



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 Tuesday 22 June 2021

Microsoft Teams

Agenda

1. Welcome and Introduction
2. Progress on Programmes* *Agenda items marked * were*
3. Project Presentations ERDF *accompanied by Board papers*
4. Minutes of December Meeting and
progress on Actions*
5. Items for information*

Minutes

Item 1: Welcome and introductions

1. **David Malpass** welcomed Board Members and substitutes and advised that apologies received would be recorded in the minutes. He mentioned that **Jenny Dibden** would be joining the meeting slightly late and that he would therefore be standing in as Chair for the meeting.
2. **David Malpass** asked the board for any conflicts of interest, **None were declared**. He also invited partner Board Members to briefly introduce themselves.
3. **David Malpass** invited Board Members to say if they have anything they wish to include under **Items for Information**. No items were received.

Item 2: Progress of Programmes

European Regional Development Fund (ERDF)

4. **David Malpass** presented the ERDF report summarising the key points from the circulated Progress Update paper.

5. As of 31 May 2021, the total contracted figure is £2995m and the programme is 91% committed across 1,100 contracts. Quite a few extensions to existing projects are still to contract. Teams are working through these and other final bits of the pipeline.
6. Programme value is fixed in Euros, and this is only crystallized when the money is drawn down from Brussels. This means that we need to balance the contract position with what forecast exchange rate is set to be for the next three calendar years. We are currently calculating our budget at £3233m. This will be kept under review.
7. After allowing for committed and pipeline, there is about £77m left to allocate. Looking at categories of region, most if this is within transitional (less developed and more developed are very close to being fully allocated). We have some flexibility to put some money into FIs.
8. In terms of claims, there's been a heavy focus on paying these during the Covid period. 8,291 claims have been paid out to projects in total worth £1550m (roughly half the programme money). 751 claims are being processed and a further 468 are due but not yet in. Important to flag some of the flexibilities introduced, particularly in response to Covid (as some project struggle to access evidence etc.), means there is some catching up to do on checking. Most projects are now producing full evidence.
9. Looking at the spend rate against the overall programme, a €381m payment claim has just been submitted into Brussels, which means we have effectively achieved the 2022 N+3 target. This means that dangers of de-commitment of the funds are very low. We still need to see claims coming in for High Streets projects (which are 100% ERDF funded). The project itself has been extended to provide additional time for money to be spent.
10. With regard to Performance Framework Targets, we are over 85% contracted and in a further 2 we are at 65%. In terms of contracted, expenditure is really positive. In terms of Output Targets there is one area where we haven't met the 65% target and that is in the flood protection area in priority axis 5 which is difficult to contract because there aren't the projects out there.
11. In terms of delivery, achievements in both areas are progressing as we get claims in and we have a watch list on the different priorities where we think it is a bit more sensitive. The key message is that we have pretty much contracted to all of those key targets and we are assessing the achievements. This does give us some flexibility to move a bit of money from one priority axis to another if it can help to meet specific local needs.
12. **James Newman** stated that if we were to move funds from PA4 to PA3, there is a huge amount of activity around Net Zero and de-carbonisation. Businesses are looking at this and there are lots of clusters – it seems to be a really good opportunity. David thanked

James for making a very good point and stated that we would try and use that flexibility locally if there are opportunities to do it. That said, there won't be opportunities to initiate new projects now so it would be about looking to expand existing projects to fit opportunities. James mentioned perhaps looking at activities through the Growth Hubs in supporting SMEs in the decarbonisation process.

13. **Pernille Kousgaard** highlighted that the papers circulated seemed to highlight a particular pinch-point in priority axis 1 for more developed regions where it says we are unlikely to meet the expenditure target. What exercises have been undertaken to ensure that the funding is diverted into live strongly performing targets rather than moving it into priority axis 3 which would fundamentally change the types of activity that you can do. Keen to ensure the level of investment in priority axis 1 in less developed areas, particularly as that is the area which makes businesses more innovative. David responded that the main point here is around the flexibility and utilising it while it's available (which is up to December 2022). We are gathering lots of information about what is happening in the programme – current priority is to spend in the current priority axis but varying opportunities are going to arise as money gets recycled.
14. Pernille made another point around the output situation in PA3 for transitional areas. PA3 is vastly over in more developed and less developed and not actually being met in transitional areas. The question was, is this because everyone is sticking to that 12 hour business support bracket and what is happening in the more developed and less developed that we could learn from. In this committee we are interested in that we want the supported businesses to employ more local people. David agreed that this is something we need to dig deeper into and will do something for the Performance and Dispute Resolution (PDR) National Sub-Committee
15. And finally from Pernille, FIs seem to be going well and they are all drawing down along the schedule. Given it was mentioned that we might want to put some more funding into FIs, if an FI has one or two massive investments upfront, are we certain that they can then spend all of that money, because they are sitting on huge sums of ERDF. Also with FIs, is there a time lag as the North East Fund seems to be behind the Northern Powerhouse Fund. David suggested that there should be a presentation from FIs at the next GPB meeting. We have had an accelerated draw down of the FIs, due to the investment rate being healthy. Pernille asked if this could also be discussed at the PDR which David agreed to.

