



D2N2 LEP Area ESI Funds Sub-Committee

Minutes of meeting held 1st April 2016 Committee Room 1, County Hall, Matlock, Derbyshire

Agenda:

1. Apologies, Minutes of Last Meeting and Actions
2. Minutes of previous meeting and action update
3. EAFRD: Outline Assessment Report: Tourism Marketing Call (paper)
4. ERDF Performance Management Report (paper)
5. ERDF Full Appraisal Reports: Open Calls March 2015 (papers)
6. ERDF Open Calls
 - PA5 Climate Change
 - PA6 Resource Efficiency (paper)
7. ESF Open Calls
 - Higher Skills Development (IPs 2.1 & 2.2)
 - Enterprise, Innovation & Pathways (IP 1.1)
 - Develop Sector Growths (IPs 1.1 & 2.1)
8. Midlands Engine Investment Fund (paper)
9. DWP & SFA Opt-in – update
10. 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. AP highlighted that the wording of item 4.12 of the minutes was unclear and proposed the following amendment:

4.12 The Chair confirmed that it was the Sub-Committee's advice that as matter of principle in view of the relatively small margins between the different scores for the various applications, all eligible applications should be invited to full application. However it has recognised it was important not to delay the process. Accordingly, the Chair of 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.

- 1.3. The Chair noted the proposed amendments and confirmed that the Sub-Committee had accepted the proposed amendment.
- 1.4. PG proposed amending the Sub-Committee distribution list to allow for removal of contacts that no longer needed to be included
- 1.5. The Chair noted that all action points from the previous meeting would be covered by the agenda

2. Confirmation of Written Procedures

- 2.1. One item of business had been completed through written procedure since the last meeting:
 - 2.1.1 The continuation of the INSPIRE Local Opt-In programme paper was adopted in position for delivery across the whole D2N2 area for distribution in May

3. EAFRD: Outline Assessment Report: Tourism Marketing Call

- 3.1. RA introduced the papers confirming that the Sub-Committee had agreed with the recommended score for local strategic fit of 25 of the 29 applications from the previous Business Development call. RA confirmed that the RPA were in the process of writing to all applicants to notify them of the outcome and inviting successful applicants to submit a full application.
- 3.2. It was noted that the RPA will also write to all unsuccessful applicants to provide feedback on their application. The feedback will include details of how to appeal the decision should the applicant consider that the information provided has been misinterpreted or the process incorrectly followed. Should the applicant be able to address the identified issues, the applicant would also be welcome to re-apply to a relevant future call.
- 3.3. MW raised the point that the LEP would look to work with these unsuccessful projects at future workshops.
- 3.4. CB expressed it was important that future calls were opened for a longer period, allowing applicants to develop quality bids over an increased timescale. CB noted that EAFRD proposals differed substantially from other ESI Funded projects. EAFRD directly supports SMEs and many projects require a longer period of development when compared to other ESI Fund applications.
- 3.5. RA confirmed that RPA were looking to work with LEP areas to publish calls for applications open for longer periods, e.g. calls open for a 12 month period with several assessment points.

- 3.6. CB queried what process was in place for dealing with cross area bids and stated the need for a process to amend applications presented across the three current schemes so that only one application was brought forward.
- 3.7. RA noted the process for dealing with overlap areas and stated that applicants from the D2N2 area can apply to two schemes. Process needs to be in place to manage LEADER with complementary referrals and greater collaboration between the schemes.
- 3.8. RA confirmed that 10 outline applications had been received under the Tourism Co-operation Call of which 4 were ineligible and therefore not for consideration. RA reviewed each appraisal summary paper in turn before seeking the Sub-Committee's advice on Local Strategic Fit for each application. RA reminded the Sub-Committee of the application review process and the input of the D2N2 Rural Reference Group to help the Sub-Committee provide advice on the Local Strategic fit of applications.
- 3.9. The Sub-Committee agreed with the proposed Local Strategic Fit appraisal scores for Visit Sleep Cycle Repeat (4), and the Development of a Real Ale destination (4), both of these projects will now be invited to full applications stage.
- 3.10. The Sub-Committee considered the proposed strategic fit score for the Developing Visitor Economy of D2N2 Waterways, and advised that the score should be increased from 4 to 6. The Sub-Committee identified that there is a significant opportunity to develop canal based tourism across the area, and the project had a good fit with the priorities of the ESIF strategy and Visitor Economy Strategy. This increases the overall score to 17 and as such the project is recommended to be invited to full application stage
- 3.11. The Sub-Committee agreed with the recommended Local Strategic Fit scores on the remaining projects which would mean they would not progress at this time, and noted that the applicants could re-apply should they be able to address identified issues in any relevant future application round.

