



D2N2 LEP Area ESI Funds Sub-Committee

**Minutes of meeting held 7th March 2016
Torvill Room, Apex Court, City Link, Nottingham, NG2 4LA**

Agenda:

1. Apologies, Minutes of Last Meeting and Actions
2. Confirmation of Written Procedures
3. National Update on ESIF Growth Programme
4. EAFRD: Outline Assessment Report: Business Development Call
5. ERDF: Full Appraisal Reports: Open Calls March 2015
6. Revised ESIF Strategy
7. DWP Opt-in
8. ERDF Fund of Funds
9. Any other Business

1. Apologies, Minutes of Last Meeting and Actions

- 1.1 It was confirmed that a number of apologies had been received and would be included in the minutes.
- 1.2 The members were asked to highlight any inaccuracies from the previous meeting minutes. It was noted that SG had sent apologies to the 18th January meeting but that this had not been recorded in the minutes.
- 1.3 The Chair noted that all action points from the previous meeting would be covered by the agenda, barring two;
 - Action Point 1 (page 4) IW confirmed that the output analysis paper would be brought to 1st April meeting.
 - Action Point 5 (page 5) AS confirmed that all five Youth Engagement Initiative proposals that had been to the ESIF Sub Committee for Local Strategic Fit advice had been sent approval letters. Subject to conditions being met, the Managing Authority will contract with the applicants.

2. Confirmation of Written Procedures

- 2.1 Two items of business had been completed through written procedure since the last meeting:
 - The European Social Fund Technical Assistance application received positive support from the ESIF Committee members and has proceeded to contracting stage.

The SFA Opt-in. MW reported that LEP officers are working with the Skills Funding Agency (SFA) to develop the opt-in specification and maximise the local strategic content. The SFA will report to the ESIF Sub-Committee which contract has been chosen.

3. National Update on ESIF Growth Programme

3.1 Ian White ERDF MA (DCLG): IW confirmed the Department's position regarding the European Union referendum. The Government believes it is in the country's best interests to remain in the EU and we are proceeding as we were before the referendum was called. There will be a purdah period for four weeks before the date of the referendum, starting on the 26th May.

3.2 Amrik Singh ESF MA (DWP): AS reported that the MA is working with the LEP on direct bids for ESF funding. AS also confirmed that the process of clarifying ESF output was on-going.

3.3 Chris Franklin EAFRD MA (DEFRA/RPA): CF informed the Sub-committee that a second call on the theme of Tourism had been issued and that the outline assessments would be brought to the 1st April Sub-committee meeting. CF reported that EAFRD budget allocations had been confirmed and that 30% of the allocation needed to be spent before the end of 2018.

4. EAFRD: Outline Assessment Report: Business Development Call

4.1 PRich informed the Sub-committee of the need to advise the MA on the strategic fit of each outline application under this Call.

4.2 CF informed the Sub-committee of the background to EAFRD, noting that the total EAFRD fund amounted approx. £3.5bn, of which, approx. £3bn was allocated to the agri-environment managed by Natural England and that approx. £500M was divided between LEADER (£138M) Countryside Productivity (£141M) and the EAFRD Growth Programme (£177M). The EAFRD Growth Programme was divided between 37 LEPs as 2 LEPs were not identified as having rural populations (London and The Black Country). CF confirmed the relevant funding allocation for D2N2 to be approx. £5.5M with the focus on growth and jobs.

4.3 CF referred the Sub-committee members to the ESIF Sub-Committee guidance for providing advice on Local Strategic Fit for EAFRD outline applications (V3 21 Dec 2015) noting the Terms of Reference for the EAFRD process and stressing the double weighting to Local Strategic Fit and Value for Money in the scoring. CF confirmed that the Sub-committee was not agreeing to the commitment of funds at outline stage, as funds were committed following the full appraisal process. All eligible full applications would also be brought to the Sub-committee for advice on Local Strategic Fit.

4.4 CF confirmed that 31 applications had been received of which 2 were ineligible and therefore not for consideration whilst 29 had been appraised and scored by the MA against the scoring matrix following due process and quality assurance. PRich noted that D2N2 had a Rural Reference Group which CB sat on and would represent their views to the ESIF Sub Committee but iterated to the Sub-committee to raise concerns if appropriate and reminded the Sub-Committee that no funds were being allocated at this stage.

Please see Appendix C – EAFRD Applications for call 08RD15BS0001. D2N2 LEP Area ESIF Sub-committee Advice

4.5 Sub-committee members were concerned that whilst applications had strong equality and diversity links, there was no method to capture and record this at outline appraisal. The RPA stated that equality and diversity questions were asked at outline stage but not scored. The RPA confirmed that applicants are expected to embrace cross cutting themes at full application stage and are scored accordingly.

4.6 The RPA also confirmed that application workshops prior to the Call had yielded a high number of applications for the D2N2 area. The RPA mentioned that on average 10 applications had been received per LEP area whereas D2N2 had received 31. The RPA advised the Sub-committee that further workshops were planned with partners in LEP areas to promote future calls with the view to improving the quantity and quality of applications.

