



**Minutes of the Growth Programme Board**

**11:30 Tuesday 15 September 2020**

**Microsoft Teams**

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**Agenda**

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| 1. Welcome and introduction                             | 4. Minutes of the June meeting and progress on actions* |
| 2. Progress on Programmes*                              |   |
| 3. Progress on Response to COVID-19 in the Medium Term* | 5. Items for information*                               |

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

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**Minutes**

**Item 1: Welcome and introductions**

1. **David Malpass** welcomed Board Members and advised that apologies received would be recorded in the minutes.
2. **David Malpass** asked the board for any conflicts of interest and none were declared.
3. **David Malpass** invited Board Members to say if they have anything they wish to include under **Items for Information**. No items were received.
4. **David Malpass** noted that Julia Sweeney has formally stepped down as the Chair. The board wanted to thank Julia for her diplomacy, pragmatism and work managing Members as well as the relationship with the European Commission (EC) during the Brexit negotiations.

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

**European Social Fund (ESF)**

5. **Emma Kirkpatrick** presented the ESF report summarising the key points from the circulated Progress Update paper.

6. As of August 2020, the total value of applications currently in the appraisal pipeline is £0.5bn. The number of applications waiting to be assigned to an appraiser has reduced from 68 (£123m) to 45 (£83m) since the last meeting. The aspiration is that this will reduce to 0 by the beginning of October due to efficiencies made to the appraisal process and an extra 5 appraisers have been recruited and will be in post by 1<sup>st</sup> October.
7. A total of 87 applications are in the active appraisal pipeline and the number of applications assigned to an appraiser has increased (net) from 64 to 74. 12 applications are at local ESIF sub-committees for members to review, 1 application is currently awaiting a decision from the Managing Authority (MA), 68 applications are in the process of being made into a live project or rejected, 59 are awaiting funding agreements, 3 have had a decision made in the last 14 days, and 6 are awaiting a decision.

### **Potential Youth Employment Initiative (YEI) Call**

8. **Emma Kirkpatrick** informed members that LEP Leads are currently consulting with the YEI NUTS2 areas regarding the potential to launch a second Call for new YEI activities or to extend current YEI activities. This is limited to NUTS2 areas as the NUTS3 area allocation has been achieved.

### **Reserve Fund**

9. **Emma Kirkpatrick** confirmed that as of July 2020 the value of the ESF Reserve Fund is £293.2m. The MA continues to monitor demand for support against remaining funds at PA and CoR levels to ensure we are in the best position possible to respond to demands for funding (for example, the impacts of COVID-19 may result in more people requiring support to get into, retain or take up new employment). This includes ensuring we maximise the facility to move funds across CoRs where appropriate. It was noted that money from PA2 More Developed was moved to PA4 to fund the Digital Interventions Call.

### **N+3 Position**

10. **Mark Burns** informed the board about the N+3 position. Due to COVID-19, it remains unclear until the Q1 and Q2 claims are submitted how the MA is progressing against the target. Members were assured that claims will continue to be paid due to CRII+ but the required evidence may not be available to assess against N+3. The current balance is €47.7M, 4.5% away from target. The EC have assured that if the MA are unable to achieve the target, they will consider de-commitment and the MA can provide the evidence if required.
11. **Carol Botten** asked about the inconclusive CFO referred to in the ESF Progress Update paper. **Emma Kirkpatrick** responded that it was request from the DWP CFO to match more ESF to work and health monies due to the number of unemployed people and the demand for employment support. It was inconclusive because the MA have asked for

more evidence and this is in progress before a decision is made about the use of ESF to top up the DWP CFO (circa £18m).

