



D2N2 LEP Area ESI Funds Sub-Committee

Minutes of meeting held 19 September 2016
National Civil War Centre, Newark

Agenda:

1. Apologies, Minutes of last meeting (18th July) and progress of actions
2. Confirmation of written procedures
3. National Update on ESIF Growth Programme
4. Post Autumn Statement: D2N2 ESIF strategic ask of Government
5. ERDF Full Appraisal Reports: Open Calls March 2015
6. Management Information Reports
7. Any Other Business

1. Apologies, Minutes of last meeting (18th July) and progress of actions

1.1 The Chair welcomed everyone and explained how the meeting would run. Numerous apologies were noted: Ian Stephenson, Matthew Allbones, David Williams (Geldards), Cllr Martin Rawson, David Williams (Butt Foods), Andrew Muter, Caroline Bedell, Professor Edward Peck and Cllr Anne Western.

1.2 The Chair asked for confirmation that the minutes of the last meeting were accurate. SG noted that her contribution had been omitted from the discussion on the Building Better Opportunities Fund (BBO). She had said that BBO was rolled out before it was fully thought through which had caused difficulties for agencies trying to develop bidding consortia and that the drive for one D2N2 wide project had pushed all the resulting complexity into the voluntary and community sector where there was least resource to manage it. SG requested a further correction as she had declared an interest in the BBO BIG Aspirations project on page 5, but this has been omitted from the minutes. She did not declare an interest in the Growing and Developing the Visitor Economy application on page 9, but is shown as declaring an interest in the minutes. Aside from these corrections, the minutes of the meeting on 18th July were deemed accurate.

Pending the above changes, the minutes were therefore approved as an accurate record of the meeting.

2. Confirmation of written procedures

2.1 One item was considered by written procedure since the last meeting:

- The D2EE PA 4 appraisal was circulated and received confirmation of strong Local Strategic Fit from Members. The project has proceeded to contracting and the Grant Funding Agreement was issued to the applicant on Friday 16th September for signature.

3. National Update on ESIF Growth Programme

Ian White, DCLG, ERDF Managing Authority

3.1 IW reported that since the last meeting the Chancellor had announced that all projects that were contracted before the Autumn Statement on 23rd November will be fully funded for three years. This decision followed a long negotiation with the Treasury (HMT). It means that around £1bn of ERDF projects will be funded nationally, in addition to £400m of Financial Instruments. D2N2's approach of front loading its investments has put the LEP in a strong position. It is anticipated that all outstanding projects from the March and July 2015 Calls will be contracted before the Autumn Statement, unless significant issues arise. Priority Axis 5 and Priority Axis 6 projects from the April 2016 calls are due in at the end of September and the MA will be working to appraise and contract these before the Autumn Statement although this will be a very challenging timetable and will depend on the quality of information submitted by applicants. If it is not possible to contract these projects before the Autumn Statement, they will be added to the 'important projects list' for submission to HMT.

Tim George, DWP, ESF Managing Authority

3.2 TGeo reported that the situation for ESF was much the same as ERDF. There are 5 D2N2 calls being considered by HMT and a decision on publication is pending. As soon as HMT give the go ahead, the calls are ready to be published. Applications for these calls will not be contracted before the Autumn Statement but will be added to the 'critical projects list'.

Roger Allonby, DEFRA/RPA EAFRD Managing Authority

3.3 RA reported that the situation for EAFRD was broadly similar to that of ESF and ERDF. The MA is seeking to contract all projects before Autumn Statement and is planning to launch calls as soon as possible after the Autumn Statement under the Tourism, Business Development and Food Processing strands.

3.4 IW noted that the HMT announcement had mentioned conversations with local stakeholders around future delivery post autumn statement and that DCLG were supportive of this and would be looking to start a consultation imminently. Any submission to HMT would need to outline future plans for activity, particularly focussing on the gaps in the programme, future calls and whether there will be a local growth gap after current projects finish. These questions will need to be considered within some parameters; namely that projects will still need to work within the Operational Programme and Performance Framework targets. The MA will be writing to the Chair and ESIF Committee this week inviting the LEP to do some work on key ESIF priorities to inform HMT thinking post-Autumn Statement. IW highlighted that there would need to be a quick turnaround to ensure this response could be considered as part of the Autumn Statement.