ACTION 2206/01: MHCLG to discuss FIs and the output situation under PA3 for transitional areas at PDR and bring back to GPB. FIs to also present at next GPB.

16. **Alison Gordon** asked, in terms of managing underspend at GDT level that this would be working with IBs and the partners within that area? David said that this would absolutely be the case.

European Social Fund (ESF)

17. **Geoff Hawker** introduced the ESF update on his last appearance at the GPB. He first introduced **Mark Burns (Head of ESF Services)** to talk through overall Programme Performance.
18. Key point is that as of the 1 June, the programme is just over 92% committed (£2.8bn of the £3.1bn total programme value). Pipeline at the appraisal stage is down to £136m, a considerable reduction overall, and there is only £68m left unallocated. So overall making some really positive progress.
19. This has been helped by looking at well performing projects to submit project change requests – this has speeded up the overall process.
20. DWP have submitted IPA18 to the EC and anticipate receiving payment of €43.9m before the end of June. The 19/20 annual accounts were accepted by the EC on 25 May and the Annual Implementation Report was submitted to the EC on 26 May (following sign off by members earlier and review by GIAA).
21. Mark then quickly talked about the N+3 and where the programme was against the target. The 2020 target was exceeded by almost 1%, giving a surplus of €17.3m. A table in the DWP papers sets all of this out and shows the pipeline in terms of claims authorised and received. Forecasts suggest the 2021 target will be exceeded by €38.1m (8%). This is including claims that are in the pipeline – the programme continues to be impacted by Covid 19 with the MA continuing to be limited in visits that can be made to projects and delays in receiving claims evidence and supporting documents. The CA can't accept claims for inclusion in payment applications until the appropriate claims evidence is received. There are still concerns in this area and the lifting of restrictions across England will be crucial.
22. **Emma Kirkpatrick** then talked through some of the numbers in more detail. On appraisals some highlights were covered – unassigned appraisals are still at 0 (so MA still on top of the queue of applications). Total active appraisals is now at 47 (worth in the region of a combined £78m), despite 36 new ones being received since the last GPB. 25 applications are in the process of funding agreement (worth about another £40m). The number of new applications will rapidly drop off now because the last open call closed last week.
23. About £67.6m is left unallocated across the entire programme (down from the £123.5m reported at the last GPB). About £50m of this is left in the YEI more developed, with all of the other priorities in quite a healthy position. At the last GPB the MA talked about moving some funding from Priority 2 to Priority 1 to reflect the impact of Covid and the increased numbers of unemployed people who were needing support. That will leave, once taking into account pipeline and what is already committed to date, the programme

just under 102% committed. So while there is theoretically that £67m is left, that includes an element of over-programming that was factoring in that project claim rates were quite low.

24. These claim rates are improving now so the likelihood is that the MA will not be allocating any further funding beyond applications already in until we start seeing any recycled money coming back from underspending projects. Projects being given a little bit of grace on this due to Covid
25. Geoff added that grant management is key at the moment and in the coming months, to ensure that grant recipients are honest if they aren't going to spend their entire allocation so it can be recycled for the greater good. He also raised the issue of Forex fluctuation – the situation is being monitored very closely.
26. Emma then talked about easements. Current easements in place range from electronic signatures, virtual project inception visits (PIVs) and virtual on the spot visits. The point at which the desk-based evidence check takes place was also moved from pre-payment to post payment. The question currently being considered is what out of that list can or should be kept, what can't be kept and how / when should it be unpicked?
27. Electronic signatures are very popular / useful and will be kept as a permanent ESF business as usual process (action note on this issued to all grant recipients on 10 June). Other easements will need to be un-picked at some point because of the assurance gained by doing things face to face. Original timeline to start this process was for w/c 21 June but following the Prime Ministers announcement around restrictions staying in place into July. This will now be looked at again by DWP after the 19 July.
28. Likely that they will be going back to business as usual for quarter 3 claims onwards. Looking at giving as much notice as possible around desk-based checks going back to pre-payment again, because of the preparations required by projects for this and because of the impact on cash-flow. The same is true of on the spot visits and PIVs, which are likely to begin to be scheduled from August onwards – this is to be reviewed after the 19 July because any decisions are absolutely dependent on the road map out of restrictions. MA are seeking help from members of GPB to help get the message out there that there is set to be a return to business as usual.
29. One question on the chat was are DWP alone in reversing most of the easements? David Malpass responded that there are some slight differences when it comes to ERDF where virtual OTSVs have been taking place and there is a need to revert to face to face OTSVs. The slight difference on checks is that ERDF stopped checking certain things ahead of paying claims and there is some catching up to do on that (although for many of the claims all the evidence has been received before payment). With the PIVs, these have been streamlined to only new applicants – a very similar approach to ESF. Care will be taken to ensure plenty of notice for grant recipients. It does remain really