12. **Carol Botten** asked for more updates on the ESF programme at a local level. Local partners feel that there is a lack of information and clarity about the progress the programme is making at a local level because the ESIF sub-committee has not met since February. There was also a Call that concluded in December and decisions on applications are outstanding however it is unclear where these are in the appraisal pipeline. **Emma Kirkpatrick** responded that the ESF LEP Leads provide updates at local ESIF sub-committees and therefore there has not been the forum for regular updates because there has not been a meeting. Emma agreed to work with ESF LEP Leads to find a forum for more regular updates.
13. **James Newman** welcomed the update and expressed concern that the current rate that applications are being processed means that the programme will not end until early 2022 and therefore will be unable to operate. Local areas will work with the MA to prioritise applications that are still relevant and help with the backlog of applications by removing any that are no longer relevant. **Emma Kirkpatrick** noted that the process is still too long but informed the board that a Smarter Working Group has been tasked with making the process more efficient, specifically focusing on the appraisal process and the time taken from assigning an appraiser to an application to decision being made. Members were assured that the appraisal process is getting shorter, reiterating the aspiration of the number of applications unassigned being 0 by October. Emma welcomed views from local areas about priority applications.
14. **Pernille Kousgaard** welcomed the update and expressed concern that £0.5bn of applications are currently sitting in the appraisal pipeline and that the appraisal process needs to be much quicker and allow local areas to prioritise applications. It was noted that an application submitted in June 2019 continues to receive follow up questions and it is unclear how much longer the appraisal process will take. Further concerns were raised about Transition areas with projects finishing in 2022 without any clarity on a successor fund.
15. **Carol Botten** asked about the money available from the Education and Skills Funding Agency (ESFA) due to project change requests and whether this money was included in the Reserve Fund total. **Emma Kirkpatrick** confirmed that this money was already accounted for in the Reserve Fund total.
16. **Councillor Albert Bore** reiterated that local areas are prepared to work with the MA to prioritise their applications in the appraisal pipeline. Councillor Bore asked for confirmation that the YEI NUTS2 Call would go live in October. **Emma Kirkpatrick** responded that it was anticipated that the YEI NUTS2 Call would go live in October and reiterated that this would be an opportunity for both new projects and to extend projects that are delivering well and meeting targets.

17. **Helen Millne** asked if priority could be given to third-sector led bids because they are operating at risk as a result of the delays in appraisal and cash flow is a problem over an extended period of time. **Emma Kirkpatrick** agreed to look at this.

### **European Regional Development Fund (ERDF)**

18. **Nicola Lavin** presented the ERDF report summarising the key points from the circulated Progress Update paper.

19. Using EC CRII+ flexibilities a new priority axis (PA) 10 was created to support COVID-19 response activities including the Reopening High Streets Safely Fund (RHSSF) and this was financed by reallocating £51m from PA3. An additional £30m ERDF was used to finance the SME and Visitor Economy funds. Existing projects were also offered the ability to alter their intervention rate and 3 contracts used this flexibility. So far, 377 claims have been processed relating to 255 individual projects using the CRII+ flexibilities.

20. The MA is expected to overachieve its N+3 target by 14%. Due to CRII+ flexibilities on claiming at 100% intervention rates, confirmed in the OP modification, it is expected that the MA will submit an ECPA in September for £300m (€337m euros), £156m is from FIs that have successfully drawn down.

21. As of July 2020, 73% of the programme budget has been committed. Including the pipeline, 95% of the programme has been absorbed and there are currently £288m of full applications in the appraisal pipeline.

22. **David Malpass** informed the Board that the MA has had useful discussions with stakeholders about the process of claiming money for the RHSSF and webinars have taken place to help with queries.

23. **Helen Millne** asked that the lessons learnt from the current programmes regarding the equalities agenda are not lost and are embedded within any future planning, so that we continue to meet the needs of our diverse communities. **Nicola Lavin** noted that DWP and MHCLG colleagues were due to meet during March to take this issue forward and committed to establishing the current position reporting back in the next GPB papers.

**ACTION 1520/01 MHCLG to liaise with DWP regarding lessons learnt and future funding.**

24. **Councillor Albert Bore** welcomed the update and expressed concern that if the PPN-01/20 can only be applied to contracts that are over the OJEU limit this will make a lot of projects ineligible. **David Malpass** confirmed that the MA are looking into the issue.