Please see Appendix C – EAFRD Applications for call 08RD15TO0002. D2N2 LEP Area ESIF Sub-committee Advice

4. ERDF Performance Management Report

- 4.1. IW provided the Sub-Committee with a review of performance management to show progress against spend and output targets at the LEP area level. IW also confirmed that the MA would report to the Sub-Committee to highlight the target position and would propose future action and Calls if required.
 - 4.1.1. IW noted that the recent shift in the notified exchange rate had led to a positive effect of increasing the sterling allocation available to the LEP area
 - 4.1.2. IW confirmed that 77% of the current PA1 allocation had been programmed against three projects which were forecasted to meet both the 2018 output and financial target, and would mean that D2N2 could have a second, smaller, PA1 call in the second half of the Programme period.

- 4.1.3. IW noted that the current PA2 project would not deliver the output target of additional businesses with broadband access of at least 30Mbps. IW confirmed that this a National issue and that an infrastructure call was scheduled for later in 2016 when the Broadband State Aid Framework was in place.
- 4.1.4 IW noted that to accommodate the agreed contribution to the Midlands Engine Investment Fund, the Sustainable Urban Development Fund and current suite of selected projects under PA3; the Midlands Engine Investment fund should be funded from across two priorities PA3 (£9.75m) and PA4 (£2m). This will ensure the PA3 commitment remains at the maximum of 94% (£32.7m) of the priority axis allocation (£34.8m). IW also noted that PA3 was forecast to meet both the 2018 output and financial target with significant headroom.
- 4.1.5 IW noted that there is no project activity currently programmed under PA5 (climate change) and PA6 (Environment). It will be a priority to issue calls for these PAs in the April Call round (see item 6).
- 4.2. IW confirmed that 42% of the current PA4 (low carbon) allocation has been programmed against two projects (£4.1m ERDF); the SUD (£3.5m) and Midlands Engine Investment Fund (£2m). PA4 is programmed to achieve the 2018 output target, but is currently programmed to miss the 2018 financial target by £2m. A second PA4 Call is therefore scheduled for 2016.
- 4.3. CH queried the practical implications of moving funds from one Priority Axis to another.
- 4.4. MW noted that the £250M allocated fund would be applied Midlands wide to give specific support across the whole of the midlands which would give greater flexibility. IW confirmed that the Black Country LEP had also allocated Midlands Engine funds to support P4 and the MA had already identified that this movement of resource from PA3 to PA4 might need to take place.
- 4.5. CH noted that whilst performance was being managed, there were fewer appraisals being brought forward to the ESIF Sub Committee for consideration of Local Strategic Fit and queried whether there were any delays to the appraisal process and also if there were any issues with appraisals were they being communicated to the Grant Recipients.
- 4.6. IW informed the Sub-Committee that a rigorous approach was being taken to appraisal by the Managing Authority. The East Midlands Programme under the 2007-13 Programme had a number of significant state aid and procurement issues which we needed to ensure was not repeated on the 2014-20 Programme.
- 4.7. The Chair noted that there was a need for clarity and communication in order to feedback to Grant Recipients.
- 4.8. MW noted that 6 applications out of 19 had been put to the Sub-Committee to date which would be a challenge for the Sub-Committee as the next meeting was on 23rd May. MW commented that clarity was needed for when full applications that had been appraised would be being brought to the Sub-Committee for comment.
- 4.9. DM queried whether all applications involved state aid and / or procurement issues?

4.10. IW confirmed that state aid and procurement were a key element of the compliance appraisal undertaken by the Managing Authority and all projects needed to correctly address both of these areas.

4.11. ASmith noted that the issue with state aid was very complicated and that it leaves applicants with a huge amount of uncertainty. ASmith agreed that a clear and concise message needed to be communicated to applicants.

4.12. The Chair noted the Sub-Committee's comments and clarified that the Sub-Committee would arrange a meeting between Nottingham/Nottinghamshire and IW from the Managing Authority to discuss the way forward.

5. ERDF Full Appraisal Reports: Open Calls

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.

