resource efficient way. This has sometimes worked against local factors and an appetite for some additional flexibilities on call timetables where appropriate - for instance in relation to better join-up between the call timetables of respective ESI Funds or local opportunities

The majority of partners and sub-committees consulted agreed that within the scope of local strategic fit their advice had been reflected in the decisions taken by the Managing Authorities. In this vital respect, the partnership model and level of partner influence envisaged was considered to be functioning as intended.

This did not come without a cost however. Many partners have remarked on the very considerable volume of funding assessments and appraisals before them. There have been some encouraging examples of where the Managing Authorities and partners were finding ways to maximise influence and input through a range of smart working and approaches.

The two most commonly employed means of mitigating these issues and examples of good practice have been the use of summary information to capture the essential detail of assessment and appraisal material and, as with project calls, support provided through technical thematic sub-groups.

Communication

Partners acknowledged the valuable role played by local Managing Authority teams in helping to communicate wider programme developments and funding opportunities and welcomed the increasing use of partnership updates, e-alerts, publicity materials and sign posts to GOV.UK.

However, key themes identified by partners included calls for greater alignment between funds at national level to better enable local partners to navigate and feel part of the 'bigger picture' of the Growth Programme itself.

There is an identified need to strengthen both the 'vertical' information flows between the national Growth Programme Board and associated sub-committees and local ESI Funds sub-committee partnerships, as well as the 'horizontal' flows between local Managing Authority teams and local ESI Funds partnerships and between the 39 local ESI Funds sub-committees themselves.

Communication strategies and tools have provided a positive platform for dissemination of information. There is however potential to make better use of different media and technology in a timely and more effective manner.

There is scope too for improved dissemination of developments and decisions within the ESI Funds Growth Programme, to promote better communication between national and local levels and between LEP areas themselves. Partners felt that there was scope to help facilitate increased sharing of information across LEP boundaries which it was felt would help increase coordination and cross LEP area working.

The importance of closer working between funds and sectors represents a further opportunity to ensure the widest possible promotion of funding opportunities, including rural, via extensive local ESI Funds networks and communication channels.

Next Steps

The findings and recommendations of the Partnership Working Review have been cascaded across Managing Authority teams at national and local level, with many local areas already adopting best practice and implementing report recommendations linked to participation, engagement and communications.

With respect to application and appraisal processes the timing of the Partnership Working Review has meant that recommendations included in the report have also informed and fed directly into Managing Authority initiatives linked to continuous improvement and the implementation of lean processes.

Revision of outline and full applications forms and associated guidance, to respond to points made by partners in the review, has begun across all three funds. For example, continuous improvement work includes activities that will result in:

- Revised and streamlined outline application and assessment forms;
- Streamlined full applications process and appraisals;
- Speeding up of Grant Funding Agreement processes;
- Additional guidance on management control and audit;
- Streamlining of information presented to ESIF sub-committees.

Phase 1 of the ERDF and ESF continuous improvement and lean implementation plan will also review processes linked to project inception visits, closure, programme decision-making, compliance and procurement. Recommendations and revisions are scheduled to be rolled out from the last two quarters of 2016. Defra and the Rural Payments Agency are also working to streamline Rural Development Programme for England (RDPE) business processes, one example being the change to only taking projects to local ESI Funds Sub-committees once, and this has been welcomed by local partners.

In respect of the wider dissemination of and implementation of the findings of the Partnership Working Review, Managing Authorities are currently assessing the impact of the referendum result and the decision to exit from the European Union and the impact that this may have on the programme going forward from 2016.

It is intended that wherever possible the recommendations of the review are taken into consideration and actioned in respect of the ordinary course of business signalled by the recent HM Treasury announcement in the period up to the Autumn Statement 2016.

In the medium term Government has committed to work with LEPs and other relevant stakeholders to put in place arrangements for considering those ESIF projects that might be signed after the Autumn Statement but while we still remain a member of the EU. Further detail will be set out ahead of the Autumn Statement.

Conclusions

The findings of the review demonstrate that the role and activity of local ESI Funds Sub-committees have been critical to the set up and launch of the growth programme in England.

Partnership arrangements are robust at both national and local level with partners in most cases making a positive input and exercising appropriate levels of influence in respect of calls and the alignment of investment decisions with local priorities.

The findings of the review do, however, point towards areas where improvements can be made and identifies some differences between funds, often resulting from issues linked to the transition from previous programme management arrangements to the more localised approach underpinning the 2014-2020 ESI Funds Growth Programme.

However, the findings and comments of partners propose recommendations across all of the ESI Funds in the England Growth Programme and Managing Authorities will continue to work together to address issues raised, to disseminate examples of good practice and, subject to decisions about agreeing future projects under EU programmes, put into effect recommendations identified over the course of the review.

Introduction

1. This report has been produced as a result of a review of partnership working arrangements for the 2014-2020 European Structural and Investment (ESI) Funds Growth Programme in England.
2. The Growth Programme represents a fundamentally new approach to the organisation and implementation of ESI Funds in England for the programme period 2014-2020. It seeks to promote cooperation between the three ESI Funds concerned² by taking previously disparate national or regional EU programmes and by facilitating better alignment between those funds as part of a single Growth Programme in England.
3. In England Local Enterprise Partnership (LEP) area ESI Funds sub-committees have been drawn together to give local partners from key sectors the opportunity to advise Government on the strategic priorities in their locality, to ensure that the investments of ESI Funds are complementary to other investments in the area, and to support communities to drive local economic growth and unlock potential. Government has made it clear that they see the role of partners in the LEP area ESI Funds sub-committees as key, and committed to review how these partnership arrangements were working over the first 12 months of the programme between April 2015 and March 2016.
4. The timing of the review means that it has considered evidence concerning processes and structures which are still in transition from previous programme periods. However, the report considers whether the local partnership arrangements across the ESI Funds Growth Programme for England are delivering the level of partner input and influence they were designed to do, and recommends additional measures that may be needed to deliver and improve upon this objective as the 2014-2020 programme evolves from set-up and launch towards steady-state delivery.

Review Objectives

5. The objectives of the Review are:
 - To identify any successes and opportunities for improvement in the way that local partnership arrangements are being managed to ensure that the original aims are being met.
 - To continue good practice, or put any changes and new arrangements into practice.
6. Section 1 will provide an overview of the methodology of the Partnership Working Review, will detail how the views of stakeholders were gathered. Sections 2, 3, 4 and 5 will look at the themes that were drawn from the Review data. Section 2 will explore issues regarding the representation of partners and sectors as required by Article 5 of the Common Provision Regulation (EU Regulation 1303/2013) and the European Code of Conduct on

² European Agricultural Fund for Rural Development, European Social Fund, European Regional Development Fund

the Partnership Principle (Commission Delegated Regulation No 240/2014) in the membership of the local sub-committees, as well as barriers and opportunities for the participation of members in committee business. Section 3 will consider the level of influence partners have through the provision of sub-committee advice on local strategic fit in respect of calls and applications. Section 4 will explore the improvements that can be made to the working arrangements of the sub-committees and how the Managing Authorities work together. Section 5 will consider how communication flows and information provided to partners can be improved. Finally, Section 6 will provide an overview of the conclusions, recommendations and next steps to be taken as a result of the Review.

Partnership Model for the ESI Funds Growth Programme for England

7. The 2014-2020 ESI Funds Growth Programme for England aligns the 2014-2020 European Regional Development Fund (ERDF), European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD) Operational Programmes. Programmes are informed by the local challenges and opportunities of each of England's 39 LEP areas, as set out in individual ESI Fund strategies. This approach aims to provide a more localised and aligned approach to the European Structural and Investment Funds in England.
8. At the heart of the 2014-2020 ESI Funds Growth Programme is a full and active partnership between the Managing Authorities responsible for each fund and national and local partners. Programme governance has been designed to support and reflect this. At the national level, a single committee, the Growth Programme Board (GPB) has been set up to have a strategic overview of the ESI Funds in the Growth Programme. The GPB has a range of decision-making and advisory functions.
9. At the local level, a LEP area ESI Funds sub-committee has been set up in each LEP area. Following discussion with the European Commission, it was confirmed that in order to be compliant with EU regulations, formal decisions on programme implementation needed to be taken by the Managing Authorities or Intermediate Bodies acting within the scope of their delegations and that partners on local sub-committees would have an advisory role. This has become known as the 'partnership model'.
10. Under this partnership model, Managing Authorities are responsible for formal programme management decisions which are informed by the knowledge, intelligence and advice of local partners. In providing advice on the local strategic fit of project calls, applications and ongoing implementation, partners are expected to play an essential and key role.
11. In addition to this partnership model, the ERDF Operational Programme noted that delegation arrangements would be in place in core city regions and London. Core city regions will have delegated responsibility for project selection for up to 10% of available ERDF in their areas under the EU Sustainable Urban Development initiative. London will continue to have delegated responsibility for 100% available ERDF and ESF in the capital. Specific delegation arrangements as part of wider devolution deals are also being considered. These arrangements are out of scope of the Review.

Section1: Methodology

12. A cross-departmental Review team have had responsibility for seeing the review through to completion; ensuring objectives are met and reported as needed. A Review Steering Group, made up of partners and Managing Authorities, has jointly overseen the review process and has helped shape and agree the Review's engagement plan and a set of guiding questions for the Review. The Steering group has met in every 6-8 weeks during the course of the Review to provide support and during its progress.
13. Engagement with stakeholders of the 2014-2020 ESI Funds Growth Programme for England took place in three stages:
 - Stage1 - Engagement with Managing Authority and Department for Business Innovation and Skills (BIS) teams at a national and local level.
 - Stage 2 - Consultation with ESI Funds sub-committee members on a LEP area, regional or bilateral basis as well as ESF Opt-in organisations.
 - Stage 3 – Engagement with wider partners and ESI Funds sub-committee members via an online survey.

Stage 1: Engagement with Managing Authority and BIS Local teams

14. Discussions took place on a regional basis in February and March 2016, with local representatives of Managing Authorities and BIS teams across the country to discuss their views on how partnership arrangements are working in practice and any areas for improvement. These meetings have been well attended by LEP area leads in DCLG Growth Delivery Teams responsible for the European Regional Development Fund (ERDF) as well as DWP and DEFRA Managing Authority representatives for the European Social Fund (ESF) and, where appropriate, European Agricultural Fund for Rural Development (EAFRD). BIS Local officials were also invited to participate and present their view on any dynamics particular to the area. In addition to these regional discussions, separate conversations were also held with the ESF Managing Authority Central Team, with the EAFRD Managing Authority and Rural Payments Agency, who administer the EAFRD Growth programme, and with the Greater London Authority (as an Intermediate Body).
15. Guiding questions were agreed by the Partnership Working Review Steering group, and applied consistently to all discussions.

Stage 2: Consultation with LEP area ESI Funds sub-committee members

16. The second stage of the Review entailed engaging with members of LEP area ESI Fund sub-committees. These discussions took place from February to early May, and were mostly on a face-to-face basis, with telekits being arranged on an exceptional basis. Discussions focused on understanding partners' views on how partnership arrangements are working at the local level and whether partners are having the input

and influence that was intended under the current partnership model. This has enabled the team to receive feedback from all 39 LEP areas.