25. **Alison Gordon** asked how much money will be left in the Reserve Fund and if any thought has been given to and if local areas can have assurances on how it will be spent. **David Malpass** confirmed that the MA are looking into an investment strategy for the Reserve Fund but that Members of the PDR sub-committee endorsed the MA's position to defer decisions relating to use of residual ERDF pending outcome of Spending Review and to respond to emerging COVID-19/economic priorities. **Nicola Lavin** also added that there may be some exchange rate fluctuation.

26. **Pernille Kousgaard** welcomed the update and asked what scope there is to move money from PA2 and PA6 given that they are likely to underperform and there is an underspend in the SUDs. Pernille also expressed concerns that an increase in requests for Financial Instrument (FIs) loans could lead to a bigger default rate which would then reduce the legacy funding and asked if the MA had thought about this and how local areas would have a say in how the legacy money will be spent. It was also asked that the work done on the equalities agenda is shared with a wider audience. **David Malpass** agreed to provide a more detailed update at a future meeting of the PDR sub-committee. **Nicola Lavin** added that a Strategic Oversight Board and Regional Advisory Boards provide an opportunity for local partners to inform delivery of BBB-led FIs. **Pernille Kousgaard** responded that only 5 out of the 11 northern LEPs sit on the Strategic Oversight Board and it is critical in the context of levelling up and further devolution that all local areas have an input into how funds, including legacy funding, is used in these areas.

**ACTION 1520/02 MHCLG to provide a more detailed report on FI investments at a future meeting of the PDR sub-committee.**

27. **Simon Jones** responded to the question about moving money from PA2 and PA6 and added that the EC are open to further OP modifications to move monies around the programme as required. It was noted that there is already the flexibility to move 10% between PAs without an OP modification however it is possible that we would want to move more than that. This is all tied into the investment strategy options understanding where demand is and ensure that the programme is fit for purpose, but it is an option that is open to the MA and should inform thinking going forward.

28. **Alison Gordon** asked how the SUD underspend would be spent and would this be within SUD areas or become part of the Reserve Fund. **Simon Jones** responded that the strategies were in place to realise the money committed to SUDs in the programme. As we are already exceeding against the regulatory requirements, it would be possible to use the money in a sensible way to fund activities or to fund pipeline activities where there is demand.

**European Agricultural Fund for Rural Development (EAFRD)**

29. **Emma Friend** presented the EAFRD report summarising the key points from the circulated Progress Update paper. As of the beginning of September 2020, £165m of projects have been invited to submit a full application, £112m have now been contracted, and £76m has been paid out to beneficiaries. The third round of the Growth Programme closed on 16 February 2020 and the Rural Payments Agency (RPA) has received Expressions of Interest (EOIs) for £353m in projects. £254m of projects have been invited to submit a full application, and £1.3m has been contracted. Actual jobs have increased to 1,358 and contracted jobs is now at 3,973 jobs which is close to the target of 4,075.

30. **Pernille Kousgaard** asked for confirmation that 98 applications have been received out of more than 1,800 projects invited to submit a full application. It was also asked of the £3m committed so far how many projects were funded and on which PAs, and whether the RPA had the capacity to assess all these applications. Emma Friend responded that these figures were correct and that decisions are made at later stages in the application process so that the best scoring projects are progressed. It was confirmed that the RPA had the capacity to deal with the applications. Tony Williamson added that the MA are pleased with the amount of applications for the programme because it coincided with the outbreak of COVID-19. It was expected that the third round would have the most applications and therefore this call has been expanded to the end of October to build in an opportunity for those projects who are still awaiting planning permission. The MA has had confirmation that decisions on applications can be made between now and June 2021 as projects come in. It was noted that the EAFRD programme does not use PAs but it was agreed that a more detailed update would be provided to Members on project measures.