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

5.3. IW summarised the three appraisals noting:

5.3.1 D2N2 TA bid:

5.3.1.1 No comments from Sub-Committee members, strategic fit agreed.

5.3.1.2 Conflicts of Interest declared:

- Derby City Council
- Derbyshire County Council
- D2N2 LEP
- East Midlands Chamber of Commerce
- Nottingham City Council (ESF element only as have bespoke ERDF TA programme for SUDS)
- Nottinghamshire County Council
- NETpositive (specialist low carbon advice provider)

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

5.3.2 ETC 6:

5.3.2.1 IW confirmed that the Full Application had changed from the Outline Application noting that as a consequence, the strategic fit had changed accordingly.

5.3.2.2 No conflicts of interest noted

- 5.3.2.3 MW confirmed that the SRG agreed with the changes in local strategic fit and noted that the applicant had navigated the challenges that were needed to be addressed at Outline Application.
- 5.3.2.4 MW also confirmed that the structure of bid had changed but had made it stronger with the application being; a more revenue based bid with the key issue being to build on initiatives, well integrated with good practice and Value for Money being excellent.
- 5.3.2.5 MW noted though that the Sub-Committee would need to restate that the applicant should continue to engage with Growth Hub.

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

5.3.3 Prince's Trust:

- 5.3.3.1 IW confirmed the application was a multi LEP application across 7 LEP areas and that the applicant had addressed the issues raised at outline.
- 5.3.3.2 No conflicts of interest noted
- 5.3.3.3 MW confirmed that the Strategic Review Group agreed with how the issues had been addressed but that as the application was a Multi LEP bid it would require close monitoring to ensure that the D2N2 share was managed.

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

6. ERDF Open Calls

- 6.1. IW confirmed that 42% of the current PA4 (low carbon) allocation has been programmed against two projects (£4.1m ERDF); the SUD (£3.5m) and Midlands Engine Investment Fund (£2m). PA4 is programmed to achieve the 2018 output target, but is currently programmed to miss the 2018 financial target by £2m. A second PA4 Call is therefore scheduled for 2016.
- 6.2. MW confirmed that open calls had been issued under PA1, PA2, PA3 and PA4 and that in order to continue the momentum of the ERDF programme, it was proposed to open calls under the remaining two ERDF themes under PA5 (£3m) and PA6 (£2.8m) approximately 60% of the allocation of both Priority Axis.
- 6.3. MW noted that it was proposed to include all the output measures within this theme with output targets set at approximately 60% in line with the call value. MW also confirmed that now the D2N2 ERDF Technical Assistance bid had been approved it was also proposed that a series of events would be run to support these calls.

6.4. ESIF Sub Committee approved the Local Strategic Fit element of both Calls templates and advised the MA to launch a PA5 and PA6 call in the April call period.

7. ESF Open Calls

7.1. MW confirmed that the Sub-Committee was being asked to approve advice to DWP regarding the Local Call content under ESF noting that the Call outlined 3 areas:

- Higher Skills Development call
- Enterprise, Innovation and Pathways call
- Developing Sector Growth call

7.2. CH queried that the minimum spend appeared to be low and also queried if applications were submitted across multiple Investment Priorities, would applicant be required to submit multiple bids.

7.3. AKing noted the potential cross over with the opt-in and open calls.

7.4. ASmith noted that the timings would be better with a launch after the Opt-In.

7.5. AS clarified that these Calls would not duplicate the Opt-In.

7.6. MW stressed it was important that these calls added value. It is important that we raise awareness and issue the call to ensure that D2N2 achieve the spend targets.

The Sub-Committee agreed the advice to be given to DWP regarding the Local Call content and to launch three open calls.

8. Midlands Engine Investment Fund

8.1. IW provided the Sub-Committee with an update on development of the Midlands Engine Investment Fund, noting that it has been agreed in principle that British Business Bank (BBB) will take forward the planned pan-Midlands Access to Finance Fund of Fund which will be known as the Midlands Engine Investment Fund. This option offers the advantage of additional financial transaction funding and additional grant funding from Government for set up costs. BBB will be conducting workshops with LEP partners and undertaking pre market engagement activity to review and agree the investment strategy for the Midlands Engine Investment Fund.

8.2. MW noted that BBB committed to provide additional funding through a junior loan, with the intention of matching this with an additional facility through the EIB of equal value. Grant funding to support set up and operating costs is also on offer through the Budget process.

