



European Union

European Structural
and Investment Funds

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

Growth Programme for England

Minutes of the Growth Programme Board

11:30 Thursday 19 September 2019

Conference Room 5, Marsham Street, London

Agenda

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|--|--------------------------------|
| 1. Welcome and introduction | 5. Minutes of June meeting and |
| 2. Progress on Programmes* | progress on actions* |
| 3. Reserve Funds* | 6. Items for information* |
| 4. Revised ESIF Sub-Committee
Terms of Reference* | |

*Agenda items marked * were accompanied
by Board papers*

Minutes

Welcome and introduction

1. **Julia Sweeney** welcomed board members and advised that apologies received would be recorded in the minutes.
2. **Julia Sweeney** informed the board that **Keith Cowell** has retired and therefore resigned from the board. **Julia Sweeney** has written on behalf of the board thanking him for his contribution over the two and a half years of his membership, a replacement will be identified shortly. **Julia Sweeney** also informed the board that the **Local Government** vacancy has been filled by **Councillor Peter Thornton, Cumbria Council**, who was nominated by the Liberal Democrat Group.
3. The Chair asked the board for any conflicts of interest and none were declared.

Item 2: Progress of Programmes

European Regional Development Fund

4. **David Malpass** presented the progress report on ERDF delivery. The contracting figure as of 30 June 2019 is £1936 million (737 projects), an increase of 131 projects since 21 December 2018. As of 30 June 2019, there are 389 applications being assessed, including one financial instrument.
5. Contracted projects and those in the pipeline represent 83% of the programme budget. The contracting of projects is now a priority and is being closely monitored to ensure that the total value is enough to meet the overall 2023 target.
6. Information relating to cross-cutting themes, in particular gender, disability, age and ethnicity, was provided in response to request for this at previous board meetings. David Malpass also informed the board that the Equality & Diversity National Sub-committee (E&D NSC) will continue exploring these issues.
7. **David Malpass** updated the group on the equality data that showed ERDF participation by gender, disability, age and ethnicity. There will be a sub-committee meeting to discuss these issues in more detail.
8. **Huw Edwards** queried the cross-cutting themes data, particularly if the figures showed whether ambitions were met or what the programme would want these figures to be, assuming that in some areas it may not be as straightforward as a 50/50 gender split for example, and what process are in place to obtain these and understand the complexities. **David Malpass** explained the E&D NSC is continuing to look at the data and will start to provide benchmarks, further increasing the usefulness of the information available. **David Morrall** added that an Equality Impact Assessment was performed at the start of the programme and that the on-going national evaluation is also providing insight on where the current programme is progress in this area.
9. **Paul Green** asked whether the data could be provided at LEP level? **David Malpass** said that it was a good point and ERDF will have a look into it.
10. **Andy Churchill** noted that the update paper in places could have been clearer, however he welcomed the inclusion of the cross-cutting themes data and noted that these are a starting point and there is work to be done to improve the level of responses and ensure project partners engage with this issue. Furthermore, he raised concerns about a potential backlog from the summer calls, how the processing of these may impact the proposed Reserve Fund and if the MA is confident with the resources it has. **David Malpass** informed there is a focus on reducing the pipeline,

the processing of the summer calls will be a priority and that extra resources are already in place in order to maintain planned delivery timelines. David also noted that a lot of the applications in the pipeline are extensions to existing projects and these by nature are less resource intensive than new projects.

11. **Janet Thornton** asked whether the cross-cutting themes data could distinguish between rural and urban SMEs. **David Malpass** agreed to take this away and see if it possible to do this using postcode information.

ACTION 1909/01: MHCLG to assess whether data on current programme can be broken down for rural areas and, if so, provide to the board in due course.

12. **Keith Harrison** asked about the two Community Led Local Development, as per paragraph 45 of the update paper, that are fully committed and what lessons can be shared from their successes. **David Malpass** agreed to share information on this.

ACTION 1909/02: MHCLG to identify where there is good practice and share with Keith Harrison.

13. **James Newman** noted that the start date of the Reserve Fund should be flexed and in line with ongoing delivery progress, particularly ensuring the summer calls are processed, so that all areas have the best chance of getting projects resolved. **Julia Sweeney** reminded the board that it is an extremely busy delivery period for all Structural Funds and that all teams are focussed on delivering.