**ACTION 1520/03 DEFRA to provide a more detailed update on projects and project measures at the December meeting.**

### **European Maritime and Fisheries Fund**

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

### **Item 3: Progress on Response to COVID-19 in the Medium Term**

### **European Regional Development Fund (ERDF)**

32. **David Morrall** presented the update. It was noted that the largest package of measures financed by ERDF was the RHSSF and this went live on 1 June 2020. It was a complex model and there has been a lot of discussion with local partners about how to spend the money and the parameters attached to it. So far, 285 local authorities have delivered high streets activities. The RHSSF that ERDF and the EC can be flexible when there is demand. Two further initiatives targeting the Visitor Economy and business support and guidance provided by Growth Hubs used ERDF to respond to COVID-19. There was a lot of demand for this funding and in many places it has been allocated very quickly and

it has been noted that this has caused concern in many areas, and a review is planned for October to identify learning and consider any next steps.

33. **Alison Gordon** noted that Greater Manchester and some of their local authorities had a productive discussion with MHCLG colleagues about where local authorities were having difficulties with the funding. There were concerns about local authorities using this type of funding and they were unable to claim for their activities due to using in-house services. It was agreed that the MHCLG would produce a table of eligible activities under the ERDF framework, and that it could be subject to single tender action. **David Malpass** confirmed that this table is being produced and that it would be published as soon as possible with a follow up webinar. **David Morrall** added that the MA was aware that not all local authorities would be as equally knowledgeable about ERDF and therefore detailed initial guidance was provided, however going forward there will be more clarity on issues arising.

**ACTION 1520/04 MHCLG to circulate a table on the activities eligible to be claimed for under the RHSSF.**

34. **Pernille Kousgaard** welcomed the update and reiterated that local authorities were experiencing difficulties claiming under the RHSSF and asked there could be clarity on the use of single tender action and flexibilities to enable SMEs to use existing suppliers. **David Morrall** agreed to take this point away.
35. **Paul Green** welcomed the update and informed the board that not every district and unitary council is part of a combined authority or city region and could the District Councils Network be contacted to ensure they are aware of the clarifications and information available. **David Morrall** agreed to take this point away.

### **European Social Fund**

36. **Emma Kirkpatrick** presented the update and informed the board that the MA is prioritising provision that directly addresses the impacts of COVID-19 through the Reserve Fund, contacting projects in the appraisal pipeline to ensure they are still relevant and deliverable, and contacting local ESIF sub-committees to ensure these projects remain a priority in the context of recovery. The MA is working with local areas to consider how ESF can support local recovery plans and supporting them to submit Call Proposals to the Reserve Fund.
37. The MA are also progressing the 100% intervention rate easement. An OP modification creating a new PA (4) with an initial value of £10m has been developed and was submitted to the EC for approval on 4 September 2020. Funding for PA4 has come from PA2 More Developed. A new Investment Priority (4.1) has been created to enable support to be delivered to existing ESF participants who are unable to access services and support which are now almost exclusively delivered online. The PA will primarily provide physical access to the internet through the issue of a suitable device and the provision of an initial 3-month data allowance (provided by a data dongle). There will be

separate calls for London and the rest of England (both valued at £5m). Project scope is limited to the procurement and issue of the device and data dongle; any further support to help the user make best use of the kit should be provided through the mainstream ESF programme. Projects will be delivered under the Lump Sum Simplified Cost Option – this will significantly reduce the administration burden for both the recipient and the MA. However, this does require projects to deliver the total number of outputs specified in their application.

38. The PDR sub-committee were sought views on applying an upper financial limit to projects. As a result, no upper limit has been set. In order to meet the deadlines of the 100% intervention rate easement, all activity must be completed by 31 December 2020, with all claims submitted by 5 February 2021. As of last night, there were 22 draft applications on E-CLAIMS and 40 requests for access had been received. The London call will be opening within the next week accessed via Funding Finder. It was asked that if Members know organisations who intend to submit an application that they do so as soon as possible as the intention is to appraise applications on receipt.
39. **Pernille Kousgaard** welcomed the update expressed concerns that if this is appraised on a first come first served basis how will the MA ensure that every LEP area has the opportunity to receive funding, and how are the MA looking at fairness and equity when distributing the money because there is £5m for London and £5m for the rest of England. It was also asked how many applications the MA expected to receive and what the impact would be on those already in the pipeline. It was reiterated that local areas can be clear about which projects in the pipeline remain a priority and that the RAG rating used by ERDF would be useful to articulate this. **Emma Kirkpatrick** responded that £5m is not necessarily the upper limit, if there are good applications that exceed this sum then the likelihood is that they would be funded. The MA does not know how many applications to expect because this funding is for bolt-on activity to existing ESF projects. It is hoped that networks come together to use the funding across a range of projects. The Lump Sum approach cuts the appraisal quite considerably and this is why Members are being asked to get the word out to organisations.
40. **Carole Botten** informed the MA that the funding available had been communicated in the North East and across the Tees Valley LEP area. **Emma Kirkpatrick** thanked the member and informed the Board that the MA had tried their best to issue a lot of guidance for these funds.
41. **Helen Millne** welcomed the update and expressed concerns about misunderstanding the way the consortia approach works, whether it needs to be attached specifically to an ESF programme. It was noted that the size of the call and the requirement for procurement deadlines might make big bids unviable. **Emma Kirkpatrick** agreed to pick this up with Helen outside of the meeting.