17. The Review team facilitated discussions with partners in 25 individual LEP area ESI Funds sub-committees. The ESI Funds sub-committees visited represented a range of geographic areas with diverse characteristics, including:

- Nine urban areas (eight Core Cities and London)
- Five rural areas piloted for initial calls (with further discussions with rural partners during Rural Development Programme Monitoring Committee in March 2016)
- Six of the eight areas where Community Led Local Development is planned
- 12 more developed regions, four transition regions, six mixed categories of region, and the only less developed region
- Six of the seven areas with mixed categories of region
- Ten areas with large (<200m€), eight areas with medium (200 -75m€) and six with small (>75m€) ESI Fund allocations

18. Cross-LEP area regional discussions also took place where LEP area sub-committees were invited to nominate 3-4 representatives to provide feedback on behalf of the sub-committee. On this basis four cross-LEP area discussions were held in the:

- South West, attended by eight representatives covering three LEP area
- South East, attended by seven representatives covering five LEP areas
- North East , a joint event was held in Durham attended by a number of ESI Fund sub-committee members from the North East and the Tees Valley
- Midlands, attended by 12 representatives covering eight LEP areas

19. There were no events planned for Yorkshire or the North West where all LEP areas have had a chance to input into the review either during individual visits or through telekit discussions with the Review team.

20. Opt-in organisation representatives were also invited to give their views on how they are working with the ESI Fund sub-committees in a separate discussion, due to the unique relationship that they have with the sub-committees as an applicant to the ESF Programme. The Programme Review Team also attended the Rural Development Programme for England (RDPE) Programme Monitoring Committee to get their views.

21. Guiding questions specifically designed for discussions with partners were agreed by the Partnership Working Review Steering group, and applied consistently to all discussions. The questions were adapted for discussions with the ESF Opt-in Organisation which are not formal members of the sub-committees, but do have an important role in the engagement with local sub-committees for advice on local strategic fit.

Guiding questions

22. Guiding questions for the discussions with the Managing Authorities, Partners and ESF Co-financing Organisations were agreed by the Partnership Working Review Steering Group.
23. Whilst questions were adapted to suit the perspective of the particular stakeholder group that was being interviewed, discussions were focused on five consistent thematic areas:
 - Representation
 - Participation
 - Partner input
 - Working arrangements
 - Communication and information

Stage 3: Wider engagement through an online survey

24. On 8th April 2016, an online survey was launched to gather the views of wider partners and those sub-committee members that may not have been able to participate in the Review thus far. The survey closed on 6th May, and received 133 responses from partners across a range of sectors. 47.37% of the responses were from sub-committee members, with the remaining 52.63% being from wider partners. Stakeholders from 38 LEP areas responded to the survey. There have been a good range of responses from across sectors, with particularly high response rates from local authorities and the business sector.
25. The survey questions aim to use questions where respondents were asked to rank their level of satisfaction with partnership working arrangements, their level of input and influence in the programme as well as how they felt communication channels were working. Respondents were also given the opportunity to raise any issues they had experienced with regards to partnership working arrangements and were invited to share examples of good practice from their local area.

Section 2: How the membership of the ESI Funds sub-committees is working

26. In adopting the 'Partnership model' used for the 2014-2020 ESI Funds England Growth Programme, Government has sought to put in place arrangements to facilitate full and active partnership between Managing Authorities and national and local partners in support of implementation.
27. Partnership working is integral to the governance structure established; and to the work of the England Growth Programme Board, national sub-committees and local ESI Funds sub-committees established to align with LEP area functional economic geographies.
28. The local ESI Funds sub-committees are intended to play an advisory role in support of the Managing Authorities ensuring that delivery is informed by the local knowledge and local intelligence.
29. It is intended that partners exercise influence within the broader framework of EU regulatory requirements and national operational programme objectives. The provision of advice in support of local on-the-ground delivery is seen by government as critical to the successful implementation of the ESI Funds programmes over 2014-2020.
30. This section of the Partnership Working Review (Review) follows wide ranging discussions undertaken with partners and considers how membership of the local ESI Funds sub-committees is operating in practice focusing in particular on the issues of representation and participation of partners at local level.

What is working well

Representation

31. The membership of local ESI Funds sub-committees is intended to reflect EU regulatory requirements on partnership working which aim to establish benchmark principles for consultation, participation and dialogue with partners during implementation of ESI Funds programmes.
32. In discussions with Managing Authorities to finalise ESI Funds Operational Programmes, the European Commission have observed that partnership arrangements envisaged in England appeared to be amongst the most far reaching in the European Union and it is this broadly based partnership approach that is reflected in the Terms of Reference for the local ESI Funds sub-committees.
33. The partnership principle was also felt by partners to have successfully underpinned the lead role played by LEP officers in driving forward the development of local ESI Funds strategies and in ensuring their alignment with wider strategies for local growth outlined in LEP area Strategic Economic Plans. Partners felt that LEPs continued to

play a critical role in ensuring strategic alignment at local level between ESI Funds and wider local growth activity.

34. In Partnership Working Review discussions all partners were able to point to the incorporation of a wide range of partners within local ESI Funds sub-committees in line with the sub-committee terms of reference and EU Regulations.

35. Managing Authorities worked alongside the LEP, who played a lead in the establishment of LEP area ESI Funds sub-committees, with partners reporting a range of effective approaches used to identify members, including, for example:

- Some areas (in particular, areas new to ESI Funds governance) adopted an open recruitment approach whereby representatives applied for membership on an open basis against established job descriptions/roles. There is some evidence that the use of this approach has brought in new players and perspectives to sub-committee membership and that openly recruited members tended to be amongst the most active and participative members.
- In other areas the sectors to be represented were identified, and the sector itself invited to nominate delegates to ESI Funds sub-committee. This approach was most evident in areas with significant previous experience of European funding, reflecting longstanding networks and structures at sub-national and local level. Delegates appointed following this route often had access of officer or technical networks, and briefings which helped to support their role on the local ESI Funds sub-committee.
- The involvement of, and in most cases the lead role played by, LEP, in identifying potential members was felt to have helped balance public and private sector representation on ESI Funds sub-committees. It was also noted that in some areas where ESI Funds sub-committee representation has linked back to LEP Boards and focused upon thematic priorities aligned with ESI Funds Strategy priorities – linked for example to innovation, SMEs, employment and skills – this has enabled a closer alignment between Strategic Economic Plan and local ESI Funds Strategy priorities, as well as access to sources of expertise for the ESI Funds sub-committee that may otherwise have been unavailable.

36. A number of areas reported initial difficulty in securing, or maintaining, appropriate representation amongst the following sectors:

- Environmental
- Equality and diversity
- Trade Union
- Voluntary sector

37. Nonetheless, partners noted that efforts were ongoing to secure representation, and in some cases, this has involved asking members to 'double-up' and represent more than one policy area. For example, in some areas where Trade Union representation

has been maintained the representative has covered both social partner and equality and diversity issues. Similarly, Local Nature Partnership representatives have been asked to feed into to environmental discussions.

38. A key factor in difficulties faced by potential voluntary sector representatives has been identified as the absence of technical assistance resource aimed at supporting the sector's participation. Although, despite such challenges, the majority of ESI Funds sub-committees were able to ensure engagement by working with umbrella groupings, or lead representatives nominated by established voluntary and community sector representative structures.
39. However, there was generally considered to be a robust mix of sectoral and partner representation covering ERDF, ESF and EAFRD priorities on the sub-committees. It was felt that this broadly based partnership has added value locally, drawing upon local intelligence to advise and support the decision-making role of Managing Authorities. In addition, it was felt the sub-committees provided a robust mix of old and new perspectives and significant experience of programme implementation.
40. It was noted that the ability of partners, and in particular LEP officers, to continue to add value in support of the Managing Authority's decision-making role would be further strengthened as ERDF and ESF Technical Assistance resources became available at local level.

Good practice: Black Country ESI Funds Helpline

The Black Country Technical Assistance team, hosted by Walsall Metropolitan Borough Council and supported by all Black Country local authorities, has created a telephone helpline to provide project applicants from the LEP area with advice on local strategic fit, basic bid-writing and general reassurance on their application as well as sign-posting them to ESI Funds guidance and other material. This service is offered alongside a range of planned promotional and strategic events, face-to-face meetings and an online knowledge sharing network, which all work to support the effective take-up of ESI Funds across the Black Country LEP area.

As part of the telephone service, a member of the Technical Assistance team is available at all times to respond to questions, with calls forwarded to mobile devices right up until the submission deadline. A wider benefit of the helpline and support offered is that the team is able to gain a feel for the likely response to calls and volume of applications in the LEP area. This is then fed back to Managing Authorities and the LEP area ESI Funds sub-committee to assist in future call and work planning. It has also helped to inform the format of capacity-building events in the area, which have been tailored to address common issues and ensure that the quality of applications is maintained.

The service has been well-received by applicants and has led the team to develop a more formal 'helpline' service which will have a dedicated phone line during the duration of open calls. The helpline will be promoted through the Black Country Technical Assistance website and throughout a programme of planned awareness-raising events.

41. In London, partners identified the particular strength of the Higher Education sector to add value to local ESI Funds sub-committee discussions, and to bring a significant international perspective to contribute to sub-committee deliberations.
42. More broadly, there is evidence that the membership of the local ESI Funds sub-committees has evolved and settled at an appropriate level over the last twelve months as the scope of the partnership model has finalised following the completion of negotiations between Managing Authorities and the European Commission.
43. For example, in Tees Valley in some local authorities this has involved membership moving from CEO level to Director of economic development level, or in other cases from more strategic to technical officer level where appropriate. The challenge identified by a number of partners is how to maintain a balance between representation involving both strategic and operational perspectives, and to ensure that key influencers and decision-makers remain engaged with ESI Funds sub-committee activity.
44. In order to sustain broadly based representation in a number of areas Managing Authorities have worked closely with LEP officers to:
- Be pro-active in refreshing membership of the ESI Funds sub-committee to reflect the advisory role of the sub-committees, and the current stage of programme implementation.
 - Require sector representatives to confirm both ESI Funds sub-committee members and alternates.
 - Implement a 'three-strikes-out' approach to attendance to ensure that membership remains up to date and meetings quorate.
 - Work with LEP officers to develop and deliver induction programmes to ensure existing and new members retain a clear understanding of ESI Funds sub-committee roles and responsibilities.
45. In discussions on representation, partners were broadly content that the issue of conflict of interests was being managed effectively with members:
- Agreeing to the code of conduct based on Nolan Principles of public life;
 - Completing declarations of interest forms intended to register any organisational or personal interest where there is potential for conflict with the role as member of the Committee.
46. The role of the Chair (acting pro-actively with the support of the secretariat to manage potential conflicts of interest) was considered to be a critical factor in mitigating risk with partners being reminded at the beginning of meetings, and at key agenda items, of the need to declare interest. Declarations were then clearly recorded and identified in minutes to ensure transparency.

