



European Union

European Structural
and Investment Funds

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

Growth Programme for England

**Minutes of the Growth Programme Board meeting
11:00 Thursday 16 June 2016
Conference Room 5, Marsham Street, London**

Agenda

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| 1. Welcome and introduction | 8. Financial Instruments outputs* |
| 2. Progress on devolution and Intermediate Bodies | 9. Evaluation Plan for the 2014-20 Operational Programme* |
| 3. Progress on Programmes* | 10. Complaints procedure & LEP area |
| 4. Structural Funds Performance Management Strategy Guidance* | ESI Funds sub-committee lobbying guidance* |
| 5. Phasing commitments in the 2014 - 20 ERDF programme* | 11. Summary report from National Sub-committees* |
| 6. Partnership Working Review Report* | 12. Forward Look* |
| 7. ESI Funds Strategies finalisation* | 13. Minutes of March meeting & update on actions* |
| | 14. Items for information |

*Agenda items marked * were accompanied by Board papers.*

Minutes

1. Welcome and introduction

- 1.1.** The Chair (**Julia Sweeney**) welcomed everybody to the meeting. She introduced new Growth Programme Board (GPB) members **Louise Bennett** (Business / Private Sector); **Dominic Williams** (Business / Private Sector (SMEs)) and **Carol Botten** (Voluntary and Community, local level). **Lindsey Hall** attended as deputy for Sandra Rothwell (Cornwall and Isles of Scilly). **Angus Gray** was thanked for his contribution to the ESF programme and the Board wished him well in his new role.

2. Progress on devolution and Intermediate Bodies

2.1. Nick Dexter noted that ten devolution deals had been announced by government since the General Election. No new areas had been announced since the Board's March meeting and no additional devolution deals were expected to be announced before the autumn. Designation for Greater Manchester, Liverpool City Region and Cornwall and the Isles of Scilly is planned over the coming months. All areas had received designation documents that set out functions and expectations. Assurance meetings were being held so that government is satisfied that Authorities have the necessary systems and processes in place. Responding to members' queries about areas that either don't have a devolution deal or are not coterminous with LEP areas; and whether proportionality, risk and penalties had been considered, he acknowledged that mapping designation bodies against Local Enterprise Partnership (LEP) areas is not straightforward, but development of deals implements the government's policies for localism and local leadership. It is an iterative process and responsibilities will be set out in Memoranda of Understanding.

3. Progress on Programmes

3.1. ERDF: David Malpass reported that four calls had issued. Three calls had concluded, resulting in 522 live applications. A further five rounds of calls are anticipated. Including the planned financial instruments (FIs), live applications totalled £1.57bn, equivalent to 58% of the ERDF programme. The Board examined progress in Priority Axes 1 (Research & Innovation), 3 (SME Competitiveness) and 4 (low carbon economy) against less developed, more developed and transition Categories of Region. Careful contract management will help deliver PA1 through FIs worth £40m in more developed areas. The PA4 low carbon economy position had improved since the March GPB report. Applications now form approximately 43% of the allocation, but it was acknowledged that transition areas require greater PA4 focus. Outline application responses for PA3 SME competitiveness showed strongest performance against all Categories of Region but experienced a higher rate of attrition before progressing to full stage, compared to PA1 outline applications. David confirmed the Performance & Dispute Resolution sub-committee will look at the potential effects of attrition rates on programme performance. Performance Framework data modelling is underway and a briefing will be included at the September meeting.

3.2. Board members returned to boundary issues, raising the potential for guidance about making and/or reporting Category of Region spend splits and cross-LEP allocations. They explored progress on development of ECLAIMS and raised queries on committing ESI Funds to support alternative energy projects without certainty of outcomes. **David Morrall** noted that government had developed guidance on Category of Region splits and planned to discuss it with Commission colleagues. PA4 guidance was anticipated by the end of June. He confirmed PA4 support is aimed at businesses and that, generally, ESI Funds do not substitute for other forms of support. **David Malpass** explained that the ECLAIMS management process would be based on quarterly cycles. The overall pace for

delivering the system is good. The **Chair** noted the ECLAIMS system would be subject to a series of gateway assessments, which need to conclude before the system can be rolled out widely.