8.3. Cllr MR expressed the importance of maximising the potential of the fund and considered putting a marketing plan in place to increase take up.

8.4. The Chair affirmed that there was a requirement for a strategic oversight board noting that the LLEP Chair and additional member had been approached to assist with support.

9. DWP & SFA Opt-in – update

9.1. MW provided the Sub-Committee with an update regarding the DWP & SFA Opt-In noting that the D2N2 LEP was the last LEP to go through the DWP Opt-In process due to the consultation regarding the specifications of the Opt-Ins.

9.2. MW confirmed that DWP had given notification of May 4th for applications under the Inspire Local programme but that funding changes meant that the Generating Outcomes (£1M) programme couldn't be taken forward under the SFA Opt-in therefore options needed to be reviewed.

10. Any Other Business

None

Date, time and venue of future meetings:

- Date 23rd May 2016 11.30 a.m. – 1.30 p.m., Derby Arena

Annex A

List of Agreed Actions from D2N2 LEP Area Sub-Committee Meeting 1st April 2016

Agenda Item	Action	Action Assigned to
4	The Sub-Committee would arrange a meeting between Nottingham/Nottinghamshire and IW from the Managing Authority to discuss the way forward.	IW/MW

Annex B Attendee List

D2N2 LEP Area ESI Funds Sub-Committee 1st April 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
Chris Henning (CH)	Nottingham City Council
Cllr Anne Western (Cllr AW)	Derbyshire County Council
Cllr Diana Meale (DM)	Nottinghamshire County Council
Cllr Roger Blaney (RB)	Newark and Sherwood District Council
Ian Curryer (IC)	Nottingham City Council
Ian Morgan (IM)	Wellglade
Ian Stephenson (IS)	Derbyshire County Council
Liz Fothergill (LF)	Pennine Health Care
Matthew Allbones (MAI)	Derby Citizens Advice and Law Centre
Matthew Easter (ME)	Sustrain
Cllr Martin Rawsen (Cllr MR)	Derby City Council
Peter Gadsby (PG)	Ark Capital
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)
Callum Bullimore (CBull)	DCLG (Minutes)
Chris Franklin (CF)	Managing Authority EAFRD (RPA / DEFRA)
Jonathan Leonard (JL)	DCLG (Minutes)
Matthew Wheatley (MW)	D2N2 LEP
Roger Allonby (RA)	Managing Authority EAFRD (RPA / DEFRA)
Yogesh Patel (YP)	Managing Authority ESF (DWP)

Apologies:

Name, title and organisation	Sector/Organisation Representing
Sir David Greenaway	University of Nottingham
David Williams	Butt Foods
Rob Johnston	Trade Union Congress

Annexe C

European Agricultural Fund for Rural Development (EAFRD) Applications for call 08RD15TO0002. D2N2 LEP Area ESIF Sub-committee Advice

Project Name	Visit. Sleep. Cycle. Repeat.
Applicant	Mr Frank Horsley
Brief Description of project	Production of Destination Plan which will address the identified current market failures in the visitor economy within the “borderlands” of North Nottinghamshire and North Eastern Derbyshire
Total Score	21
RPA score for Local Strategic Fit	4
D2N2 ESIF Sub-committee conflicts of interest	Cllr AW
D2N2 ESIF Sub-committee meeting comments	<p>The applicant should provide reference to the D2N2 strategy, greenways and cycle strategy links for working better</p> <p>To make reference and link to the D2N2 Accommodation strategy to be completed in June 2016. Also closer alignment to the use of greenways and the Derbyshire Cycling Strategy need to be made in the final application.</p>
D2N2 ESIF Sub-committee recommended score for Local Strategic Fit	4
Conclusion of advice from D2N2 ESIF Sub-committee	The Sub-Committee agreed with the RPA appraiser’s Local Strategic Fit score

Project Name	The Development of a "Real Ale Destination"
Applicant	Ms Jo Dilley
Brief Description of project	Map existing brewery products in the Peak District and Derbyshire and develop a marketing campaign to support a new product "rural ale trails" and identify key promotional national events providing focused support for rurally located micro-brewery business
Total Score	18
RPA score for Local Strategic Fit	4
D2N2 ESIF Sub-committee conflicts of interest	East Midlands Chamber of Commerce
D2N2 ESIF Sub-committee meeting comments	CB noted that the applicant should work more with Local Authorities and work with branding that exists across Derbyshire such as Inspired by Peaks
D2N2 ESIF Sub-committee recommended score for Local Strategic Fit	4
Conclusion of advice from D2N2 ESIF Sub-committee	The Sub-Committee agreed with the RPA appraiser's Local Strategic Fit score