Participation

47. In Review discussions, it was widely acknowledged by partners that the role and capacity of the Chair is a critical factor in the successful running of the local ESI Funds sub-committee, and in maintaining balanced participation and contributions from all sectors and funds represented on the sub-committee.
48. It was suggested that Managing Authorities working alongside LEP officers should consider and explore the scope to further support the role of Chair by helping to facilitate discussion, exchange of experience and networking between Chairs themselves. In most cases, partners were content that Chairs took participation from all sectors seriously, and pro-actively sought views and contributions from all members represented.
49. In this regard, partners again highlighted the importance of robust induction processes as a key element in enabling both experienced and less experienced partners to understand the 2014-2020 delivery context of each of the funds concerned with implementing the Growth Programme nationally, and LEP area ESI Funds Strategies at local level.
50. Whilst there is evidence that successful Chairs were drawn from a range of sectors including Universities, local authorities, and the private sector, there is some evidence that where Chairs were drawn from LEP Boards, or sub-groups, this helped reinforce the close alignment of ESI Funds and local economic priorities identified within the Strategic Economic Plan.
51. Notably, a key element of success was that the Chair had in a number of cases been selected by members of the ESI Funds sub-committee through an open selection process. In cases where Chairs were appointed at the beginning of the process and have since stood down or moved on, a number of local ESI Funds sub-committees have undergone an election process to nominate and agree the position of Chair, reinforcing the role of the ESI Fund sub-committees itself and the importance of the Chair enjoying full support of members following a transparent process.
52. A further strong theme in ensuring a successful Chair was the need to develop a close working relationship and trust between the ESI Funds sub-committee secretariat, LEP officers and the Chair. This is covered separately under 'Working Arrangements'.
53. The working relationship between secretariats and the Chair was felt to be reinforced where Managing Authorities and LEP officers worked together closely and constructively in support of induction processes and the preparation of briefings. It was felt critical by Managing Authorities, and some local partners, that there should not be a 'filtered' relationship in which officers develop a 'gatekeeper' approach to managing relations between the secretariat, partners and the Chair in particular.
54. In one interview a Chair suggested that the role should be subject to annual 360 degree assessment to further ensure appropriate capacity, accountability and support amongst the ESI Funds sub-committee.

What could be improved

Representation

55. Having established broadly based representation, a number of partners identified the challenges associated with maintaining representation at the right level from public and private sector representatives in relation to the ESI Funds sub-committee advisory role.
56. A key factor in maintaining engagement was the need to ensure that the advisory role was manifestly influential and to complement this with tailored induction activities and 'deep dive sessions' to build capacity and greater understanding amongst members of the role of ESI Funds sub-committee within the wider governance environment.
57. Induction activities undertaken by Managing Authorities with members of local ESI Funds sub-committees in West Midlands, Yorkshire and the Humber and the North East areas had gone some way to maintaining appropriate levels of representation, developing both the understanding and capacity of members to fulfil the role envisaged. It was also felt that these had been most effective where secretariats had worked alongside LEP officers to plan and deliver related activity.
58. It was felt important that sufficient room was provided with regards to meeting agendas and timings to allow for both strategic as well as operational considerations. This was felt to be particularly important as the programme moves from launch to 'steady-state' delivery. Where possible, partners recognised that agendas should ensure consideration of performance or activities in other (neighbouring or not) LEP areas, in order to better explore scope for cross-LEP area approaches such as alignment of calls (see Section 4).
59. It was noted that in some cases there was evidence that where ERDF Managing Authority based secretariats and LEPs worked collaboratively to promote the close strategic alignment of ESI Funds Strategy and Strategic Economic Plan priorities, and these ESI Funds sub-committees were better able to retain involvement of key influencers and decision-makers in local ESI Funds sub-committee activities. Greater Manchester, in particular, had secured significant senior-level private sector engagement, and it was commented that the very clear alignment of ESI Funds with the emerging devolution agenda had helped to secure this engagement.
60. Whilst potential conflicts were felt to be managed effectively, a number of partners did also highlight a lack of clarity over extent to which information could be shared with sectoral colleagues, as a factor affecting their ability to represent their sectors effectively. This was felt to be compounded by a sometimes overly risk averse approach to management of conflicts of interests.
61. It was recommended in discussion that national Managing Authorities, local Managing Authorities, and secretariats should provide consistent advice on what could and could not be shared at various points in the business process; with the presumption being that with the exception of cases where issues of commercial confidentiality exist, representatives would be expected to seek the views of sectoral colleagues on local strategic and economic priorities, and to represent those views in the context of their ESI Funds sub-committee role to advise Managing Authorities.

62. With respect to the management of conflicts, it was felt important that an element of discretion should remain with the Chair in respect of how such issues are managed within meetings. However, it was proposed that it may be helpful to differentiate between situations where declarations of interest involve:
- A difference between the declaration of a direct and/or pecuniary interest and an indirect interest linked to another organisation covered by the sector which that person represents at committee;
 - The ability of a representative to respond to points of information and clarity, without undertaking advocacy on behalf of the particular project under consideration.
63. It was felt that whilst it was acknowledged that some elected representatives may prefer to absent themselves wholly from discussion in line with established local authority practices (e.g. leaving the room), it may also be appropriate, and in some cases, help with ESI Funds sub-committee deliberations and advice for the Chair to use discretion in adopting a pragmatic approach to the management of potential conflicts if that helps expedite or strengthen the quality of debate, and ultimately advice to the Managing Authorities.
64. Nationally, Managing Authorities felt that in some policy areas local ESI Funds sub-committees did not necessarily possess the required level of expertise, and that therefore there was a need to bring in or co-opt such expertise where appropriate. This was felt to be the case in some areas with respect to local skills and employment related issues and in others with regards to environmental, low carbon and expertise in respect of access to finance and the establishment of financial instruments. In such cases local ESI Funds sub-committees should be reminded of their ability to draw in expert or specialist advice where required, to supplement local intelligence and local identification of economic priorities.

Participation

65. A number of partners expressed concern at the level of contribution and participation from DWP Managing Authority and – in a few cases – DEFRA Managing Authority representatives in some ESI Funds sub-committees.
66. With regards to comments concerning DEFRA Managing Authority representatives, in the few cases cited this tended to be a factor of the low level of EAFRD allocation concerned (and as a consequence the low level of priority attached to this by partners) and competing priorities faced with limited resources. It was noted, however, that where Rural Payments Agency for example were unable to attend written updates were submitted via the local ESI Funds secretariat. It was also felt important that the rural agenda was adequately represented on agendas and that sufficient time was allocated to allow for discussion of rural programme issues.
67. Issues were highlighted for ESF linked to the quality of some assessments (particularly in the early days of operation), and the ability to respond to queries arising from project or wider programme issues. The ESF Managing Authority uses its resource flexibly

across the country in the handling of appraisals, in order to abide by the requirement for a separation of function between appraisal and contract management (which needs to be done at local level), and as a reflection of its significantly smaller size, compared with the ERDF Managing Authority. This means that the people attending ESI Funds sub-committees are usually different to those who have done the assessments. This was of repeated concern to local partners, who felt that the relationship between ESF Managing Authority representatives and ESI Funds sub-committee would be strengthened if geographic representation and assessment of ESF applications could be more closely aligned.

68. There was a perception that the ESF Opt-in-Organisations had not always been clear in their engagement with the partnership model at local level. Local conversations had been happening since the publication of the Opt-in prospectuses in 2013, but these had evolved at different rates across the country and were not always visible to sub-committee members who were not involved.
69. Over the last year or so, those discussions have had to be brought to a conclusion and in some cases Opt-in Organisations have had to be more directive (based on their years of experience of the policy area, the likely market response, and the levers which work best in procurement) about the types of local variation which would and would not add value. This has sometimes caused frustration at local level.
70. The Big Lottery Fund were often identified as having more success relative to the other Opt-in Organisations through their preparedness to engage with local partners in delivering their larger 'delegated grant fund' model.
71. Notable exceptions included London, where it was felt that a strategic influence was achieved over content the local prospectus in a way that aligned closely to local strategic priorities. A key element here was identified as the clear delegation from the London ESI Funds sub-committee to the Greater London Authority and LEP to act as key interlocutor with the Skills Funding Agency through which to engage and facilitate input to potential Opt-in Organisations.
72. On the part of local ESI Funds sub-committees, it was important that there was greater clarity about the roles and relationships between the ESF Managing Authority and the Opt-in Organisations, and between the Opt-in Organisation and the local ESI Funds sub-committees in terms of local accountability, monitoring and reporting of progress.
73. The lack of clarity on lines of accountability and proper roles and responsibilities vis-à-vis Opt-in Organisations, the local ESI Funds sub-committee and the Managing Authority was felt to have created a degree of confusion amongst opt-in organisations themselves about expectations of their role and accountability with regards to local ESI Funds sub-committees. Opt-in Organisations also commented that lines of communication operated better when the local ESI Funds sub-committee had clearly agreed and identified lead organisations or key individuals through which to channel communications between local partners and the various Opt-in Organisations concerned.
74. The Opt-in organisations felt that their contractual relationship with the ESF Managing Authority and therefore their accountability to the Managing Authority for delivery of

outputs, spend and performance targets was to an extent being conflated with those of the ESF Managing Authority for provision of management information and performance reporting to local ESI Funds sub-committees as part of the overarching governance framework established.

75. In addition, outside the delegated grant fund model used by Big Lottery, the use by Skills Funding Agency and DWP of procurement processes in delivery meant that the engagement of local ESI Funds sub-committees needed to be limited to influence over the prospectus rather than selection of delivery, this is to preserve impartiality and objectivity in selection so as not to compromise rules governing procurement.

Recommendations

- I. In seeking replacement/further members, Managing Authorities and sub-committee secretariats should consider use of open recruitment in addition to inviting sectors to nominate representatives.
- II. Where ESI Funds sub-committees experience difficulties in securing representation across all sectors, they should consider 'doubling-up' representation where appropriate.
- III. ESI Funds sub-committees should acknowledge that membership may often evolve to reflect the stage of programme implementation cycle reached. Secretariats working in conjunction with Sub-committees should be pro-active in refreshing membership at regular intervals, requiring sectors to confirm members and alternates and be pro-active in monitoring attendance, taking action where appropriate to maintain levels of attendance.
- IV. The secretariats and LEP officers should periodically review the need for regular induction, seminars, in depth workshops to ensure members are up-to-date with latest programme and policy developments.
- V. Secretariats should seek to work closely with Chairs, and where appropriate, LEP supporting officers; avoiding any perception of officers acting as 'filters' and/or 'gatekeepers' between the secretariat and Chair role. Managing Authorities should work with LEP officers to explore scope to facilitate exchange of experience, dissemination of good practice and networking amongst Chairs.
- VI. The Terms of Reference for the local ESI Funds sub-committee should be reviewed to further define the scope and the role of the Chair and their interaction with Managing Authorities, particularly the role of Chairs outside of ESI Funds sub-committee meetings.
- VII. Secretariats should restate key principles underpinning the management of conflicts of interest and review the need to differentiate between direct pecuniary or other interests, and indirect interests, and consider allowing Chairs the discretion to permit responses to points of information and clarity where that helps to expedite local strategic advice and Managing Authorities' decision-making, and does not lead to advocacy on behalf of the project.