14. **Richard Powell** welcomed the inclusion of the cross-cutting themes information. He also raised queries on the interplay between various funds, such as the Coastal Communities Fund, and what is in place to ensure there is no double funding, but also that funds complement each other for the greater good. **David Malpass** advised that the local Growth Delivery Teams work closely with other teams, such as BEIS local, to ensure there is no duplication. The ability to match funding across various funds differs and these are assessed case by case, but the teams are proactive in helping partners understand what can and cannot be matched.

European Social Fund

15. **Steve Spendlove** presented the ESF progress report. Claims are in a much stronger position than last year and ESF expect that Q2 2019 claims will be sufficient to enable the MA to achieve the N+3 2019 target and current forecasts by the MA indicate N+3 will be achieved and likely exceeded. The total value of ESF commitment as of 31 July 2019 is £2.018 billion, which is 66.5% of the total ESF allocation. The Interim Payment Application 11 was submitted in July 2019 to the value €21,463,621, payment of €11,503,667.50 is expected.

16. Based upon claims received, both the participant and financial aspects of the Performance Framework target are set to be achieved in all Categories of Region

(CoR). There will be a smaller call for the Transitional CoR, approximately £1m, utilising the remaining funding the Transitional area of Liverpool.

17. The ESF MA has also recruited additional resource into the appraisal team and restructured the team. Alongside the move to a single step appraisal this has reduced appraisal times by 25% on average. The MA anticipate improvements will continue to be seen and a 16-week turnaround for appraisals is still the MA's ambition. However, **Catherine Blair** added that the 16-week timetable is aspirational as they are certain factors outside of the MA's control and to achieve this ambition the MA may have to be firmer with applicants about the timeliness of their responses. Multiple board members supported that approach and confirmed they would be happy to reinforce the need for swifter applicant responses at a local level.

18. **Steve Spendlove** apologised that the ESF update did not contain full cross-cutting themes information but committed to ensuring this will be provided to the board at the next meeting.

ACTION 1909/03 DWP to explore what performance MI can be presented by gender and look to provide that in December's ESF progress update.

19. **Andy Churchill** commended the ESF MA for their work in ensuring the forecasted N+3 targets are much stronger than 12 months ago. He also welcomed the improvements with regards to appraisals, although noted it may take some time for applicants to see the improvements. Andy queried whether the opportunity was being taken to look more broadly at how ESF is working. **Steve Spendlove** acknowledged there are operational challenges but reiterated the strategic focus has resulted in the improvements being seen. The Reserve Fund also gives another platform to focus both strategically on performance and on what the programme should be achieving.

20. **Janet Thornton** noted that the programme cannot be easily rural proofed, but asked how the MA is looking to ensure rural areas get the support they need in the future? **Steve Spendlove** reassured the board that rural issues are always considered by the MA and there is strong representation for these issues within his team and they are definitely in the scope of ongoing discussions.

21. **Stacey Sleeman** stated there are risks for Cornwall and Isle of Scilly's (CloS) pipeline if there are further delays. The CloS call timetable until December has been developed outside of the ongoing Reserve Fund and wanted a better understanding of the Reserve Fund timetable to provide reassurance on the potential risk. **Steve Spendlove** recognised that CloS is unique and there are ongoing discussions, but the MA would provide further detail on the call time and committed to further conversations on any potential risks with CloS outside of the meeting.

ACTION 1909/04 DWP to discuss Reserve Fund, call timetables, and any risk with CloS.

22. **Stacey Sleeman** welcomed the increased call values as it allowed greater consortium working and is working well in CloS where bigger providers have been able to support smaller organisations **Andy Churchill** mentioned that despite the merits, the consortium approach does require significant effort and time to ensure it works and stated his preference towards lower call values.
23. **James Newman** asked about the co-financing and what happens to the de-commitment. **Steve Spendlove** explained how this is managed through normal processes and in areas of underperformance CFOs are surrendering their funds. **James Newman** asked if ESF are allowing overcommitting and overspend in LEPs **Catherine Blair** said they are at the end of the notional allocation and the ESF Reserve Fund will consider a range of criterion and areas. **James Newman** stated money should not be prioritised in areas where it is not currently being spent. **Catherine Blair** said the MA are looking at to make sure that where money that is not being spent goes into the remaining budget and the decision on how it goes to the right places will mean it is new money getting spent in the right areas.