4.7 Sub-Committee members queried the ratio of applications between the D2 and N2 areas noting that not many had been received from the N2 area and that there was evidence that some applications had applied to the Sheffield City Region overlap LEP area and different EAFRD / LEADER funds. The Sub-committee requested clarification as to how multi-region and multi-fund applications were dealt with. LA confirmed that the N2 area had two LEADER areas who are accepting applications to a higher value than those in the D2 area. CB confirmed that applicants can apply to different LEPs and that the LEADER groups had 18 overlap applications, of which 10 should have gone to EAFRD. CB queried whether there was a process by which applications could be moved between EAFRD and LEADER. CF confirmed that this was being looked into by the Managing Authority and that the duration of calls were also being considered to have them open for longer with multiple determination points.

4.8 Sub-committee members also raised concerns regarding the timing of the issuing of papers and that mitigated against good process. The RPA noted the Sub-Committee's concerns but iterated that they had followed the nationally agreed terms of reference for ESIF Sub Committees and the papers and been circulated 5 working days before the meeting.

4.9 The Sub-committee queried the quality of applications and the amount of information supplied, noting that there were a number of similar applications in certain categories and whether they had been reviewed as a group and why the scoring was different for similar projects. The RPA reiterated that applications had been appraised and scored against the scoring matrix following due process and quality assurance but noted that the different scores were down to the variation in quality of the applications.

4.10 The Sub-committee noted that as their remit was to comment on strategic fit and that scores for strategic fit across all applications were similar it proposed that all projects be invited to full application as the margin between those projects rejected and passed was marginal. The RPA indicated that the scoring matrix and threshold had been developed as a result of European audit recommendations. The RPA confirmed that the number of eligible projects would result in an over-commitment but stated that there was around a 50% drop-out rate between outline and full applications. The RPA asserted that over-programming at full application drove better applications and reminded the Sub-committee that it was still a competitive process at full application stage.

4.11 Sub-committee advised that all reviewed and eligible projects be invited to full application but with consideration given to the following:

- A more open call across the scheme for future calls so that applicants could re-submit after feedback
- That potential future applicants be given more of a steer regarding applications

4.12 The Chair confirmed that it was the Sub-Committee's advice that all eligible applications be invited to full application so as not to delay the process but that the Sub-committee would write to the RPA to request that unsuccessful applicants be given feedback and commentary for reconsidering their application with a view to submit at the earliest opportunity in any future call

5. ERDF: Full Appraisal Reports: Open Calls March 2015

5.1 IW informed the Sub-committee that three ERDF full appraisals were being brought to the meeting to confirm the committee's view of local strategic fit. All Priority Axis 1 projects had been asked to reduce their budgets by 15% to ensure that the PA 1 allocation was not exceeded.

5.1 MW noted that the D2N2 Strategic Review Group had reviewed the local Strategic Fit of all three full appraisals.

5.3 Enabling Innovation (PA1)

DK declared a conflict of interest in the application.

IW noted the application had reduced in value from £13.4m to £10.1m ERDF but outputs had only reduced by 9%.

MW confirmed that the Strategic Review Group advice was to proceed to contract.

Cllr AW stated that there was a need to publicise these projects across the whole LEP area and that a strong communication effort was needed.

IW confirmed that the TA application appraisal was nearing completion which would lead to additional resource for D2N2 promote this project.

ASmith queried whether there would be a mid-term evaluation considering the high value of the project.

IW confirmed that the project would be closely managed by the MA with quarterly progress reports brought to the Sub-committee.

The Sub-committee agreed to advise the MA that the project still represented a good strategic fit

IW confirmed that appraisal would be finalised and confirmation letter issued to the applicant for this project.

5.4 Catalysing Growth (PA1)

ASmith declared a conflict of interest in the application.

IW noted that this application had originally been deemed a medium strategic fit by the Sub-committee but that a lot of work had been undertaken by the applicant to improve the application. IW also noted that the value of the project had reduced by 15% to keep in within the PA 1 allocation but the project would still deliver the same number of outputs.

MW confirmed that the Strategic Review Group advice was to proceed to contract.

The Sub-committee agreed to advise the MA that the project still represented a good strategic fit

IW confirmed that appraisal would be finalised and confirmation letter issued to the applicant for this project.

5.5. FEAST (PA3)

DS, MW, KW, LA and DW declared a conflict of interest in the application.

IW noted that the applicant had been asked to work across three LEP areas by the Managing authority to achieve better value for money. IW reported that £500k of ineligible activity had been removed from the D2N2 application during appraisal.

MW confirmed that the Strategic Review Group advice was to proceed to contract.

The Sub-committee agreed to advise the MA that the project still represented a good strategic fit

IW confirmed that the appraisal would be taken to SEMLEP and NEP ESIF Committees for advice on Local Strategic Fit.