- VIII. Secretariats to review or restate advice to ensure consistent approaches to the sharing of information by sectoral representatives with the sectors they represent. It is important to ensure that representatives feel able to seek out local economic and strategic priorities, and reflect these at ESI Funds sub-committee meetings, whilst avoiding anything that undermines commercial confidentiality.
- IX. ESI Funds sub-committees should be open to co-opt or invite specialist advice where required, to supplement gaps in local ESI Funds sub-committee knowledge.
- X. Given the importance of the Chair role secretariat should consider and where considered effective facilitate a 360 degree review process for the position of Chair on an annual basis. To avoid an overly-prescriptive approach at local level it is recommended that this be an optional process agreed following discussions with the secretariat and the LEP.
- XI. ESF Managing Authority should review how to improve the ability of their local teams to present the outcome of their assessments, even when done by others.
- XII. Partners emphasised the need for the ESF Managing Authorities to restate the roles and responsibilities envisaged for the ESF Managing Authority, ESI Funds sub-committees and Opt-in Organisations, so that local ESI Funds sub-committee members were better able to understand the appropriate relationships and level of engagement expected.

Section 3: How the process of partners providing advice on local strategic fit is working

Overview of partner input into project calls

76. The Managing Authorities are responsible for drawing up project calls, with the advice of partners on local ESI Funds sub-committees. These roles are set out as follows:
77. *'For the open call route, Managing Authorities will draw up project call specifications and will be aided with intelligence on local development needs provided by local LEP area ESI Funds sub-committees. This will help to inform which Priority Axes and Investment Priorities calls focus on, the level of financial resources, any geographic focus and the timing of such calls.'*³
78. Most partners believe that they are exerting positive influence on the specification of local project calls. As a consequence, calls are generally reflecting local conditions well. This in turn means that resulting funding applications typically provide a range of investment propositions that meet local needs. The position is however uneven across the country and for each ESI Fund, owing to a range of factors.
79. The point was made several times that the quality of local calls is pivotal in the whole process; if the local calls are effectively specified in terms of local needs, priorities and specific issues to be addressed, it is much more likely that organisations will respond effectively, with funding applications that offer provision that is tailored to an area's economic, social or environmental conditions, as set out in the call.
80. Conversely, where calls were generic or described in terms of national priorities or programmes, they were less likely to generate well-targeted applications or innovative proposals.
81. A number of partners commented that initial projects calls in March 2015 were framed to be as open as possible, to maximise interest and a wide range of applications so as to kick-start delivery. This approach was changing in some areas, either because a sufficient breadth of provision had been agreed or the experience of the first calls had helped both Managing Authorities and partners in fine-tuning decisions and advice, so that subsequent calls were more precisely calibrated to local needs; illustratively, some early broadly-drawn calls in ERDF Priority Axis 3 SME Competitiveness in the Humber had, for instance, generated applications that were not as innovative or locally specific as was desired. This was reflected subsequently in more tightly drawn calls in this Priority Axis that were generating more locally specific proposals. The experience of

³ Terms of Reference for the Growth Programme Board's Local Enterprise Partnership (LEP) Area European Structural and Investment (ESI) Funds Sub-committees (December 2015), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487621/ESIF-GN-2-003_ESI_Funds_Local_Sub_Committees_Terms_of_Reference_v4.pdf

local sub-committees in informing and influencing Managing Authorities through this process and call evolution was typically positive.

82. On the other hand, there was some dissatisfaction about the way in which particular nationally-based organisations and products, including ESF Opt-in Organisations and the national Business Growth Service, had been handled and the ability of local partners to influence them. The Skills Funding Agency noted that it had developed national specification templates that reflected the requirements for investment priorities within the operational programmes and that had allowed LEPs and local partners to add in local background to give local context and to specify what they wanted to buy.
83. Specific areas that worked well or could be improved are set out below.

What is working well

84. Local ESI Funds sub-committees are evidently making a significant and decisive input to the development of project calls. The 800 word text on local content in these calls has in all cases been tailored to local conditions based on partner advice, which in turn has reflected local ESI Funds Strategies in place in each LEP area. The view was often expressed that the more locally specific the ESI Funds Strategy, the less work was needed in shaping a local call, since they were strategically twinned.
85. The extent of local customisation has varied by ESI Fund. ERDF calls have in particular been substantially influenced by the advice of partners as regards financial resources and geographic focus/other priorities, and this was reflected in discussion with partners.
86. Most of the ESF financial commitment to date has been via Opt-in Organisation applications. These are covered below under '*Localising national services and products*'.
87. There has been much less partner influence with regard to the precise timings of calls across all ESI Funds and this has caused some frustration in certain LEP areas. The Managing Authorities have organised calls according to a timetable circulated to local sub-committees, with some flexibility within the overall timetable for local areas to choose when to issue different calls. Whilst partners have welcomed the certainty of a schedule of calls ahead and have recognised the efficiencies it delivers, as well as the potential to consider cross-LEP area activities, they have been less positive about limited scope to determine precise dates locally and join-up between the call timetables of each ESI Fund.
88. Since October 2015, it was felt that the ESF Managing Authority has been much more flexible, with calls (within reason) being run at a time agreed with local partners, rather than to a set national timetable based on Thematic Objectives.

Thematic sub-groups

89. As set out in the previous sections, ESI Funds sub-committees are made up of a range of partners, often at a senior level. Whilst such members are generally able to present a perspective that reflects the diversity of their constituents and are well connected to them, there can be practical limitations to this as well as the time that they can make available for inputs, as the calls are developed.
90. There were many examples of local sub-committees recognising this and bringing in a wider base of expertise to support particular members. This broader local expertise most typically was drawn from existing thematic groups, who were often part of the governance structure of LEPs. Such groups brought in additional local insight, local economic/environmental/social intelligence, from established local policy groups. These included local universities and colleges, local authority economic development units and employment and skills leads. In some areas, rural networks fulfilled this role, such as in the South West and North East.
91. Many areas used these thematic groups and networks to provide advice to the Managing Authorities as draft calls were developed in readiness for presentation at local ESI Funds sub-committee meetings. Nominated members on local ESI Funds sub-committees then used this briefing advice inform their and others' inputs at committee meetings.
92. For example, York, North Yorkshire and East Riding LEP area had used sub-groups/Task and Finish Groups to support prioritisation and advice to the local ESI Funds sub-committee for EAFRD and applications to the Rural Payments Agency and the North East and Tees Valley areas had benefited from LEP-based structures supporting the access to finance agenda across the two LEP areas. In addition, Liverpool and Heart of the South West had used LEP-based employment and skills boards and structures to inform ESF-related activities and engagement with potential Opt-in Organisations for potential prospectus and alignment with local skills and employment priorities
93. Such groups had a number of benefits including:
- Access to a wider pool of local intelligence and expertise
 - Additional capacity to advise the Managing Authorities, on an iterative basis as calls are developed in the run up to local sub-committee meetings
 - Scope for enhanced links to inter-dependent strategies, such as Strategic Economic Plans, which these groups also tend to support
 - A more considered, broadly based local input
 - Nominated representative and other sub-committee members are better informed and briefed – leading to an improved quality of debate and advice to Managing Authorities
 - Local sub-committee is more likely to be able to engage in strategic debate (and add most value) if able to focus on significant issues, rather than on technical detail.
94. Whilst many partners welcomed such arrangements, some noted the importance of clear governance controls to ensure they worked as intended. These included:

- A transparent mandate from the ESI Funds sub-committee confirming agreement to an individual member working with an identified thematic group to develop partnership advice
- Resulting advice provided by nominated committee member at local sub-committee meeting for discussion with other members and not separately with Managing Authorities
- Ideally, scope for such local arrangements explicitly recognised in sub-committee Terms of Reference

Good practice: Cheshire and Warrington's use of rural networks

The Cheshire and Warrington Rural Strategy Board was established in 2014 by the Cheshire and Warrington LEP. The Board is chaired by a member of the LEP, consists of a broad and balanced mix of private, public and third sector interests and is governed by a code of conduct that reflects Nolan Committee standards.

The principal purpose of the Board is to support the Cheshire and Warrington ESI Funds sub-committee in the management, monitoring and co-ordination of EAFRD as an important component of the ESI Funds and to secure LEP and wider partnership support for the strategic allocation of the funds in rural areas. The Board also took on a wider remit to look in detail at the challenges facing the economy in rural areas and to identify the priority activities that would best meet the aspirations of rural Cheshire and Warrington. This went beyond the input to ESI Funds strategy and the Board quickly established a "matrix" approach to address the priorities identified as part of a LEP area-wide consultation and the range of funding streams available to realise their ambitions.

The approach has resulted in greater confidence over the strategic fit of projects coming to the ESI Funds sub-committee and as a result of the consultation undertaken by the Rural Strategy Board, a broader range of strategic priorities have been identified with strong "buy-in" from local stakeholders. This has led to strong up take in the early calls round by businesses locally and a more targeted approach in those calls.

Localising national services and products

95. Particular challenges were noted in many areas in getting national services and products tailored to local conditions (see what could be improved – national services and products), recognising that timescales and changes in approach were the result of factors outside the control of the Managing Authority and ESF Opt-in Organisations. Areas fared better in this respect where partner capacity was dedicated to work with organisations responsible for these services and products, such as ESF Opt-in Organisations.
96. In a number of LEP areas, ESI Funds sub-committees had mandated an individual to work intensively with Opt-in Organisations to provide local intelligence to help shape the umbrella funding applications submitted to DWP as the Managing Authority. Typically, LEPs provided these individuals, building on their role in working with Opt-in

Organisations prior to the setting up of local ESI Funds sub-committees. This approach had a number of benefits including:

- Additional expert capacity brought in, to support partner advice and Managing Authority decisions
- Improved localisation of national offers through access to local intelligence and clarity on priorities and local strategic and financial dependencies
- Enhanced scope to have an iterative negotiation over time
- Mutual points of contact/relationship between local and national bodies

97. As for the arrangements for technical sub-groups, appropriate checks and balances are needed to ensure that nominated individuals are accountable to local ESI Funds sub-committees where agreed and that the process is fully transparent. The recommendations below reflect this.

98. A particular variant of this was the Greater London Authority's (GLA) role as an Intermediate Body in negotiating directly with ESF Opt-in Organisations on behalf of the local ESI Funds sub-committee. Through close working with each of the Opt-ins, the GLA was able to secure a London-facing set of specifications that reflected robust negotiations with each Opt-in and changes along the way. The ESI Funds sub-committee were as a result fully supportive of the package offered by each Opt-in, in contrast to many other local ESI Funds sub-committees where the Opt-in/partner dialogue was less developed.

Good practice: Liverpool's working arrangements with Opt-in Organisations

Liverpool City Region's local sub-committee identified a representative from the Employment and Skills Board to work closely with the three ESF Opt-in Organisations throughout the process of application development. This involved working through the details of the processes and providing clear, detailed advice and data setting out the LEP area's needs and expectations in relation to the services that would be procured. Key to this was regular dialogue with the Opt-ins, ensuring clarity about the City Region's priorities. This resulted in locally tailored specifications and ongoing involvement in evaluation, as well as a complementary package of ESF Opt-in and direct bid open calls.