important to gather in the evidence to enable claims to be paid and N+3 target to be met.

30. Geoff added to the point made by Emma on the UK Government's easing of lockdown restrictions, DWP not assuming everyone is going back to work come 19 July, and DWP themselves will not be fully operational and will not be putting the safeguarding of staff at risk by enforcing visits etc.
31. **Pernille Kousgaard** asked about the PCR process – she had seen from the board papers that this has been done for the reserve fund and not as many bids as hoped have come in. The paper also covers that there are a number of projects under the direct bids that are underperforming and if they can't recover their progress PCRs are expected. There are almost 300 projects behind their schedule so the question is how many PCRs are expected through this, how does this work with timing, staffing levels etc. **Emma** responded saying that the team have been working on the phasing of that. Have already received the PCRs for extensions which will be progressed as quickly as possible. At the same time, the other half of the appraisal team which has been working on the appraisal of new applications have seen their work ramp down. The plan is to move resource from appraisal to PCR as that ramps up and to manage the timing of asking those underperforming projects to submit PCRs so all 300 don't arrive at once, prioritising those that are due to end sooner.
32. **Pernille** also asked if there was any update on the digital call which closed on 18 June. **Emma** responded that there had not been any applications received so there was a need to go back on that and look at the lessons learned this time around (having felt that they had already acted on lessons learned from round 1). **Pernille** mentioned that she felt this was because everyone was doing CRF and Levelling Up Fund applications. Emma added that feedback recently from four or five projects in appraisal who had withdrawn was that they were going for CRF instead. **Helen Millne** added the point that match funding requirements would be a factor. **Geoff** also flagged that DFE had been offering free devices as well, so more and more on the digital poverty focus area. Really important but potentially marginalised the ESF proposals.
33. **James Newman** mentioned that he submitted, through two LEPs, some changes and comments for the digital call. Stated that clearly lessons hadn't been learned with no applications received so there needed to be a change of approach. This is particularly acute given that covid has led to more people working from home which means more digital skills are required. Approach perhaps needs to be developing an easier way for LEPs to apply for funding.
34. **Evert Veltkamp** (DG Employment) made two comments. On the Annual Implementation Report mentioned earlier by Mark, he confirmed that it was accepted by them without any observations. He also, on behalf of DG Employment, thanked Geoff

for his pleasant cooperation and wished him all the best for the future, adding that they were looking forward to working with Clare.

European Agricultural Fund for Rural Development (EAFRD)