European Agricultural Fund for Rural Development

24. The report on EAFRD delivery progress was presented by **Tony Williamson**. As of 1 August, under the RDPE Growth Programme, £103million of the grant has been awarded to 595 projects, of this £94million, £41million has been paid out, creating 718 FTE jobs and contracted 3,734. The scheme is on track to meet its job creation targets of 4,075 by December 2020. Invitations to submit a Full Application have now been issued to 979 applications for funding totalling to £190million. From these, 722 projects have submitted applications for funding of £135million, with 509 projects securing grant offers worth £94million. In addition, 22 contracts for funding totalling just over £79.5m have been awarded under the Rural Broadband Infrastructure offer. The Rural Payment Agency's (RPA) latest estimate is that the scheme could underspend by £35million. Defra and RPA are proposing to establish a National Reserve Fund and run a round of national- level Growth Programme calls.
25. **Keith Harrison** asked if there were any applications that have had had issues due to the planning system, and whether there were any good practice examples of ways to improve planning systems. **Julia Sweeney** said planning is a problem for all and ERDF, ESF & EAFRD should identify a case study to demonstrate this.
- ACTION 1909/05** MHCLG, DEFRA and DWP to review where there is good practice around issues with planning permission and consider development of a case study.
26. **Janet Thornton** said that the match funding issue was interesting and asked if there is a way to connect businesses with Growth Hubs to provide start-ups with the money

instead of them going to high street banks. **Tony Williamson** responding saying that they do not prevent start-ups from seeking other funding sources, EAFRD would be happy to see start-ups getting money from any source. **Tony Williamson** mentioned that it is critical to require matched money up front as EAFRD are pushing applicants to make a firm commitment in delivering a project, it shows their seriousness.

27. **James Newman** mentioned that there is an issue in delays for applicants to be assessed, so how are Defra going to clear the allocation money before Defra intends to start the Reserve Fund? **Tony Williamson** said that Defra will have further projects contracted by the end of September. Defra will not have new applicants from day one of the call round openings but there will be time for existing applications to be paid out before the next round so it is not a barrier.

European Maritime and Fisheries Fund

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

Item 3: Reserve Fund

European Agricultural Fund for Rural Development

29. **Tony Williamson** provided an update on EAFRD's Reserve Fund paper which was requested by board members at the June meeting. The EAFRD Growth Programme is investing £254.5m of EU funding into rural businesses, food processing enterprises, tourism infrastructure improvements and broadband projects. The scheme is on track to meet its target of creating 4,705 jobs, the spending across 36 LEPS is patchy and it is likely there will be a net underspend of around £35m when all of the received and expected applications have been assessed and contracted by the RPA. Defra Ministers have expressed a preference for setting up a National Reserve Fund and issuing a national level call for applications to use it up while exists within the broad parameters of the existing Growth Programme.

30. Current Progress:

- So far, 722 projects have submitted Full Applications for funding totalling £135m, with 509 projects securing grants worth over £94m. Full applications so far approved are expected to create 3,734 new jobs in rural areas against a scheme target of 4,075.
- The RPA are currently predicting an overall underspend of around £41m. around £6m of this headroom could be used to support projects in LEP areas that have attracted more applications than their original notional budget would cover- therefore leaving a net underspend of around £35m.