What could be improved

National organisations and products

99. Lack of local definition was felt to be most common in calls that were designed at national level which were not always tailored to LEP areas as far as partners had hoped they would be in response to advice given at local sub-committees. For instance, the national call for Business Growth Service (BGS) products (UK Trade and Investment, Manufacturing Advisory Service and Growth Accelerator) was felt by some to have been organised without sufficient regard to partner advice in all cases, resulting

in products that didn't always fully match local aspirations in terms of relevance, or output numbers in a few places.

100. There were examples where partner advice had achieved changes to such calls, but the experience was patchy. Whilst there was an acceptance that BGS products had provided an important resource at the time to help bridge the transition between 2007-13 and 2014-20 ERDF programmes, the view was that BGS rollout in 2014-20 hadn't always evolved to reflect the new localised landscape.
101. Sometimes, a combination of nationally-themed calls and local capacity issues and/or effective influence also resulted in calls that were not as localised as local areas desired. Whilst partners understood some of the practical constraints that meant EAFRD calls had to cover specific priorities at particular times, they nevertheless felt constrained by this in certain cases. The Rural Payment Agency in turn wanted and had expected more local partner intelligence in a number of cases to help customise calls further. Nevertheless, where there was good local capacity, in experienced rural networks, the Managing Authority and partner experience was typically mutually favourable.
102. ESF Opt-in Organisation applications attracted the highest level of dissatisfaction. Many partners felt that their advice hadn't 'cut through' and that the offer was not locally bespoke as a result. Procurement requirements and changes to the Skills Funding Agency service in the Autumn 2015 Spending Review meant that it had to use accelerated processes. Local sub-committees however felt they then had insufficient time to digest large volumes of papers and information to provide advice against.
103. Many felt that the difficulties experienced with some ESF Opt-ins had been aggravated by a confused business process, which meant that there was some uncertainty about how partners were being engaged locally and the administration of this. This is covered further under the Working Arrangements section.
104. As set out above, the experience was markedly different and more positive where partners had self-organised to establish experienced leads to engage with Opt-ins and inform local specifications, such as in London and Liverpool. Equally, where Opt-ins had been proactive in working with partners to get local input, the experience was good; the approach of the Big Lottery Fund was particularly welcomed in this respect.

Call timings

105. Following the launch of the ESI Funds Growth Programme in March 2015, the Managing Authorities have each developed call timetables to provide a forward planning framework for all parties. Dates set for the first 15 months of active implementation have ensured a balanced spread of activity across-LEP areas, ESI Funds and various funding priorities in each case.
106. As well as providing an essential delivery and performance platform, these timetables have enabled the Managing Authorities to manage the business of call development and project assessment and appraisal in an effective and resource efficient way. Synchronised dates across the country have also provided a basis for funding

applications across LEP areas, in tune with the strategic opportunities afforded by single England programmes.

107. Partners have understood and worked with these arrangements. Nevertheless, there is a clear sense that the ESI Funds could work better with some additional flexibilities on call timetables where appropriate - for instance in relation to better join-up between the call timetables of respective ESI Funds or local opportunities, where this could enable improved outcomes, balanced with resource efficiency considerations. Improved co-ordination of call timetables between the Managing Authorities was particularly remarked on as an opportunity that could make a real difference, and assist in building synergies between the Funds (which partners felt current timetabling was not maximising). Since the end of 2015, the ESF Managing Authority has been much more flexible, with calls (within reason) being run at a time agreed with local partners, rather than to a set national timetable based on Thematic Objectives.

108. A number of areas called for the use of medium to long-term work-plans focussed on the activity of local ESI Funds sub-committees as a way of clearly defining the scope of activities envisaged and the role of local ESI Funds sub-committees in supporting implementation. For example, it was felt that these could usefully be described in terms that broadly reflected programme implementation cycles, including:

- Identification of local strategic drivers;
- Contributing advice to the assessment of bids and implementation of projects;
- Ensuring local influence over development and launch of calls;
- Advisory support in respect of monitoring of spend, outputs and results against local and national strategic context;
- Scrutiny / reflection of portfolio of investments made, alignment against local strategic need;
- Assessment of impact and dissemination of good practice.

109. Providing a more broad-based perspective and opportunities for horizon-scanning could also be important in helping to sustain a balance of strategic and operational figures and organisations in sub-committees.

Good practice: Cornwall & the Isles of Scilly's ITI Board Performance Dashboard

At each ITI Board, members are provided with a strategic performance overview by the Deputy Chair, supported by information provided in this evolving dashboard document. The dashboard is used to provide and maintain a strategic overview of calls, commitments, targets and risks, as well as to identify issues and gaps for future calls. The dashboard has since been successfully adopted by ERDF teams in other LEP areas in the South West, and following local partner requests there are also plans for ESF to adopt the dashboard in the less developed region. The dashboard is also used internally to support monthly Cornwall & Isles of Scilly programme performance challenge sessions, and is linked to an internal performance monitoring tracker.

Overview of partner input into Project Funding Assessments

110. The Managing Authorities are responsible for assessing and appraising funding applications, with the advice of partners on local ESI Funds sub-committees. These roles are set out as follows:

111. *'Provide advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ESI Funds Strategy, as well as complementarity with interventions funded through other public and private sector funding, to aid the Managing Authorities' assessment of applications at outline and full application stage'*

112. In discussions concerning project funding assessments the majority of partners and sub-committees consulted agreed that within the scope of local strategic fit their advice had been reflected in the decisions taken by the Managing Authorities. In this vital respect, the partnership model and level of partner influence envisaged was considered to be functioning as intended. Umbrella Opt-in applications to the Managing Authorities, where a number of reservations were expressed, are described in the above section on calls.

113. This coincidence, of advice and decision, wasn't however what exercised most partners when discussing progress. The focus of opinion was instead on how partners were navigating the data they were being asked to comment on and the various ways in which this was being done and supported, across LEP areas and EU Funds. There were some positive examples of where this was working well. Equally, there were some clear messages about how this could be improved.

114. The headline sentiment was that partners were being asked to absorb and advise on a very considerable volume of funding assessments and appraisals. This was making the business of understanding investments within a wider strategic context, at national and local level and in relation to other EU policies and programmes, difficult. It was also straining the capacity and patience of some partner members as they engaged with this workload.

115. At one level, this heavy workload was both predictable and inevitable as Managing Authorities and partners worked to deliver the levels of programme activity and momentum needed to successfully launch the 2014-2020 Growth Programme. A remit of three ESI Funds (rather than the single EU Fund remits of national/local partnership committees in previous EU programme periods) had also created its own set of business challenges for ESI Funds sub-committees. In response, there were some encouraging examples of where the Managing Authorities and partners were finding ways to maximise influence and input through a range of smart working and approaches. This was proving more or less successful in different LEP areas, ESI Funds and local Managing Authority teams. Examples of effective working practice and areas for improvement are covered below.

What is working well

116. Having made a positive contribution to the design of local calls, the volume of Managing Authority assessment and appraisal material from resulting funding application was a significant stretch for many committee members. Some sectors found this more so than others, with for instance a few private sector business representatives (particularly where individual companies rather than business umbrella networks were round the table) or political representatives exiting committees, citing capacity or ESI Funds 'language barrier' issues.
117. Whilst many members found the volume of assessment material unsustainable, some did not. Typically, members whose day jobs involved processing comparably large amounts of data and paper in other mainly public sector roles (such as LEP officers) were less bothered by the volumes of paper or its technical nature - and indeed welcomed it, as essential unexpurgated content. Many members were however less sanguine and found it difficult to manage or organisationally justify.
118. Differences across ESI Funds were noted. ERDF applications mainly exceeded £1m in value as they focussed on large strategic investments and this was reflected in often length assessments and appraisals. At the other end of the spectrum, EAFRD applications were for much lower sub £100,000 values, typically to individual SMEs, and associated paperwork reflected this. ESF was more of a mix, combining extended Opt-in Organisation applications for multi-million sums and smaller direct bid applications. It was recognised that this spectrum of funding and circumstances had inevitably led to different approaches in each case and, by and large, these were considered appropriate and proportionate.
119. The two most commonly employed means of mitigating these issues and examples of good practice were the use of summary information to capture the essential detail of assessment and appraisal material and, as with project calls, support provided through technical thematic sub-groups.

Assessment and appraisal summaries

120. Responding to these concerns raised, Managing Authority Teams – chiefly DCLG (as authors of the largest volumes of assessment material and therefore most affected) – produced a number of different summary formats, to supplement the full case papers circulated to members. These were universally welcomed for the following reasons:
- Members could quickly absorb the key information in each assessment and appraisal and be more easily on top of the meeting's business
 - The better examples honed in on the areas on which the advice of partners was sought – local strategic fit – and stripped out the technical content where views were not being invited
 - Members could provide advice on matters where they could add most value – local strategic issues – and not get drawn into technical detail, which ate into meeting agendas and members' time

Good practice: Cornwall & the Isles of Scilly's Project Summary Spreadsheet

The less developed region has the biggest ESI Funds allocation in England and calls are frequently oversubscribed, often attracting 20 or more applications. Whilst all papers are read in advance of the meeting, the amount of paperwork created by application batches can be a burden at meetings so an at-a-glance executive summary is produced to support project presentations and strategic discussions.

For each call a strategic economic overview is provided to the board by the LEP, setting out the local context and drivers. This is followed by a presentation of the call, key points for the Board's consideration and a summary of each application by the relevant Managing Authority priority manager. Where there has been significant interest in a call, advisory discussions and prioritisation exercises are conducted in a workshop format. The executive summary spreadsheet supports these discussions and allows for comparative analysis across spend, core selection criteria and performance outputs, supporting and enriching the advisory role of the board.

Thematic sub-groups

121. Just as local sub-committees found thematic sub-groups to be an important resource in building an informed local perspective on project calls, so this proved to be the case for funding assessments and appraisals, for the same kinds of reasons. These kinds of locally networked thematic sub-groups added capacity, insight and strategic linkages, helping to inform the advice of ESI Funds sub-committee members and the decisions of the Managing Authorities on funding assessments and appraisals. Subject to appropriate checks and balances, they can provide an important resource to optimise investment decisions in Operational Programmes and LEP areas.

What could be improved

122. Differences were noted in the material provided by ESI Fund and Managing Authority; the low grants under assessment for EAFRD were normally mirrored by the Rural Payments Agency in short assessments, which the majority of those consulted welcomed as a proportionate approach - though a limited few found these to be overly brief and so difficult to fully understand and give advice on.

123. The ESF Managing Authority uses its resource flexibly across the country in the handling of appraisals, in order to abide by the requirement for a separation of function between appraisal and contract management (which needs to be done at local level), and as a reflection of its significantly smaller size, compared with the ERDF Managing Authority. This means that the people attending ESI Funds sub-committees are usually different to those who have done the assessments. This has led to some concern (as described earlier) about the capacity of many DWP staff to engage effectively with their assessment material and to deal adequately with questions from committee members. Whilst acknowledging that DWP had recruited many new staff and therefore had been on a learning curve, concerns were raised about their seniority, their relative inexperience and, in some cases, a lack of continuity of personnel.