35. **Emma Friend** presented the EAFRD report summarising the key points from the circulated Progress Update paper, stating that figures included were up to 1 June.
36. Progress of the Growth Programmes 1 and 2, which closed in 2016 and 2018 respectively, was that expressions of interest were received for £380m worth of projects, £307m of which were taken forward into applications. £111m of those projects were contracted and to date £90m has been spent.
37. For round 3, which closed in 2020, there were £352m worth of expressions of interest, £275m were invited to submit full applications, £104m was contracted. RPA are still working through contracting projects but they are very nearly there. As of yesterday they just had 50 projects awaiting a decision – these will be complete and beneficiaries informed by the end of the June. These projects have just started to be delivered so spend so has crept up to £1.9m.
38. Emma continued by pulling out a few examples of round 3 projects to illustrate some of the types of project being funded/delivered through EAFRD – they included quite a few wedding venues, holiday accommodation and an equine retirement farm.
39. On progress towards job targets, Emma reported that contracted number of jobs is 5,493 and actual jobs is 1,600. The actual jobs figure will increase as projects complete and deliver and they are on track to meet the target of 4,075 jobs created.
40. **James Newman** observed that there was clearly still a long way to go and wondered if given that ERDF and ESF had flexed to try and deal with the Covid recovery (High Streets, Extra Growth Fund) to support the recovery, whether there was any similar appetite in DEFRA for the tourism/hospitality industry (and if not why)? James also asked how confident they were that they were going to spend the money?
41. Emma responded by saying that the programme was already geared up to support the tourism industry, particularly helping businesses that wanted to expand and break into a new market. On confidence on spend, Defra confirmed that they track across all the different streams and they feel they are on track to spend what they have. James wondered why DEFRA, unlike the other ESIF funds, hadn't directly supported Covid recovery by diverting funds or having a specific call in some of these areas that have clearly suffered from Covid. Emma stressed that Defra and the RPA fully appreciate the impact Covid-19 has had on rural businesses and have been keen throughout to be as constructive and flexible as possible in managing existing projects and running the final EAFRD Growth Programme offer. As such, the RPA had made changes such as suspending on-site visits allowing applicants to submit claims with satisfactory electronic evidence of project completion and defrayal before paying a final claim as well as looking at extending claim and commitment periods wherever possible.

42. It is also worth noting that the third round of the EAFRD Growth Programme (which used up all remaining funding) was opened on 1 November 2019 and closed on 16 February 2020, therefore predating the Covid pandemic impacts. The round 3 offer was adjusted to take account of Covid impacts but to withdraw would have opened Defra up to legal challenge.

43. **Helen Millne** fed back information passed to her by colleagues from the CSI network - those businesses or projects from round 3 in particular which are delayed in the activities they have to undertake for those projects. They have been impacted by Covid pricing (availability and prices charged by contractors). Also, given that they are working through peak season for tourism and issues of bats and other protected species having to be protected during the nesting season, is there any possibility of DEFRA extending the timeline for delivery of these projects through into 2023 (as other Departments have been able to)? Emma responded that the RPA, who have agreed the deadlines with the projects, are being as flexible as possible – any project that is struggling should get in touch with their RPA sponsor and discuss it with them. And on the contracting pricing, DEFRA have been made aware of that issue and variations and flexibility can be offered there so, again, the projects should get in touch – extensions to timelines and costings are possible.

44. **Pernille Kousgaard** said that it was welcome news that the job creation targets were on course to be met. She asked though about the quality of these jobs. Observations from the last programme was that many jobs created were low paid, low skilled and seasonal jobs. So while we are looking to create 5,500 full time equivalents, that could be 15,000 part time jobs. She wanted to understand a little better what types of jobs are being creating and do they have a long lasting impact on the economic resilience of rural areas which meet the Government ambitions around level up, build back better, create higher level skilled jobs etc. What are the lessons we need to learn going into the UK Shared Prosperity Fund. Emma said that she would speak to the social researchers as she was aware they were doing monitoring and evaluation on the programme now – she would come back with an answer on that. Pernille's second point that the average value of each project was much higher than anticipated – so another lesson learned was projects have to be of higher value if they are to have a meaningful impact in those areas.

ACTION 2206/02 DEFRA to come back to the GPB with some data around types of jobs being created by the current programme.

European Maritime and Fisheries Fund

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

Item 3: Project Presentations: ERDF

46. Representatives from two ERDF projects joined the meeting to deliver presentations to the GPB members. **Ryan Law** Managing Director of Geothermal Engineering Ltd. gave an overview of the **United Downs Deep Geothermal Power Project, Cornwall** and **George Munson / Nahim Ruhi-Kahn, Leeds City Council** presented on the **Lincoln**

Green District Housing project in Leeds. The presentations were followed by a brief Q and A session. Both presentations were well received – the slides for each were requested and circulated straight after the meeting.

47. **David Malpass** closed this item by thanking these two best practice projects for presenting and stating that they may have triggered thoughts across the members about how similar things might be actioned in their areas. It's not always about reinventing the wheel and if we can learn from projects such as these then time can be saved in terms of getting new projects implemented effectively in places.

Standing Item 4: Minutes of March Meeting and Progress on Actions

48. **Rob Martell** outlined the actions arising from the March meeting and stated that all actions have been completed - there are no outstanding actions.
49. **Rob Martell** asked the board if they approve of the minutes. **The board** agreed.