3.3. ESF: Angus Gray reported that agreements are in place with a total value of £1,275m arising from 141 Memoranda of Understanding and 58 Funding Agreements. ESF has published 47 calls, totalling more than £339m. Although the level of commitment, broken down by LEP area, demonstrated that two areas appeared to be above 100% commitment, the Managing Authority is processing change requests that will bring that level down. DWP is working to achieve a 50% level across all LEP areas. A projection of progress against 2018 N+3 targets and Performance Framework financial targets was provided. The Commission has confirmed that technically funds from Youth Employment Initiative (YEI) underspend may be moved to other eligible regions. Skills Funding Agency Funding Agreements totalling more than £750m are in place, although change requests from LEP areas will reduce the position by £200m. This reduction would clearly put pressure on the N+3 and performance framework position. More than 60% of Big Lottery Fund co-financing applicants are either VCS or VCS partners and 21 grants have been awarded. Memoranda of Understanding have been signed with a total value of almost £173m.

3.4. Board members noted that YEI underspend remains a risk; queried match funding sources for skills spend in areas without devolution deals; and remarked that recent letters from DWP about the Health and Work Programme had been addressed, mistakenly, to LEPs rather than LEP area ESI Funds sub-committee Chairs. **Angus Gray** acknowledged the YEI underspend varied across the country. He noted the exchange rate had an impact on the totals and that London applications were low because other funding opportunities had been available. DWP is in discussion with the Department for Business, Innovation and Skills (BIS) on what would happen to skills funding from 2018 in those areas where there is no devolution deal.

3.5. EAFRD: Tony Williamson reported the total amount of EAFRD Growth Programme funding offered remained at £24.5m. The summer 2015 calls had been over-subscribed, yielding full applications valued at £19.5m. No new calls had been launched since the March GPB meeting. The Rural Payments Agency (RPA) is completing discussions with the LEP areas to refresh spending priorities and agree plans for launching up to £122m worth of calls from late summer 2016, the first £90m within 12 months. RPA is exploring measures to improve the attrition rate and improve the speed with which responses to calls make progress towards expenditure. Experience has demonstrated that longer call periods deliver better results, especially in business and tourism areas. The MA is exploring opportunities to support forestry, business advice and renewables and hopes to set up inter-departmental meetings so that Managing Authorities can learn from each other

3.6. Board members welcomed efforts to reduce time taken from application approval to payment. The Board was positive about prospects for shared knowledge and greater collaboration, helping to improve performance across the programmes.

3.7. EMFF: Paul Little reported that 109 applications had been received since the programme opened in January. The total project costs of those applications are just over £10m. Of those applications, 25 have been approved so far. Applications will continue to be processed over the coming months to ensure monies are committed.

4. Structural Funds Performance Management Strategy guidance

4.1. Simon Jones invited the Board to approve the Structural Funds Performance Management Strategy guidance. The guidance sets out the framework for managing performance milestones and targets in the ERDF and ESF Operational Programmes. The Performance & Dispute Resolution sub-committee will have role in identifying barriers to performance and bringing key issues to the attention of the Board. Members acknowledged that any penalties arising from missing targets at programme level would be shared by the LEP areas with allocations in the affected part of the Programme even if this was through the actions of a small minority of LEP areas. They emphasised the importance of closely monitoring LEP area performance so that remedial action can be taken swiftly, if necessary. The Members also welcomed the action in the Guidance to swap allocations between LEP areas at Priority Axis level. Board members noted that the Performance and Dispute Resolution sub-committee had considered the guidance at its meeting on 12 May.