124. Many felt that some simple measures could be introduced to improve matters in business process terms. For instance, assessment and appraisal forms might be re-ordered, so that local strategic fit content is placed at the front of assessment forms rather than as now, near the end of them.
125. Some were after more dramatic re-engineering, so that content on which partner advice was not sought – such as compliance with state aid law – might be removed altogether. This was balanced by some opposite views and concerns where Managing Authority assessments focussed solely on strategic fit that could be difficult to understand as a result, because they were too de-contextualised.
126. There were some practical work-rounds proposed, for instance the more active use of technology, including portals for committee papers which could be accessed as needed by committee members and briefing and attendance aids, such as video links, briefings and webinars.
127. There was a cluster of opinion about untapped partner insight and advice, particularly with regard to issues that many felt to be inextricably linked to local strategic fit, such as value for money and some viability considerations. In the same way, there was a thread of anxiety running through many views about the absence of discussion on the cross-cutting themes of equality and diversity and environmental sustainability, which many considered to be a significant omission. Whilst accepting the basis of partner input should be about local strategic issues, the sense was that these related areas were germane to this focus and could usefully be included in the advice provided to the Managing Authorities.

Recommendations

- XIII. Local ESI Funds sub-committees to consider drawing on existing local thematic/policy sub-groups to support committee members with advice on project call specifications and advice on funding assessments and appraisals . Where this is agreed the following checks and balances should apply:
- The use of supporting thematic/policy sub-groups should be formally confirmed by the full ESI Funds sub-committee;
 - Such thematic/policy sub-groups should support but not replace the full ESI Funds sub-committee, from whom all final advice to the Managing Authorities should come;
 - Local ESI Funds sub-committee Terms of Reference to be amended by September 2016 to reflect scope for technical sub-groups to support local sub-committee members.
- XIV. Local ESI Funds sub-committees to consider nominating leads to negotiate with Opt-in Organisations/other national organisations: Where this is agreed the following checks and balances should apply:

- XV. Where supporting leads are agreed, this should be formally confirmed by the full ESI Funds sub-committee;
- XVI. Such leads should support but not replace the full ESI Funds sub-committee, from whom all final advice to the Managing Authorities should come;
- XVII. Local ESI Funds sub-committee Terms of Reference to be amended to reflect scope for technical leads to support local sub-committee members.
- XVIII. ESF Managing Authority to review how effectively provision has been tailored to local needs in LEP areas and report back to the Growth Programme Board by September 2016
- XIX. Managing Authorities to work with the advice of the Growth Programme Board to influence the design of domestic policies and funding so that they better complement the ESI Funds.
- XX. Managing Authorities to consider scope to co-ordinate call timetables between the ESI Funds and greater flexibility at local level and report back to the Growth Programme Board by September 2016.
- XXI. Managing Authorities to review assessment and appraisal format and content and consider scope for enhancements by September 2016. This should include the scope for Managing Authorities to provide summaries of assessments and appraisals in a common format.
- XXII. Managing Authorities to review the uses of technology to support improved smart working and propose options by September 2016.
- XXIII. Managing Authorities to consider scope for obtaining the advice of partners on issues relevant to local strategic fit which do not involve matters of eligibility or compliance.

Section 4: How the working arrangements of the ESI Funds sub-committees are functioning

128. LEP area ESI Funds sub-committees are supported and organised through a single DCLG-led secretariat which supports the DWP and DEFRA Managing Authorities. This arrangement reflects the multi-ESI Fund Growth Programme and the way in which local plans are structured in each LEP area. Alignment and complementarity are therefore core principles for effective working across the ESI Funds and LEP geographies.

129. There were many examples of these principles being delivered well in LEP areas. Equally, there were some common themes about how arrangements were not functioning as partners wanted, particularly in relation to the way in which the Managing Authorities were working as a joined-up team and individually in supporting each ESI Fund. Opt-in Organisations featured prominently as an area where there was significant scope to improve arrangements. There were messages too about how agendas and business were structured and could be enhanced. Concerns about the volume of business and content to digest and support are covered earlier in this report.

What is working well

Managing Authority join-up

130. There were some common features of positive Managing Authority working. Typically, where Managing Authorities were meeting as a team to plan agendas and business together, often with the Chair and nominated committee members, this was resulting in better and more complementary use of the ESI Funds and was facilitating strategically coherent advice at committee meetings. A number of approaches were cited as working well in this regard:

- Regular meetings to agree agendas and schedule of meetings
- Pre-meetings involving secretariat and other Managing Authorities (and where Chairs were drawn from LEP networks appropriate LEP support officers).
- Annotated agendas
- Tailored briefings
- Quick turnaround of minutes and action points
- Regular updates and catch-ups

131. There was an increasing appetite to consider project calls and funding applications in a broader context, particularly as a portfolio of decisions and investments was

beginning to build in LEP areas. Some sub-committees had recognised this early on and had built scope for wider contextual discussion into their agendas.

Good practice: York, North Yorkshire and East Riding's focus on the wider local growth agenda

The York, North Yorkshire and East Riding LEP area ESI Funds sub-committee provide a presentation at the start of each committee meeting setting out how the LEP area is addressing the wider objectives and priorities of the local Strategic Economic Plan and the way in which ESI Fund calls and applications are helping to meet them. The discussion is framed in terms of wider local growth priorities rather than the lexicon of the ESI Funds. This helps senior stakeholders around the table to understand how the ESI Funds fit local growth priorities and avoids an ESI Funds silo.

What could be improved

132. Equally, partners were keen to understand how local activity was mapping against other LEP areas and the England Operational Programmes as a whole. Whilst a few were sighted on England Growth Programme Board papers and performance information and so were able to contextualise local business accordingly, this was often a function of having a local partner on the Growth Programme Board rather than a systematic communication of wider programme information. Sectors who were represented at the Growth Programme Board did not always understand this route to wider performance information.
133. The sub-committee secretariat were typically valued and appreciated by committee members and this was an improving experience as local DCLG teams worked with members to refine their approaches, business planning and documentation. Key aspects of this are covered earlier in this report.
134. There was however a flipside to this. There were concerns about an emerging de facto hierarchy of ESI Funds in some committee business, with ERDF occasionally dominating the agenda. Some felt that this was squeezing out space to consider fully other funds - particularly EAFRD, which by virtue of the smaller funds available was sometimes being given insufficient air time in meetings. Its position at the end of agenda was seen as contributing to this. There was a sense too that space for ESF business was also under some pressure in some LEP areas, as large volumes of ERDF business drove agendas.
135. Partners understood some of the reasons for this, including long-term-historical partner working with DCLG at a regional and local level on ERDF, the scale of this Fund, ESF as new-to-the-table in local EU Fund terms and the small amount of EAFRD in play.
136. Nevertheless, partners considered that that some re-balancing of agendas and business planning may be desirable, to ensure an appropriate focus on each ESI Fund

and to maximise complementary planning and investment across them. It would also help with engaging all involved sectors and a sense of equal value and treatment.

137. The first year of delivery had generated a large volume of business and this had stretched the resources of committee members, Managing Authorities and Opt-in Organisations. As a result, some business had been transacted through Written Procedures rather than face-to-face meetings. Partners recognised that this had been unavoidable in some cases and recourse to Written Procedures had been an important business delivery tool.
138. Nevertheless, there was a clear view that Written Procedures were considered less effective as a means of soliciting discussion and advice. This was particularly problematic where the length of time given to respond was just a few days, sometimes in cases where very large applications were being circulated for comment. The handling of information from ESF Opt-in Organisations was particularly criticised in this respect, notably from the Skills Funding Agency. Despite the fact that local discussions had been going on in most cases in some form for over two years, partners remarked that their input (at the end of this lengthy engagement process) could feel shallow and rushed and that decisions were at risk of being made without their adequate involvement and advice. Some areas felt sufficiently strongly to avoid the use of Written Procedures at all.
139. However, Skills Funding Agency reported that the use of written procedure to facilitate procurement activity had allowed Skills Funding Agency activity and operations to progress which may otherwise have been put at risk due to delay. Managing Authorities also acknowledged that the use of written procedures remained an important flexibility when faced with competing time pressures or when the business needs of different programmes were not able to be fully catered for in schedule of local ESI Funds sub-committee meetings.
140. A number of partner and stakeholder responses felt that ESF Opt-in provision has brought important resources and support to LEP areas that have been key to the effective delivery of the programme, both nationally and locally. This is reflected in the high take-up of the Opt-in offer across nearly all LEP areas. This provision has developed over an extended timeframe. Initially through Local Enterprise Partnerships, and then through local ESI Funds sub-committees as these were set up. Opt-in management arrangements have evolved along the way and it has been challenging at times to synchronise engagement with partners locally fully in line with these changing circumstances.
141. Equally, Opt-in Organisations themselves have had to build complex packages of local activity at pace into single applications to the DWP Managing Authority, and ensure that these are procured and delivered to meet England and local-level priorities and targets. This has been a complex and demanding undertaking.
142. Partners have understood this backdrop and the difficulties Opt-ins have experienced at times in engaging with them as fully as they would have liked. Whilst considerable effort and resources has gone into this (a fact positively recognised by many partners), some aspects of working arrangements have however made the process more difficult.

143. In particular, the mechanisms used by used Opt-in Organisations have not always been as clear or consistent as partners would have liked. Local ESI Funds sub-committees have, for instance, been approached directly by Opt-in Organisations (rather than via the sub-committee secretariat) with funding applications, sometimes with short deadlines for comment. Sometimes Opt-in Organisations have approached the local LEP for views or routed papers through them for onward circulation to the local ESI Funds sub-committee, circumventing the secretariat and local DWP Managing Authority Teams. This variety of non-standard approaches has made the business of partner engagement with Opt-ins difficult or unclear on occasions. This is reflected in views expressed by ESF Opt Ins, who felt that greater consistency in methods of engagement involving local areas would be beneficial.
144. Partners would therefore welcome greater clarity and consistency with the standard business process ahead, to ensure they can add value optimally to the ESF provision that has been opted-into in these cases.
145. Whilst the pace and effectiveness of delivery was on plan in LEP areas, the extent of wider, cross-LEP area working was not happening as some hoped it might. There were a number of reasons for this. The focus of effort locally had been overwhelmingly on local plans and delivery, in order to establish a critical mass of priority activities. This, rather than wider geographic considerations, had taken precedence.
146. Equally, opportunity spotting was not always easy, particularly without access to more intelligence on what other areas were planning or prioritising. Business process was another challenge cited; complications around joint work spanning, for instance, different Categories of Region, was an unresolved conundrum. And the question of attribution mattered too; partners wanted to be reassured that resources invested from respective allocations in other areas would benefit theirs, either on the basis of proportionate spend in all involved LEP areas or else through indirect benefits that could be established.
147. Notwithstanding these challenges, there were examples of cross-LEP area working, pre-eminently though Financial Instruments such as the Northern Powerhouse Investment Fund and the Midlands Engine Investment Fund, with other examples in the pipeline in areas such as Cornwall and the Isles of Scilly and London.
148. Partner felt that improved business process design and intelligence to support opportunities could help ease and accelerate cross-LEP area investment – and wanted the Managing Authorities, or other groups or organisations (such as the Smart Specialisation Advisory Hub in relation to wider innovation planning and collaboration) to facilitate this.