Standing Item 5: Items for Information

National Sub-Committee Report

50. **Rob Martell** informed the board about the NSC report. The Employment, Skills and Social Inclusion; Equality and Diversity; Performance and Dispute Resolution National Sub Committees had all met since the previous GPB and updates were provided within the paper. The Evaluation National Sub Committee had met just before the March GPB – update provided.

Item 6: Any Other Business

51. David highlighted that it was Geoff's final GPB and thanked him, on behalf of all the GPB members, for the way he had grasped ESF since taking charge of the programme part way through and for the improvements achieved in the way it had operated. He wished Geoff all the best for the future and in his new role and invited him to say a few words. Geoff said that it had been great working with everyone, referenced the steep learning curve and said how he had welcomed the constructive challenge from GPB members. He said he was sure Clare would carry on the great work they have achieved working with everyone.

Meeting closed: 14:00

Date, Time and Venue of Future Meetings

Tuesday 21 September 2021	11:00 - [15:00] on Teams
Tuesday 7 December 2021	11:00 - [15:00] venue tbc

Annex A

List of agreed actions from June 2021 Growth Programme Board meeting

No.	Action	Assigned to:
2206/01	MHCLG to discuss FIs and the output situation under PA3 for transitional areas at PDR and bring back to GPB. FIs to also present at next GPB	David Malpass
2206/02	DEFRA to come back to the GPB with some data around types of jobs being created by the current programme	Emma Friend



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Growth Programme for England

Chair:

	Sector/Organisation Representing	Attending (Y/N)	Substitute For
David Malpass Director, Cities and Local Growth	MHCLG	Y	Jenny Dibden

Board Members (full and advisory):

	Sector/Organisation Representing	Attending (Y/N)	Substitute For
Jenny Dibden Cities and Local Growth	MHCLG	Y	(note – present for part of the meeting only)
Emily Kent Cornwall Council	Cornwall and Isles of Scilly	Y	
Helen Millne The Women's Organisation	Voluntary/Community Sector	Y	
Carol Botten Network for Europe	Voluntary/Community Sector	Y	
Louise Bennett British Chambers of Commerce	Business/Private Sector	Y	
Councillor Sir Albert Bore Birmingham City Council	Local Authorities	Y	
Sarah Purvis Greater London Authority	Local Authorities	Y	
Councillor Philip Atkins Staffordshire County Council	Local Authorities	Y	
Councillor Peter Thornton Local Government Association	Local Authorities	Y	

Paul Green Local Government Association	Local Government	Y	
Pernille Kousgaard Liverpool City Region	SUD	Y	
Alison Gordon Greater Manchester Combined Authority	LEPs	Y	Simon Nokes
Jennifer Gunn LEP Network	LEPs	Y	
Dr Huw Edwards Thames Valley Berkshire	LEPs	Y	
Evert Veltkamp European Commission	EC	Y	
Joanne Knight European Commission	EC	Y	
James Newman Sheffield City Region LEP	LEPs	Y	
Keith Harrison Action with Communities in Rural Kent	Rural	Y	
David Rowlands Rural and Farming Network	Rural	Y	Janet Thornton
Richard Powell Chair Wild Anglia	Local Nature Partnerships	Y	
Geoff Hawker ESF Division	DWP	Y	
Emma Kirkpatrick ESF Division	DWP	Y	
Clare Bonson ESF Division	DWP	Y	
Mark Burns ESF Division	DWP	Y	
Emma Friend RDPE Division	DEFRA	Y	
Simon Jones Cities and Local Growth	MHCLG	Y	
Richard Davies Europe Division	BEIS	Y	

Additional Attendees / Observers:

Name	Sector/Organisation	
Ryan Law Geothermal Engineering Ltd.	United Downs Deep Geothermal Power Project	Presenter
George Munson Leeds City Council	Lincoln Green District Housing	Presenter
Nahim Ruhi-Kahn Leeds City Council	Lincoln Green District Housing	Presenter
Sean Hughes Growth Programme Board Secretariat	MHCLG	Growth Programme Board Secretariat
Rob Martell Growth Programme Board Secretariat	MHCLG	Growth Programme Board Secretariat

Apologies:

	Sector/Organisation	Sending a Substitute?
Simon Nokes Greater Manchester Combined Authority	LEPs	Yes, Alison Gordon
John Latham Coventry University	Higher Education	No
Clive Winters Coventry University	Higher Education	No
Janet Thornton Rural and Farming Network	Rural	Yes, David Rowlands
Marc Vermyle European Commission	EC	No