31. Options for Using the Underspend:

- Topping up existing socio-economic and Agri-environment schemes, opening new schemes in areas such as animal health and welfare and recycling allocated Growth Programme funding into a new round of calls.
- The objective of the Reserve Fund would be to invest the full value of EAFRD funding to maximise the benefits delivered under the scheme, the National Reserve Fund will:
 - a. Be introduced at the latest point that is necessary to commit all available funding;
 - b. Ensure Reserve Funds enable delivery of Operational Programme and local priorities;
 - c. Be managed in an open and transparent way
 - d. Minimise the amount of changes to business process; and
 - e. Look to use existing local and national governance mechanisms where possible
- Defra and RPA would use the National Reserve fund to support the £6m of projects in those LEP areas where more eligible applications have been received. This would ensure that no good projects from the previous round lose out as a result of their geographical location.
- Defra and RPA would then use the remaining funding (c£35m) to launch a national call for new applications from rural businesses across the country. The key difference between these calls and the 2017 call would be that businesses in all LEP areas would bid into a single pot, rather than 36 smaller funding pots made up of funding notionally allocated at LEP area level.
- Most other aspects of the planned new call would remain unchanged, e.g. the broad focus on business development, food process and tourism infrastructure would be the same,
- There are some minor differences from previous calls, that include:
 - a proposed reduction in the minimum grant size from £35,000 to £30,000 in order to maximise the number of projects that can be funded while maintaining good value for money in terms of outputs secured, and delivery resources expended; and
 - Staged decision-making would be used under the assessment process rather than the rolling arrangement previously employed. It is still to be determined whether this will involve three evenly-spaced decision points over the lifetime of the call, with unused funding and/or weaker but supportable projects rolling forward; or a single decision point once the call has closed. Either option would enable Defra and RPA to manage the relatively limited budget as effectively as possible and ensure that stronger projects were prioritised in allocating funding.
- The new call would be opened in autumn 2019.

32. Outstanding Issues:

The nature of the application process and the assessment criteria will essentially remain unchanged. There are a few outstanding issues to resolve. No programme modifications or scoring criteria changes are considered necessary.

Defra Ministers still need to make a final decision on the details of the call.

33. Next Steps:

Defra and RPA will be finalising the plans for the National Reserve Fund and new calls during early September and seeking Ministerial sign off for the final plans. The views of the RDPE Programme Board and RDPE Programme Monitoring Committee will also be sought before the new arrangements come into being.

34. **Alison Gordon** said Greater Manchester had a small allocation which was utilised quickly, so how will Defra create awareness about the Reserve Fund? **Tony Williamson** explained the MA will undertake a combination of national and local communications, hold workshops and ensure full applicants are allocated a RPA advisor. Defra will do whatever they can do to create awareness.

35. **Paul Green** said if we assume that LEPs will manage UKSPF, there is no reference to economic shocks on rural businesses, is there any flexibility with the Reserve Fund? **Tony Williamson** said that the Reserve Fund can only offer money for things that are in the project objectives so therefore we are unable to offer money for economic shocks. However, the scope of funding allows businesses to build resilience.

36. **James Newman** asked if there is a maximum amount? **Tony Williamson** said that the MA's aim is for money to be spread evenly.

European Social Fund

37. **Steve Spendlove** gave a verbal update on the ESF Reserve Fund, the criteria and processes were approved at the June 2019 Board meeting:

- LEP area work to finalise Calls plans going forward has helped the MA to complete arrangements for the Fund to be launched and implemented. All future call proposals received will be coordinated through the Reserve Fund;
- Taking into account total value of planned calls plus all existing programme commitments, the MA has established a starting value for the Reserve Fund of £446m;
- DWP Programme Management Board are content with recommended approaches to managing potential financial impacts on DWP;
- Letter to ESIF Sub-Committee Chairs ready to be issued setting out arrangements going forward;

- ESF LEP Leads fully briefed and ready to support LEP areas develop Call proposals and submissions of Call Proposals for consideration;
- Resource identified within the MA to ensure detailed monitoring of Reserve Fund activity; and
- On-going communication strategy being developed to ensure stakeholders are kept fully informed on programme and impact of the Fund.

ACTION 1909/06 MHCLG to circulate a letter to ESIF Sub-Committee Chairs on behalf of DWP

38. **Andy Churchill** praised the figures and said flexibility is a key. **Steve Spendlove** mentioned that the MA are using that figure as a starting point as it fluctuates a lot, but it does give DWP the position to respond and to think differently.
39. **Stacey Sleeman** asked **Steve Spendlove** when the conversation between them will happen with regards to Cornwall. **Steve Spendlove** agreed to discuss soon.
40. **James Newman** said there should be no use of the term “central” Reserve Fund. **Steve Spendlove** said they have got rid of that.