Recommendations

- XXIV. Local Managing Authority Teams to review and improve joint working arrangements and joint planning of agendas and business between the ESI Funds with local Chairs
- XXV. ESI Funds sub-committees should consider development of medium to long-term work-plans reflecting both operational and strategic drivers behind programme implementation
- XXVI. Local committees consider providing local area context to frame ESI Funds investment
- XXVII. Growth Programme Board papers to be provided to local ESI Funds sub-committees and presented by local Managing Authority Teams
- XXVIII. ESI Funds LEP area sub-committee secretariats to work with DWP and DEFRA Managing Authorities to plan balanced agendas and rotation of ESI Funds business
- XXIX. The circumstances for use of Written Procedures to be reviewed and clearly planned with the support of ESI Funds sub-committees in each case
- XXX. Managing Authorities to review support for cross-LEP area working in discussion with public bodies and partners

Section 5: How the flow and format of Programme communication is working

149. In discussion with national and local partners a number of themes have emerged following consideration of information and communication within the context of the England Growth Programme. These focus in particular upon a need for greater alignment between funds at national and local level and practical measures that could help local partner better navigate and feel part of the 'bigger picture' of the Growth Programme itself.
150. Key issues identified included the need for better 'vertical' integration'; i.e. a strengthening of information flows between the national Growth Programme Board (GPB), national GPB sub-committees and local ESI Funds sub-committee membership; and better 'horizontal' integration and information flows between local Managing Authority teams and local ESI Funds sub-committee partnerships, and between the wider network of local ESI Funds sub-committees themselves.

What is working well

151. Partners recognised that the organisation of information and communication flows within the programme was an area set to evolve as the individual programmes which underpin the England Growth Programme move from launch to implementation stage.
152. A number of partners recognised the valuable role of local Managing Authority teams in helping to communicate wider programme developments and funding opportunities and highlighted the increased use of partnership updates, e-alerts, publicity materials and 'sign-posts' to GOV.UK, within the context of Communication Strategies agreed by the Growth Programme Board, as welcome support for information and communication flows at local level. A number of partners highlighted the use of 'stakeholder networks' focused on thematic or operational issues as an effective way of sharing learning and information, of disseminating good practice and ensuring consistency in interpretation and implementation. The recent activity focused on Priority Axis 4 (Low Carbon) where a series of partner workshops explored implementation issues and scope of eligibility was identified as a useful example of potential in this regard.
153. The Communications Strategies and tools used to date were considered a helpful base point from which to develop thinking going forward although some rural partners raised concerns that Managing Authorities should take account of lack of a broadband access in some rural areas when implementing Communications Strategies.
154. There was also evidence that some partners were broadly content with use of GOV.UK and its role in hosting relevant information on programme documentation and guidance. It is important to note however that most points considered in discussions of information and communication flows focused upon areas that could be improved.

What could be improved

155. At a strategic level a number of partners identified concerns at the lack of information flows cascading from the Growth Programme Board to partners engaged at local ESI Funds sub-committee level.

156. Partners commented that they sometimes felt unsighted on issues, developments and decisions taken at national Growth Programme Board level. There was a feeling amongst some that limited understanding of the role and issues considered at the Growth Programme Board constrained their ability to appreciate the 'bigger picture' and the contribution that local ESI Funds strategies were making to the government's wider growth agenda.

157. This was felt to potentially militate against fully effective strategic alignment of funds and to risk ESI Funds not being as well integrated as they could be. This also reinforced at local level the tendency for partners to sometimes view local ESI Funds allocations in isolation, both by ESI Fund and geographic area.

158. In discussion this lack of engagement was reflected across individual funds and across sectors, for example:

- Local Growth Delivery Teams and ESF Managing Authority teams expressed some difficulties in keeping up with latest developments at national programme level and with Growth Programme Board decisions and issues.
- In many cases local sectoral representatives were unaware of their sector's national representative on the Growth Programme Board and as such were unaware of how to engage or feed into relevant discussions.
- The receipt of information, papers and sectoral feedback was considered inconsistent and too dependent upon personal networks and contacts, or resulted from the fact that an organisation either directly supported or had a representative sitting on the Board itself.
- A number of partners were concerned that access to information and communication was not always consistent, with the associated risk that some partners enjoyed privileged access to information at expense of others.

159. It was recommended that Managing Authorities review the communication and information flows resulting from national governance structures (Growth Programme Board and EAFRD Programme Monitoring Committee) with a view to ensuring that access to appropriate information is cascaded in a more consistent and timely manner. For example:

- Summaries of key points and decisions from each Growth Programme Board should be circulated and be available to local ESI Funds team and sub-committees.
- Managing Authorities should explore the use of technology such as podcasts to disseminate information immediately following Growth Programme Board meetings.

- Growth Programme Board minutes and feedback should be circulated and made available at each local ESI Funds sub-committee meeting.
- Managing Authorities should clearly set out information / papers which can and cannot be circulated to local ESI Funds sub-committees and their associated sectors.
- Membership lists and contact details of Growth Programme Board members could be available to local ESI Funds representatives.
- The Terms of Reference for Growth Programme Board members should be reviewed to consider how best representatives can keep their respective sectors informed of Growth Programme Board activity.

160. At local level partners were also keen to facilitate greater understanding and communication between LEP areas and asked that local Managing Authorities teams explore how best to achieve this through sharing of information across LEP area boundaries, the promotion of coordination and cross-LEP area working e.g. building of stakeholder and thematic networks at programme level, greater use of cross area workshops (such as those held to promote Northern Powerhouse Investment Fund and the Midlands Engine Investment Fund). It will be important that local partners engage actively in this process going forward if cross-LEP area working is to be strengthened. For example, in discussion Managing Authorities commented that different local priorities and local political issues had often prevented greater levels of collaboration between LEP areas. A number of partners were also keen to understand and compare different areas as it was felt this could be useful in facilitating cross-LEP area working.

161. From a Managing Authority perspective the Rural Payment Agency noted that the response to initial EAFRD calls in 2015 had been disappointing with little evidence that ESI Funds sub-committees had used their own networks and communication channels to actively promote opportunities. It was felt that Managing Authorities and local partners needed to ensure clear flows of information and a clear understanding of the scope of the funds and role of the sub-committee going forward to better promote opportunities. It was noted that recommendations emerging from Section 1 would help to address this point.

Review of practical communication tools

162. In respect of more practical communication issues a significant number of partners highlighted difficulties experienced both by themselves and applicants in navigating the Gov.uk website and called for greater care in use of language to avoid jargon and ensure that all communication was appropriate to the targeted audience. The development and publication of a glossary of terms was recommended.

163. Partners were also keen to explore potential scope for more pro-active management stakeholder networks for example – exploring the use of networks as ‘learning communities’ in which Managing Authorities and partners can share develop and share

implementation experience, identify good practice and disseminate practical help and guidance.

164. Partners felt that the GOV.UK website could be improved through:

- Ensuring that alerts clearly identify and direct recipients to the relevant parts of guidance that has changed or directly to new content – currently partners noted that recipients were informed of new content but not where it was located or could be accessed directly.
- Possible inclusion of Q&A facility
- More support and advice to help partners to navigate fund finder facility by factors such as LEP area geography as well as by wider region would better enable partners to identify relevant opportunities at local level. A number of partners suggested use of a map based approach premised on LEP area boundaries to achieve a similar objective.
- The incorporation of a latest news section providing links to updated guidance, calls etc would also support information flows.

165. More widely, partners felt that better use of technology such as webinars or e-based forums and Q&A would help support communication and information flows. In addition, it was recommended that Managing Authorities and partners regularly revisit and update circulation lists to ensure partnership bulletins continue to reach the widest relevant audience.

166. Similarly, a number of partners felt that the use of social media was currently underdeveloped in terms of Managing Authorities' communication strategies and that Managing Authorities could review how they could appropriately align with pro-active the use of social media employed by LEP and local area partners. For example, use of twitter to publicise the granting of awards or to disseminate information regarding successful projects. It was acknowledged, however, that it would be necessary to ensure that local Managing Authority team use of social media needed align fully with existing ESI Funds Communication strategies agreed at Growth Programme Board

Recommendations

- XXXI. Managing Authorities to review communication flows from national Growth Programme Board and EAFRD Programme Monitoring Committee to better cascade information from national committees and sub-committees to local ESI Funds sub-committees and partnerships.
- XXXII. The review should explore use of appropriate new technology (podcasts/ webinars etc) and social media to ensure that information is cascaded in a timely, accessible and consistent manner.
- XXXIII. Growth Programme Board minutes should be made available to enable local ESI Funds sub-committees to plan Growth Programme Board feedback into local ESI Funds sub-committee agendas.
- XXXIV. Managing Authorities should consider how best to publicise and make available membership lists (with associated sectoral and contact details) of Growth Programme Board and national sub-Committees.
- XXXV. Managing Authorities should ensure that they avoid overly complex, technical language and should more effectively cascade the glossary of terms used in the context of ESI Funds delivery.
- XXXVI. E-alerts or notifications of new content linked to GOV.UK should clearly direct recipients to the relevant parts of the updated content/ guidance documentation.
- XXXVII. Managing Authorities should explore the addition of an e-based Q&A facility as part of GOV.UK site.
- XXXVIII. Managing Authorities to review use of social media by Managing Authority teams at local level to ensure all opportunities for programme information and publicity sharing are maximised. Managing Authorities should explore the extent to which Managing Authority usage can complement use of social media by LEP partners through e.g. YouTube channel, Yammer, Twitter etc.
- XXXIX. In conjunction with Managing Authorities, partners should explore pro-active management of stakeholder networks, for example, exploring the use of networks as 'learning communities' in which Managing Authorities and partners can share develop and share implementation experience, identify good practice and disseminate practical help and guidance.

Conclusion and Next Steps

Introduction

The Partnership Working Review facilitated a comprehensive consultation exercise involving stakeholders from all sectors and from all areas across England. The views and input of Managing Authorities, their national policy and local delivery teams, local ESIF sub-committees and wider stakeholders have contributed to the findings and recommendations included in the report.

The report itself aimed to consider whether the local partnership arrangements across the ESIF funds are delivering the level of partner input and influence they were designed to do and to recommend additional measures that may be needed to deliver and improve upon current arrangements.

The findings of the review suggest that the partnership model has been critical to the set up and launch of the Growth Programme in England. Partnership arrangements are far reaching and robust at both national and local level with partners in most cases making a significant input and exercising appropriate levels of influence in respect of calls and the alignment of the investment decisions made by Managing Authorities with local priorities.

Over the first twelve months of programme delivery the majority of partners have felt confident about the impact they have had on the spending decisions of the ESI Funds Growth Programme, with partners broadly agreeing that within the scope of local strategic fit, their advice had been reflected in the decisions taken by Managing Authorities.