4.2. The Board approved the Structural Funds Performance Management Strategy Guidance.

5. Phasing Commitments in the 2014-20 ERDF Programme

5.1. David Morrall invited Board members to agree an approach to LEP area contracts at the later stages of the programme, when contracted spend in Priority Axes 1 (Research and Innovation) and 3 (SME competitiveness) sums to 75% or more of available funding up to the end of 2019. He explained the possibility that all ERDF could be contractually spent by the end of 2019 in some LEP areas. The proposed approach would be to initiate a review in those cases.

5.2. Board members noted the challenge and theoretical risk that both capital and revenue funds could be contractually committed and spent, leaving nothing for later stages of the programme. The Board agreed that a review process will be triggered by proposals to sign contracts before 2019 that sum to 75%, excluding the value of Financial Instruments, of a LEP area's PA1 and PA3 allocations.

6. Partnership Working Review Report

6.1. David Morrall presented the draft report from the Partnership Working Review. He outlined the project's objectives and extent of consultation, summarising draft conclusions from the report covering membership and representation; participation and the process of providing advice; partner input, influence and working with Opt-in organisations; working arrangements, information exchange and seeking to optimise the strategic contribution from senior members of LEP area ESI Funds sub-committees. Setting out the remaining steps to finalise the

report, including a proposal to group recommendations by short, medium-term and ongoing timescales, Board members were invited to send comments about the findings and recommendations from the draft report to the ESIF secretariat.

- 6.2.** Board members welcomed the constructive tone of the draft report and were pleased that partners had had opportunities to participate at meetings and contribute through the online survey. There were positive comments about the review process and its integrity; the enthusiasm and positivity of the review team; and the value placed on relationships between central government and local partners. Some work still needs to be done on equality and diversity representation and capacity building. It was suggested that recommendations be grouped together and, once the report is finalised, an opportunity to bring together the 39 LEP area ESI Funds sub-committee Chairs might promote working across LEP areas and sharing of best practice. **Angus Gray** said that DWP would do a final check on tone to ensure that the criticisms of the ESF Managing Authority and ESF co-financing organisations were presented in a balanced way.

Action 1606/01: Board members to submit comments on the draft Partnership Working Review report to the GPB secretariat, by Friday 24 June.

7. ESI Funds Strategies Finalisation

- 7.1.** Simon Jones noted that updating of LEP area ESI Funds Strategies to ensure consistency with Programmes was almost complete. Following discussion, the Board agreed that Managing Authorities may now write to LEP area ESI Funds sub-committees confirming agreement of each local strategy, once complete.

8. Financial Instruments Outputs

- 8.1.** **Simon Jones** noted that a proposal for a cross-LEP approach to managing Financial Instrument outputs for the Northern Powerhouse and Midlands Engine Investment Funds had been discussed and endorsed by the Performance & Dispute Resolution sub-committee. Contracted outputs will be approved at a Holding Fund level. The Board was invited to agree the proposal.
- 8.2.** **James Newman** emphasised his view that targets need to reflect current schemes promoting Joint European Resources for Micro and Medium Enterprises (JEREMIEs) and, supported by **Cllr Ian Stewart**, that sub-£25K investments from FIs merit consideration. The Board noted that the British Business Bank is taking a series of meetings with local partners now. The Chair acknowledged that ongoing communication and dialogue is important, especially with regard to smaller investment schemes in local areas and any implications for LEP area allocations. The Board agreed the proposal.

9. Evaluation Plan for the 2014 - 2020 ERDF Operational Programme

- 9.1.** **David Morrall** presented the ERDF Evaluation Plan for the Board's examination and approval. The Plan had been considered in draft at the December 2015 meeting and Board members' and European Commission DG Regio feedback had

been noted. Since December, the two main changes to the Plan were to confirm budgets and provide for a scoping study before appointing a national evaluation contractor. Commercial information within the Plan that might influence potential tenders would be withdrawn prior to publication on GOV.UK.