42. **James Newman** welcomed the update and expressed disappointment that the money was not more for areas outside of London. It was also asked whether there are any guidelines and costs identifiable relating to the purchase of equipment using the scheme, why if outputs are not achieved the money is not received and whether there is a way of sharing best practice. **Emma Kirkpatrick** agrees there is a huge risk to the Lump Sum approach, and the guidance stipulates decoupling expenditure from outputs. Crown Commercial were consulted to see if there was a procurement framework that would allow applicants to buy equipment from a central place, but access cannot be provided to their procurement framework, therefore recipients will do their own procurement and the rules will apply.

43. **Laurent Sens** welcome the board discussion and wanted it to be noted that the EC are pleased with the OP modification to address the digital divide and that it should be considered best practice. It was noted that the MA must ensure that the data dongle is provided to an individual who is part of a vulnerable group because that is what is required under investment priority 9i, social inclusion. The MA should be cautious about purchasing these devices, and although this is encouraged in the CRII+ flexibilities the MA should be clear on the terms of how the devices will be issued and used by participants. The EC will support where needed. **Emma Kirkpatrick** agreed to speak to Laurent and EC colleagues outside of the meeting.

#### **Standing Item 4: Minutes of June Meeting and Progress on Actions**

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

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

#### **Standing Item 5: Items for Information**

##### **National Sub-Committee Report**

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

##### **Annual Implementation Report (AIR) (Verbal Update)**

47. **Sophie Waddington** provided a verbal update on behalf of Simon Jones about the AIR. The write round from Members concludes on Thursday (17<sup>th</sup>) and the only comments received to date have been confirmation from Members that they are content with the material. Some data errors have been observed from the Audit Authority and the EC and these will be corrected and then detailed to Members when confirming the outcome of the write round. The MA aim to submit the AIR formally early next week.

48. The next meeting will be held on 9 December 2020.

**Meeting closed: 13:30**

**Date, Time and Venue of Future Meetings**

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

## Annex A

### **List of agreed actions from June 2020 Growth Programme Board meeting**

<b>No.</b>	<b>Action</b>	<b>Assigned to:</b>
1520/01	MHCLG to liaise with DWP regarding lessons learnt and future funding.	<b>Nicola Lavin/David Malpass</b>
1520/02	MHCLG to provide a more detailed report on FI investments at a future meeting of the PDR sub-committee.	<b>Nicola Lavin/David Malpass</b>
1520/03	DEFRA to provide a more detailed update on projects and project measures at the December meeting.	<b>Emma Friend/Tony Williamson</b>
1520/04	MHCLG to circulate a table on the activities eligible to be claimed for under the RHSSF.	<b>David Malpass</b>