A wider range of comments and suggestions were received but some of the main observations emerging from the review included the following points:

- The LEP role in leading the recruitment of local ESIF committee membership helped to ensure close alignment between local ESIF and wider local growth agenda, in particular LEP area Strategic Economic Plans.
- There is a robust and broadly based mix of sectors and partners engaged in local ESIF activity providing access to expertise that may not otherwise have been available. The use of thematic sub groups, including rural focused sub-groups, to the local ESIF has helped to provide expertise and capacity at call stage and better enabled the ESIF sub-committee fulfil its role to advise local Managing Authority teams.
- In most cases strong relations have evolved between local Growth Delivery Teams and partners engaged in ESIF activity, and secretariats have further strengthened such linkages through regular inductions, seminars and 'deep-dive sessions'.
- The close relationship between the local MA secretariat and the Chair of the ESIF sub-committee is recognised as critical the successful operation of local ESIF sub-committee functions.

- Local arrangements were felt to work best when room is made for both strategic and operational discussions during ESIF committees and as secretariats evolve, close working across MAs should help to ensure that no one fund dominates proceedings.
- Room for improvement includes better use of technology and communication tools to manage the volume of information and paperwork involved, better signposting and use of summaries in assessments and appraisals. It was felt that this would help local ESIF processes to become more streamlined, focused and efficient so as to maximise the added value of local partner contributions.
- Partners also sought greater clarity and consistency from the MAs in terms of what is meant by local strategic fit – that is - allowing an element of flexibility to permit local partners to offer advice on relevant issues such as value for money or past performance which it was felt can also strengthen their contributions to local assessment and appraisal activity.
- A number of partners sought assurance that the application process would be reviewed to ensure it is as streamlined and effective as possible and that the timings of calls, applications and approvals would be as efficient as possible.
- The need to ensure clear and transparent lines of accountability when local ESIF partners seek to localise national services and products was signalled as a key requirement – as was the need to strengthen ESF engagement in local ESIF activity.
- Partners were also keen to better understand how local governance and delivery fits into the national programme and how other areas are performing, this includes making space for updates on the work of the Growth Programme Board and associated national level GPB sub-committees.
- It was considered important to ensure that rural issues were fully integrated into the work of local ESIF committees and that agendas and discussion reflected this. It was noted that the role of the rural representative and their interaction with the Chair was critical to ensure that appropriate weight is given to debate on rural issues.

The findings of the review do therefore point towards areas where improvements can be made and identifies some differences between funds, often resulting from issues arising from the transition from previously national to increasingly localised delivery structures.

The recommendations produced by the Partnership Working Review are drawn together and set out in full in the Annex attached to this report.

Next Steps

The findings and recommendations of the Partnership Working Review have been disseminated across Managing Authority teams at national and local level with many local areas already adopting best practice and implementing report recommendations linked to participation, engagement and communications.

With respect to application and appraisal processes, the timing of the partnership working review has meant that recommendations included in the report have also informed and fed directly into Managing Authority initiatives across all three funds linked to continuous improvement and the implementation of lean processes.

In certain continuous improvement workstreams, such as the revision of outline and full applications forms and associated guidance, the activity will incorporate both ERDF and ESF funds and is responding to points made by partners in the Partnership Working Review. Defra and the Rural Payments Agency are also working to streamline Rural Development Programme for England (RDPE) business processes, one example has been the change to only taking projects to local ESIF Committees once and this has been welcomed by local partners.

For example, MA work across all three funds includes activities that will result in:

- Revised and streamlined outline application and assessment forms;
- Streamlined full applications process and appraisals;
- Speeding up of Grant Funding Agreement processes;
- Additional guidance on management control and audit;
- Streamlining of information presented to ESIF sub-committees.

Phase 1 of the continuous improvement and lean implementation plan will also review processes linked to project inception visits, closure, programme decision-making, compliance and procurement. Recommendations and revisions are scheduled to be rolled out from summer 2016.

In respect of the wider dissemination of and implement of the findings of the Partnership Working Review, Managing Authorities are currently assessing the impact of the referendum result and the decision to exit from the European Union and the impact that this may have on the programme going forward from 2016.

It is intended that wherever possible the recommendations of the review are taken into consideration and actioned in respect of the ordinary course of business signalled by the recent HM Treasury announcement in the period up to the Autumn Statement 2016.

In the medium term Government has committed to work with LEPs and other relevant stakeholders to put in place arrangements for considering those ESIF projects that might be signed after the Autumn Statement but while we still remain a member of the EU. Further detail will be set out ahead of the Autumn Statement.

Annex 1:

ESI Funds Growth Programme: Partnership Working Review

Recommendations

1. In seeking replacement/further members, Managing Authorities and sub-committee secretariats should consider use of open recruitment in addition to inviting sectors to nominate representatives.
2. Where ESI Funds sub-committees experience difficulties in securing representation across all sectors, they should consider 'doubling-up' representation where appropriate.
3. ESI Funds sub-committees should acknowledge that membership may often evolve to reflect the stage of programme implementation cycle reached. Secretariats working in conjunction with Sub-committees should be pro-active in refreshing membership at regular intervals, requiring sectors to confirm members and alternates and be pro-active in monitoring attendance, taking action where appropriate to maintain levels of attendance.
4. The secretariats and LEP officers should periodically review the need for regular induction, seminars, in depth workshops to ensure members are up-to-date with latest programme and policy developments.
5. Secretariats should seek to work closely with Chairs, and where appropriate, LEP supporting officers; avoiding any perception of officers acting as 'filters' and/or 'gatekeepers' between the secretariat and Chair role. Managing Authorities should work with LEP officers to explore scope to facilitate exchange of experience, dissemination of good practice and networking amongst Chairs.
6. The Terms of Reference for the local ESI Funds sub-committee should be reviewed to further define the scope and the role of the Chair and their interaction with Managing Authorities, particularly the role of Chairs outside of ESI Funds sub-committee meetings.
7. Secretariats should restate key principles underpinning the management of conflicts of interest and review the need to differentiate between direct pecuniary or other interests, and indirect interests, and consider allowing Chairs the discretion to permit responses to points of information and clarity where that helps to expedite local strategic advice and Managing Authorities' decision-making, and does not lead to advocacy on behalf of the project.
8. Secretariats to review or restate advice to ensure consistent approaches to the sharing of information by sectoral representatives with the sectors they represent. It is important to ensure that representatives feel able to seek out local economic and strategic priorities, and reflect these at ESI Funds sub-committee meetings, whilst avoiding anything that undermines commercial confidentiality.

9. ESI Funds sub-committees should be open to co-opt or invite specialist advice where required, to supplement gaps in local ESI Funds sub-committee knowledge.
10. Given the importance of the Chair role secretariat should consider and where considered effective facilitate a 360 degree review process for the position of Chair on an annual basis. To avoid an overly-prescriptive approach at local level it is recommended that this be an optional process agreed following discussions with the secretariat and the LEP.
11. ESF Managing Authority should review how to improve the ability of their local teams to present the outcome of their assessments, even when done by others.
12. Partners emphasised the need for the ESF Managing Authorities to restate the roles and responsibilities envisaged for the ESF Managing Authority, ESI Funds sub-committees and Opt-in Organisations, so that local ESI Funds sub-committee members were better able to understand the appropriate relationships and level of engagement expected.
13. Local ESI Funds sub-committees to consider drawing on existing local thematic/policy sub-groups to support committee members with advice on project call specifications and advice on funding assessments and appraisals . Where this is agreed the following checks and balances should apply:
14. The use of supporting thematic/policy sub-groups should be formally confirmed by the full ESI Funds sub-committee;
15. Such thematic/policy sub-groups should support but not replace the full ESI Funds sub-committee, from whom all final advice to the Managing Authorities should come;
16. Local ESI Funds sub-committee Terms of Reference to be amended by September 2016 to reflect scope for technical sub-groups to support local sub-committee members.
17. Local ESI Funds sub-committees to consider nominating leads to negotiate with Opt-in Organisations/other national organisations: Where this is agreed the following checks and balances should apply:
 - Where supporting leads are agreed, this should be formally confirmed by the full ESI Funds sub-committee;
 - Such leads should support but not replace the full ESI Funds sub-committee, from whom all final advice to the Managing Authorities should come;
 - Local ESI Funds sub-committee Terms of Reference to be amended to reflect scope for technical leads to support local sub-committee members.
18. ESF Managing Authority to review how effectively provision has been tailored to local needs in LEP areas and report back to the Growth Programme Board by September 2016

19. Managing Authorities to work with the advice of the Growth Programme Board to influence the design of domestic policies and funding so that they better complement the ESI Funds.
20. Managing Authorities to consider scope to co-ordinate call timetables between the ESI Funds and greater flexibility at local level and report back to the Growth Programme Board by September 2016.
21. Managing Authorities to review assessment and appraisal format and content and consider scope for enhancements by September 2016. This should include the scope for Managing Authorities to provide summaries of assessments and appraisals in a common format.
22. Managing Authorities to review the uses of technology to support improved smart working and propose options by September 2016.
23. Managing Authorities to consider scope for obtaining the advice of partners on issues relevant to local strategic fit which do not involve matters of eligibility or compliance.
24. Local Managing Authority Teams to review and improve joint working arrangements and joint planning of agendas and business between the ESI Funds with local Chairs
25. ESI Funds sub-committees should consider development of medium to long-term work-plans reflecting both operational and strategic drivers behind programme implementation
26. Local committees consider providing local area context to frame ESI Funds investment
27. Growth Programme Board papers to be provided to local ESI Funds sub-committees and presented by local Managing Authority Teams
28. ESI Funds LEP area sub-committee secretariats to work with DWP and DEFRA Managing Authorities to plan balanced agendas and rotation of ESI Funds business
29. The circumstances for use of Written Procedures to be reviewed and clearly planned with the support of ESI Funds sub-committees in each case
30. Managing Authorities to review support for cross-LEP area working in discussion with public bodies and partners
31. Managing Authorities to review communication flows from national Growth Programme Board and EAFRD Programme Monitoring Committee to better cascade information from national committees and sub-committees to local ESI Funds sub-committees and partnerships.

32. The review should explore use of appropriate new technology (podcasts/ webinars etc) and social media to ensure that information is cascaded in a timely, accessible and consistent manner.
33. Growth Programme Board minutes should be made available to enable local ESI Funds sub-committees to plan Growth Programme Board feedback into local ESI Funds sub-committee agendas.
34. Managing Authorities should consider how best to publicise and make available membership lists (with associated sectoral and contact details) of Growth Programme Board and national sub-Committees.
35. Managing Authorities should ensure that they avoid overly complex, technical language and should more effectively cascade the glossary of terms used in the context of ESI Funds delivery.
36. E-alerts or notifications of new content linked to GOV.UK should clearly direct recipients to the relevant parts of the updated content/ guidance documentation.
37. Managing Authorities should explore the addition of an e-based Q&A facility as part of GOV.UK site.
38. Managing Authorities to review use of social media by Managing Authority teams at local level to ensure all opportunities for programme information and publicity sharing are maximised. Managing Authorities should explore the extent to which Managing Authority usage can complement use of social media by LEP partners through e.g. YouTube channel, Yammer, Twitter etc.
39. In conjunction with Managing Authorities, partners should explore pro-active management of stakeholder networks, for example, exploring the use of networks as 'learning communities' in which Managing Authorities and partners can share develop and share implementation experience, identify good practice and disseminate practical help and guidance.