European Regional Development Fund

41. **Simon Jones** presented the ERDF Reserve Fund which looked to respond specifically to the next steps agreed at the June GPB. The **communication plan; finalised business process maps, further detail on the prioritisation process and the first draft of the call templates** were discussed at the PDR sub-committee meeting on 28th August and were updated in light of comments made.
42. The communication plan:
- Strategy aims:
 - Raise awareness and understanding of the Reserve Fund, with clear information on the timeline and main objectives internally and externally.
 - Be transparent about the selection process and the delivery of the Reserve Fund; and
 - Prepare the market to the establishment of the Reserve Fund and the shift in focus towards England wide calls, more multi-LEP activity and projects that support integrated packages in line with the Industrial Strategy.
 - The communication action plan sets out a wide-ranging list of activities to promote the Reserve Fund in a way that meets these aims.

43. **Helen Millne** said that our communications must be clear that we are focusing on both Pan-LEP and Community level interventions. **Simon Jones** said that it will be reflected.
44. **Huw Edwards** wanted to understand how the effectiveness of the communications were being measured? **Simon Jones** said a feedback loop through an email had been set up which provides both internal and external stakeholders to raise questions that they feel the current Comms have not answered. There are also workshops being held with LEP area relationship managers which provide another feedback channel.
45. **Alex Conway** asked how Financial Instruments come into play and wanted to understand how it worked. **Simon Jones** said that this was being considered and would be discussed at the next Performance Dispute and Resolution National Sub-committee meeting.
46. **Simon Jones** showed the finalised business process map. The map reflected the comments made by the PDR and GPB at previous meetings.
47. **James Newman** reiterated the point made at the PDR that the gateway assessment box needed more clarity. **Simon Jones** confirmed that this had been addressed in this version.
48. **Andy Churchill** asked whether everything needed to be contracted by December 2020. **Simon Jones** explained that the programme allows for projects to be contracted after December 2020, however it was important to contract as much as possible before this point given the average length of projects (three years) and need to spend by the end of 2023.
49. **Simon Jones** gave an overview of the Reserve Fund Prioritisation Process and asked for comments. No comments were made.
50. **Simon Jones** gave an overview of the draft call templates including points made by the PDR.
51. MHCLG recognises that the more complex pan-LEP projects will need time to crystalize and apply for funds. This was reflected in the Reserve Fund comms strategy, including the need to prepare the market for this type of intervention. recognises this and seeks to be signalling the market as soon as possible.
52. **Simon Jones** asked the board for comments on the call template. **Alison Gordon** reinforced the concern about the timescale of calls particularly in the context of pulling together pan-LEP level projects.

53. **Simon Jones** acknowledged that timing is challenging and was already co-ordinating conversations between BEIS Local and GDTs to see if there are any suitable projects being developed by local partners that could be supported under the reserve fund.

Item 4: Revised ESIF Sub-Committee Terms of Reference

54. **David Morrall** provided the board with an update seeking the board's approval to revise the terms of reference of the Local ESI Fund sub-committees. The revised Terms of Reference are as follows:

- enable local sub-committees to decide whether they wish to review applications for funding at both the outline application and the full application stage
- clarify the relationship between intermediate bodies and local ESI Fund sub-committees.

55. **James Newman** stated that any feedback received should be discussed by the local sub-committee and there will remain occasions where each local sub-committee may still wish to see full applications.

56. **The Chair** ask the board if they approve of the changes. **The board** agreed.

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

57. **Krishma Sawami** outlined actions arising from the June meeting and that all actions have been completed, there are no outstanding actions.

58. **The Chair** ask the board if they approve of the minutes. **The board** agreed.

Standing Item 7: National Sub-Committee Report

59. **Owen Murray** informed the board about the NSC report.