9.2. The Board approved the 2014 – 2020 ERDF Evaluation Plan.

10. Complaints Procedure and LEP area ESI Funds sub-committee Lobbying Guidance

10.1. **Ben Meadows** presented a paper setting out a complaints procedure to cover the Board and its sub-committees and guidance for members of LEP area ESI Funds sub-committees to help them deal with lobbying. Both items had been developed with support from an advisory group comprising Managing Authorities and DCLG legal officers. The Board and sub-committees had been represented by George Kieffer.

10.2. Board members asked that the complaints procedure make the advisory role of the LEP area ESI Funds sub-committees explicit and, where appropriate, a complaint made against a Managing Authority's local handling of ESI Funds should be brought to the attention of the LEP area's ESI Fund sub-committee Chair. It was confirmed that Intermediate Bodies held Memoranda of Understanding which explained how complaints directed at those organisations will be handled. European Commission colleagues submitted a written recommendation that the guidance on lobbying should make clear the elements of neutrality, equal treatment of beneficiaries and avoiding conflicts of interest. The Board agreed both the complaints procedure and lobbying guidance.

11. Summary Report from National sub-committees

11.1. **The Secretary** (Richard Inman) presented a summary of the membership and initial meetings of the seven National sub-committees that had convened to date. He confirmed that minutes and meeting papers will be published on GOV.UK. Board members recalled there will be a periodic review of sub-committee composition and noted that Cornwall and Isles of Scilly was represented on several of the sub-committees. The Board sought clarification of the SME Competitiveness sub-committee's membership. The Board approved the proposed supplementary roles of the Communications, Performance & Dispute Resolution and SME Competitiveness sub-committees.

Action 1606/02: Secretary to confirm membership of the SME Competitiveness sub-committee.

12. Forward Look

12.1. **The Secretary** presented the Forward Look. Board members were invited to suggest items for inclusion. It was noted the Terms of Reference require a review of membership after the first year and this might be discussed at the September meeting.

12.2. **Angus Gray** noted that ESF Operational Programme amendments would be required and these would need Board approval.

13.Minutes of last meeting and progress on actions

13.1. The Board agreed the minutes from March 2016. These will be published on GOV.UK. Members noted that actions had been discharged. David Malpass committed to complete Action 1603/01 on 21 June.

14.Items for Information

14.1. **The Secretary** recorded successful conclusion of four Written Procedures in the last quarter: (1) ERDF Annual Implementation Report; (2) ESF Annual Implementation Report; (3) ESF Evaluation Plan and (4) Technical Updates to the ERDF Operational Programme.

Meeting closed: 13:50

Date, time and venue of future meetings

- Thursday 15 September 2016, 11:00 – 15:00, DCLG Conference Rooms 5A & 5B
- Tuesday 13 December 2016, 11:00 – 15:00, DCLG Conference Rooms 5A & 5B
- Tuesday 28 March 2017, 11:00 – 15:00, DCLG Conference Rooms 5A & 5B
- Wednesday 14 June 2017, 11:00 – 15:00, DCLG Conference Rooms 5A & 5B

Annex A

List of agreed actions from June 2016 Growth Programme Board meeting

No.	Action	Assigned to:
1606/01	Board members to submit comments on the draft Partnership Working Review report to the GPB secretariat, by Friday 24 June.	All Board members
1606/02	Secretary to confirm membership of the SME Competiveness sub-committee.	Secretary

Annex B Attendee List

Growth Programme Board meeting 16 June 2016

Chair:

Name, title and organisation	Sector/Organisation Representing
Julia Sweeney Director, Europe Programmes and Local Growth Delivery	DCLG

Board Members:

Name, title and organisation	Sector/Organisation Representing
Dominic Williams Chair, Local Government Policy Unit, Federation of Small Businesses	Business / Private Sector (SME)
Louise Bennett Chief Executive, Chamber of Commerce	Business / Private Sector
Kenroy Quellenec-Reid Greater London Authority	Greater London Authority
Lindsey Hall Chief Executive, Real Ideas Organisation	Cornwall & the Isles of Scilly
John Markham Chair, Northamptonshire LEP	LEP Network/LEP
James Newman Chair, Sheffield City Region LEP	LEPs
Warren Ralls Director, LEP Network	LEPs
Simon Noakes Chief Executive, New Economy Manchester	LEPs
Cllr Ian Stewart Cumbria County Council & South Lakeland District Council	Local Authorities
Cllr Roger Phillips Herefordshire County Council	Local Authorities
Cllr Philip Atkins Staffordshire County Council	Local Authorities
Carol Botten Deputy Chief Executive, VONNE	Voluntary & Community Sector (Local)
Andy Churchill Network for Europe	Voluntary & Community Sector (National)
Tom Mellish Policy Officer, Trade Union Congress	Trade Unions
Professor John Latham Vice-Chancellor, Coventry University	Higher Education (Universities)
Keith Cowell Principal, City of Westminster College	Further Education
Mark Tinsley Chair, Lincolnshire Forum for Agriculture and Horticulture	Rural & Farming Network
Keith Harrison Chief Executive, Action with Communities in Rural Kent	LEADER
Shelly Dowrich EU & International Policy, Government Equalities Office	Equalities
Tony Williamson	Defra

Head of RDPE Strategy Team, Defra	
Paul Little Policy Advisor, Defra	Defra
Angus Gray Head of ESF Division, DWP	DWP
Catherine Blair DWP	DWP
Tim Goodship European Reform Directorate, BIS	BIS
Nick Dexter Deputy Director, Policy & Partnership. DCLG	DCLG
David Malpass Deputy Director, Growth Delivery Network, DCLG	DCLG
Carol Sweetenham Deputy Director, Central MA Strategy & Systems Division, DCLG	DCLG
David Morrall Head of 2014-20 Policy Team, DCLG	DCLG

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

Name, title and organisation	Sector/Organisation Representing
Simon Jones European Programmes Team	DCLG
James Ransom Policy Researcher	Universities UK
Russell Reefer Adviser, Local Government Association	Local Government Association
Chris Armstrong Greater South East GDT	DCLG
Richard Inman Growth Programme Board Secretariat	DCLG
Ben Meadows Growth Programme Board Secretariat	DCLG
Adrienn Sz Nagy Growth Programme Board Secretariat	DCLG

Apologies:

Name, title and organisation	Sector/Organisation Representing
George Kieffer Vice Chair, South East LEP	LEPs
Sir Richard Leese Leader, Manchester City Council	LEPs
Sir Albert Bore Birmingham City Council	Local Authorities / LGA
Alex Conway European Programmes Director, Greater London Authority	Greater London Authority
Sandra Rothwell Chief Executive, Cornwall & the Isles of Scilly LEP	Cornwall & the Isles of Scilly
Tim Parry Chief Operating Officer, Community Council for Berkshire	Voluntary & Community Sector (National)
Mayor Joe Anderson	SUD / Core Cities

Liverpool City Council	
Richard Powell Chair, Wild Anglia Local Nature Partnership	Local Nature Partnerships
Tim Courtney Deputy Director, European Reform Directorate	BIS
Shirley Trundle Director, Countryside and Nature	Defra
Matt Sowers Head of Marine Planning & Sustainable Fisheries, Defra	Defra
Deša Srsen Head of Unit (D4 – Ireland & United Kingdom)	European Commission, DG REGIO
Carmen Gonzalez Deputy Head of UK Unit	European Commission, DG REGIO
Noel Farrell UK Unit	European Commission, DG REGIO
Tamara Pavlin Programme Manager, UK Unit	European Commission, DG REGIO
Andriana Sukova-Tosheva Director EMPL F, Investment	European Commission DG EMPL
Nicolas Gibert-Morin Head of Unit of EMPL F4	European Commission DG EMPL
Jean-Bernard Benhaïem Deputy Head of Unit, DG AGRI	European Commission DG AGRI