Project Name	Developing the Visitor Economy of D2N2 Waterways
Applicant	Canal & River Trust
Brief Description of project	Project will result in a Destination Management Plan for the rural waterways in the D2N2 territory.
Total Score	15
RPA score for Local Strategic Fit	4
D2N2 ESIF Sub-committee conflicts of interest	Matthew Easter
D2N2 ESIF Sub-committee meeting comments	<p>PG queried whether British Waterways provided funding for this activity.</p> <p>R Allonby confirmed that British Waterways were part of the same group as Canal & River Trust.</p> <p>The Sub-Committee advised that they wished to amend the Strategic Fit score from 4 to 6 noting that the activity proposed clearly fits with the call for application and supports the local ESIF strategy priority sector of Tourism. The proposal addresses how the project complements other activity and the call requirement of promotion of links between destinations, attractions and accommodation which is achieved here through promotion of the waterways routes.</p> <p>The proposal requires further explanation as some activity includes non-rural areas which run along the course of the waterways. It fits with the D2N2 strategy and complements other LEP activity in the Visitor Economy, business development and has potential to support the food & drink sectors.</p>
D2N2 ESIF Sub-committee recommended score for Local Strategic Fit	6
Conclusion of advice from D2N2 ESIF Sub-committee	The Sub-Committee advised- the RPA the Local Strategic Fit score of this project should be increased by 2 points to 6. This increases the overall score of the project to 17 and should be invited to full application

Project Name	Derbyshire Living
Applicant	The Unique Network Ltd
Brief Description of project	To produce video, audio and online resources to promote visitor attraction in rural Derbyshire
Total Score	13
RPA score for Local Strategic Fit	4
D2N2 ESIF Sub-committee conflicts of interest	None
D2N2 ESIF Sub-committee meeting comments	None
D2N2 ESIF Sub-committee recommended score for Local Strategic Fit	4
Conclusion of advice from D2N2 ESIF Sub-committee	The Sub-Committee agreed with the RPA appraiser's Local Strategic Fit score and will be rejected, but work with applicant to improve the quality of any future application

Project Name	Developing Chinese Inbound Tourism in Rural Derbyshire and Nottinghamshire
Applicant	Jim Dixon Associates Ltd
Brief Description of project	Create a centre for the development of rural inbound tourism from the Chinese market
Total Score	11
RPA score for Local Strategic Fit	2
D2N2 ESIF Sub-committee conflicts of interest	None
D2N2 ESIF Sub-committee meeting comments	<p>CB noted that it was an interesting application that provides good opportunity but query how application can be developed so that it can be brought forward</p> <p>PG queried why the applicant was focussing on China, why not the broader area</p> <p>CB confirmed that China was a vast market with an influx of Chinese students at East Midlands universities</p> <p>PG queries whether this was being tackled at source</p> <p>Cllr AW noted that the application was difficult to bring forward in its current state and that the application should be tied in with Destination Management Organisations. The application feels isolated and needs to be reframed to tie in with others.</p>
D2N2 ESIF Sub-committee recommended score for Local Strategic Fit	2
Conclusion of advice from D2N2 ESIF Sub-committee	The Sub-Committee agreed with the RPA appraiser's Local Strategic Fit score and will be rejected, but work with applicant to improve the quality of any future application

Project Name	Derby, Derbyshire, Nottingham & Nottinghamshire Tourism TV
Applicant	Tourist Network Ltd
Brief Description of project	Introduce a dedicated TV channel into hotel bedrooms aimed at promoting local tourism attractions and activities to visiting guests
Total Score	11
RPA score for Local Strategic Fit	0
D2N2 ESIF Sub-committee conflicts of interest	None
D2N2 ESIF Sub-committee meeting comments	None
D2N2 ESIF Sub-committee recommended score for Local Strategic Fit	0
Conclusion of advice from D2N2 ESIF Sub-committee	The Sub-Committee agreed with the RPA appraiser's Local Strategic Fit score and will be rejected.