**European Union**

European Structural  
and Investment Funds

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

**Growth Programme for England**

**Interim Chair:**

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

**Board Members (full and advisory):**

	<b>Sector/Organisation Representing</b>	<b>Attending (Y/N)</b>	<b>Substitute For</b>
<b>Carol Botten</b> CEO, VONNE	Voluntary/Community Sector	Y	
<b>Helen Millne</b> The Women's Organisation	Voluntary/Community Sector	Y	
<b>Councillor Albert Bore</b> Birmingham City Council	Local Authorities	Y	
<b>Catherine Crocker</b> Greater London Authority	Local Authorities	Y	Alex Conway
<b>Councillor Peter Thornton</b> Cumbria County Council	Local Authorities	Y	
<b>Councillor Philip Atkins</b> Staffordshire County Council	Local Authorities	Y	
<b>Paul Green</b> Local Government Association	Local Authorities	Y	
<b>Pernille Kousgaard</b> Liverpool City Region	SUD	Y	Mayor Joe Anderson
<b>Alison Gordon</b> Greater Manchester Combined Authority	LEPs	Y	Simon Nokes

<b>James Newman</b> Sheffield City Region LEP	LEPs	Y	
<b>Huw Edwards</b> Thames Valley Berkshire LEP	LEPs	Y	
<b>Jennifer Gunn</b> LEP Network	LEPs	Y	
<b>Clive Winters</b> Coventry University	Further Education	Y	John Latham
<b>Guus Muijzers</b> European Commission	EC	Y	
<b>Joanne Knight</b> European Commission	EC	Y	
<b>Marc Vermyle</b> European Commission	EC	Y	
<b>Janet Thornton</b> Rural and Farming Network	Rural	Y	
<b>Keith Harrison</b> Action with Communities in Rural Kent	Rural	Y	
<b>Emma Kirkpatrick</b> ESF Division	DWP	Y	
<b>Mark Burns</b> ESF Division	DWP	Y	
<b>Emma Friend</b> RDPE Division	DEFRA	Y	
<b>Tony Williamson</b> RDPE Division	DEFRA	Y	
<b>Nicola Lavin</b> European Programmes	MHCLG	Y	David Malpass
<b>David Morrall</b> Head of European Programmes & EU Urban Policy	MHCLG	Y	
<b>Minal Patel</b> European Programmes	MHCLG	Y	
<b>Richard Davies</b> Europe Division	BEIS	Y	

**Additional Attendees / Observers:**

Name	Sector/Organisation	
<b>Jenny Dibden</b> Cities & Local Growth Unit	CLGU/MHCLG	Observer
<b>Simon Jones</b> European Programmes	MHCLG	Observer
<b>Chris Taylor</b> European Programmes	MHCLG	Observer
<b>Sylvain Alem</b> European Programmes	MHCLG	Observer
<b>Sean Hughes</b> Growth Programme Board Secretariat	MHCLG	Growth Programme Board Secretariat
<b>Sophie Waddington</b> Growth Programme Board Secretariat	MHCLG	Growth Programme Board Secretariat
<b>Laurent Sens</b> DG EMPL	DG REGIO	Observer

**Apologies:**

	Sector/Organisation	Sending a Substitute?
<b>Alex Conway</b> GLA	GLA	Yes, Catherine Crocker
<b>Professor John Latham</b> Coventry University	Higher Education	Yes, Clive Winters
<b>Simon Nokes</b> Greater Manchester Combined Authority	LEPs	Yes, Alison Gordon
<b>Mayor Joe Anderson</b> Liverpool City Council	SUD	Yes, Pernille Kousgaard
<b>Laura-Jane Rawlings</b> Youth Employment UK	Voluntary/Community Sector	No, not on this occasion
<b>Richard Powell</b> Chair Wild Anglia	Local Nature Partnerships	No, not on this occasion
<b>Kris Magnus</b> European Commission	EC	No, not on this occasion

<b>Dominic Williams</b> Federation of Small Businesses	Business	No, not on this occasion
<b>Louise Bennett</b> British Chambers	Business	No, not on this occasion
<b>Kevin Rowan</b> TUC	Trade Unions	No, not on this occasion
<b>Greg Wade</b> Universities UK	Higher Education	No, not on this occasion
<b>Steve Spendlove</b> ESF Division	DWP	No, not on this occasion
<b>Geoff Hawker</b> ESF Division	DWP	No, not on this occasion
<b>Emily Kent</b> Cornwall Council	Cornwall and the Isles of Scilly	No, not on this occasion