6. Revised ESIF Strategy

6.1 MW informed the Sub-committee that the D2N2 ESIF strategy had been revised and submitted to the MAs. IW confirmed that DCLG had reviewed the strategy and that DWP and DEFRA would do so in due course with a view to sign-off in April. The strategy would be brought back to the Sub-committee in May to confirm the final version.

7. DWP Opt-in

7.1 MW confirmed that the proposed specification for the INSPIRE Local programme had been shared with the LEP on Friday 4th March and noted there were a number of challenges to overcome prior to implementation. A supporting paper was tabled at the meeting.

MW outlined an issue regarding an overlap with Sheffield City Region and stated that the intention was to target different beneficiaries in the overlap area. MW also outlined some

potential conflicts between the INSPIRE Local programme and the DWP's Work and Health Programme. DWP had written to the LEP to invite them to participate in the Work and Health programme, but that limited information had been provided. MW informed the Sub-committee that the LEP would be recommending the INSPIRE programme be reduced from 3 to 2 years and a clause inserted stating that conflicts between the two programmes need to be managed.

Cllr AW stressed the need to express strongly to the Sheffield City Region that three out of the four Derbyshire districts who were undecided regarding the Devolution Deal voted to stay with the North Midlands Partnership and therefore their primary relationship is with D2N2.

MW stated that until the Managing Authorities indicate that there is a change to the current approach to 'overlap' areas, delivery must be across the whole D2N2 area.

Action Point: It was agreed that a paper regarding the proposed specification for the INSPIRE Local programme would be circulated by IW on 7th March for decision by Written Procedure deadline (3pm 14th March).

8. ERDF Fund of Funds

8.1 MW informed the Sub-committee that a draft investment strategy had been submitted to the European Investment Bank and the LEP had been approached by the British Business Bank to invest in the fund and to potentially seek a grant from the Treasury. MW noted that all investors in the fund would need to be satisfied re: return on investment but that an announcement on the fund may be made in the forthcoming budget.

IW noted the need to look at the Fund of Funds allocation across ERDF Priority Axes. This will be discussed at the meeting on 1st April.

9. Any Other Business

9.1 IW informed the Sub-committee that colleagues at DCLG were undertaking a Partnership Review and will attend the next meeting on 1st April.

Date, time and venue of future meeting

Friday 1st April, 12:30pm – 2:30pm, Committee Room 1, Derbyshire County Council – County Hall, Matlock.

Annex A

List of Agreed Actions from D2N2 LEP Area Sub-Committee Meeting 7 March 2016

Agenda Item	Action	Action Assigned to
4.12	The Sub-committee would write to the RPA to request that unsuccessful applicants be given feedback and commentary for reconsidering their application with a view to submit at the earliest opportunity in any future call	Chair and MW
7	It was agreed that a paper regarding the proposed specification for the INSPIRE Local programme would be circulated by IW on 7 th March for decision by Written Procedure deadline (3pm 14 th March).	IW

Annex B Attendee List

D2N2 LEP Area ESI Funds Sub-Committee 7 March 2016 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Peter Richardson (PRich)	
Ian White (IW)	Managing Authority ERDF (DCLG)

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Alan Smith (ASmith)	Derby City Council
Andrew King (AK)	Vision West Nottinghamshire
Andrew Pickin (AP)	Shoosmiths
Caroline Bedell (CB)	CLA Midlands
Cllr Anne Western (Cllr AW)	Derbyshire County Council
Cllr Diana Meale	Nottinghamshire County Council
Cllr Jon Collins (Cllr JC)	Nottingham City Council
Dan King (DK)	University of Nottingham
David Williams (DW)	Butt Foods
Diane Simpson (DS)	East Midlands Chamber
Ian Stephenson	Derbyshire County Council
Jem Woolley (JW)	Nottingham City Council
Matthew Allbones (MAI)	Derby Citizens Advice and Law Centre
Sylvia Green (SG)	Rural Action Derbyshire
Tim Gregory (TG)	Nottinghamshire County Council

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

Name, title and organisation	Sector/Organisation Representing
Amrik Singh (AS)	Managing Authority ESF (DWP)
Chris Franklin (CF)	Managing Authority EAFRD (RPA / DEFRA)
Jonathan Leonard (JL)	DCLG (Minutes)
Katrina Woodward (KW)	D2N2 LEP
Lindsey Allen (LA)	D2N2 LEP
Matthew Wheatley (MW)	D2N2 LEP
Melanie Fischer (MF)	Managing Authority EAFRD (RPA / DEFRA)
Sally Dyson (SD)	DCLG (Minutes)
Yogesh Patel (YP)	Managing Authority ESF (DWP)

Apologies:

Name, title and organisation	Sector/Organisation Representing
Andrew Muter	Newark and Sherwood District Council
Cllr John Burrows	Chesterfield Borough Council
Cllr Ranjit Banwait	Derby City Council
Ian Morgan	Wellglade
Liz Fothergill	Pennine Health Care
Melanie Ulyatt	Federation of Small Businesses (Nottinghamshire and Derbyshire)
Peter Gadsby	Ark Capital