60. The next meeting will be held on 18 December 2019.

Meeting closed: 14:10

Date, time and venue of future meetings

- Wednesday 18 December 2019 13:30 - [16:30] The Abbey Centre
- Monday 23 March 2020 11:00 - [15:00] Conference Room 5a & 5b, MHCLG
- Tuesday 23 June 2020 11:00 - [15:00] Conference Room 5a & 5b, MHCLG
- Tuesday 15 September 2020 11:00 - [15:00] Conference Room 5a & 5b, MHCLG

Annex A

List of agreed actions from September 2019 Growth Programme Board meeting

No.	Action	Assigned to:
1909/01	MHCLG to assess whether data on current programme can be broken down for rural areas and, if so, provide to the board in due course.	David Malpass
1909/02	MHCLG to identify where there is good practice and share with Keith Harrison.	David Malpass
1909/03	DWP to explore what performance MI can be presented by gender and look to provide that in December's ESF progress update.	Steve Spendlove/Catherine Blair
1909/04	DWP to discuss Reserve Fund, call timetables, and any risk with CloS.	Steve Spendlove/Catherine Blair
1909/05	MHCLG, DEFRA and DWP to review where there is good practice around issues with planning permission and consider development of a case study.	
1909/06	MHCLG to circulate a letter to ESIF Sub-Committee Chairs on behalf of DWP	Owen Murray



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Growth Programme for England

Chair:

	<i>Sector/Organisation Representing</i>	<i>Attending (Y/N)</i>	<i>Substitute For</i>
Julia Sweeney Director, European Programmes and Local Growth Delivery	MHCLG	Y	

Board Members (full and advisory):

	<i>Sector/Organisation Representing</i>	<i>Attending (Y/N)</i>	<i>Substitute For</i>
Carol Botten Deputy CEO, VONNE	Voluntary/Community Sector	N	
Emily Kent Cornwall Council	Cornwall and the Isles of Scilly	N	
Councillor Albert Bore Birmingham City Council	Local Authorities	N	
Alison Gordon Greater Manchester Combined Authority	LEPs	Y	<i>Simon Nokes</i>
Clive Winters Pro-Vice-Chancellor Coventry University	Further Education	N	
Richard Powell Chair Wild Anglia	Local Nature Partnerships	Y	
Louise Bennet Chamber of Commerce	Business/Private Sector	N	
James Newman Sheffield City Region LEP	LEPs	Y	
Councillor Phillip Atkins Staffordshire County Council	Local Authorities	Y	

Guus Muijzers European Commission	EC	N	
Kris Magnus European Commission	EC	Y	
Joanne Knight European Commission	EC	N	
Marc Vermyle DG EMPL / European Commission	EC	N	
Helen Millne The Women's Organisation	Voluntary/Community Sector	Y	
Jennifer Gunn LEP Network	LEP	N	<i>Pernille Kousgaard</i>
Paul Green Local Government Association	Local Authorities	Y	<i>Cllr Albert Bore</i>
Huw Edwards LEP	LEP	Y	
Janet Thornton Rural and Farming Network	Rural	Y	
Alex Conway Greater London Authority	Local Authorities	Y	
Dominic Williams Federation of Small Businesses	Business	N	
Louise Bennett Chamber of Commerce	Business	N	
Nick French European Directorate	BEIS	N	
Steve Spendlove ESF Division	DWP	Y	
Catherine Blair ESF Division	DWP	Y	
Emma Friend EAFRD Division	DEFRA	N	
Andy Churchill Network for Europe	Voluntary/Community Sector	Y	<i>Carol Botten</i>

Minal Patel Head of Centre of Excellence	MHCLG	Y	
Zainab Agha Deputy Director, Policy & Partnerships	MHCLG	Y	
David Malpass Deputy Director, Growth Delivery Network	MHCLG	Y	
David Morrall Head of European Programmes & EU Urban Policy	MHCLG	Y	

Additional Attendees / Observers:

Name	Sector/Organisation	
Aisha Ibrahim European Programmes	MHCLG	Observer
Isma Muhith European Programmes	MHCLG	Observer
Owen Murray Growth Programme Board Secretariat	MHCLG	Growth Programme Board Secretariat
Krishma Sawami Growth Programme Board Secretariat	MHCLG	Growth Programme Board Secretariat

Apologies:

	Sector/Organisation	<i>Sending a Substitute?</i>
Marc Vermyle European Commission	EC	No, not on this occasion
Professor John Latham Coventry University	Further education	No, not on this occasion
Councillor Albert Bore Birmingham City Council	Local Authorities	Yes, Paul Green
Carol Botten Voluntary Organisations' Network North East	Voluntary	Yes, Andy Churchill
Jennifer Gunn LEP Network	LEP	Yes, Pernille Kousgaard