3.5 Cllr DM expressed concern that they were being asked to achieve the Performance Framework targets with their 'hands tied' and believed that it would be increasingly difficult to meet those targets.

3.6 IW noted that projects under PA 1 and 3 are currently forecast to exceed the targets but that there are gaps within PA 4 and 2. The need to fill these gaps could form the basis of an argument for further calls to HMT.

3.7 CH reported that the Core Cities Group had met with DCLG and there remained a strong commitment to Sustainable Urban Development (SUDS). He noted some technical issues to be solved but that all were working hard to ensure Calls for Greater Nottingham before the Autumn Statement.

4 Post Autumn Statement: D2N2 ESIF strategic ask of Government

4.1 MW introduced his paper dated 19th September. He noted that to date D2N2 had been ambitious but that the task now was to engage with Government, to unlock the rest of the D2N2 ESIF resource. There are a number of questions regarding the post-Autumn Statement period and a need to support projects that are currently in the system to ensure they can be contracted before the Autumn Statement. Work undertaken on these matters by the LEP falls into two categories; preparing a case for why ESIF is important to the local area and why D2N2 is a good place to invest and suggested ways in which the government could unlock the remaining funding. Appendix A suggests actions to ensure release of the funding and Appendix B describes what the funding may be used for in D2N2. Also there are considerations as to what happens in the longer term, such as whether funding could be devolved.

4.2 PR noted that funds under PA 5 in particular were vital for growth in Derby and that there was a need to push hard to bring the money forward.

4.3 Cllr DM broadly agreed with the approach set out in the paper and urged the maximum amount of flexibility. She urged a focus on thinking beyond 2020.

4.4 TG expressed concerns about the constrained and unknown timescales and stated that the current time for contracting was too long.

4.5 IW stated that the task for the ESIF Committee was to define what might be contracted up to 2020, with a particular focus on projects that could be contracted in 2017 and 2018. HMT are aware that the process is not instantaneous and that time is needed for appraisal and contracting.

4.6 TG re-iterated the need to focus on PA2 and PA4.

4.7 CH suggested that other ways to exert influence were considered, such as through the 11 LEPs in the Midlands Engine. He also agreed that the recommendations in MW's paper were sensible and suggested that a way of accelerating the appraisal and contracting process could be to work with existing applicants, although this would penalise new applicants. He also urged further understanding of wider government policy and how ESIF connected to work such as the Industrial Strategy.

4.8 MC agreed with the general approach of the paper and suggested encouraging applicants to work up bids at risk to ensure a pipeline and talking to key partners to shape thinking, particularly around PA4. He urged caution around devolved funding, particularly when considering the possible liabilities.

4.9 AP questioned the negotiating position and whether the ask was large enough. He queried whether there had been a 'wish list' or an ultimate position to work from.

4.10 MW re-iterated that the task was to demonstrate the area's track record and put D2N2 in the best possible position by demonstrating that the area has more activity to deliver. To this end, the LEP has been doing some pre-market engagement to confirm that there are projects in the pipeline. He underlined the recommendations from the paper that PA 2 and 4 should be the first calls, there is more potential in PA 1 linked to Smart Specialisation, in PA 3 through calls for high growth business support, PA4 through the three strands for investment and PA 5 is a priority in order to protect properties in Derby in the Lower Derwent. For ESF it is important to get confirmation as to plans for when contracts come to an end, particularly the SFA Opt-In which ends in March 2018. Areas for further spend on the ESF programme could include Equal Access and Lifelong Learning and the Work and Health Programme.

4.11 RA confirmed that EAFRD is in a slightly different position due to the calls being restricted to four areas which can deliver in the timescale.

4.12 PRich recommended the Committee endorse this approach and considering the deadline of 7th October, suggested that a paper is put together and circulated to the Committee as soon as possible.

4.13 DR confirmed that a paper will be prepared in draft and circulated by written procedures.

ACTION: MW to prepare a draft paper on post-Autumn Statement plans in consultation with DCLG and circulate around the Committee by written procedures for agreement by the 7th October.

4.14 TG also suggested an email for Committee Members that were not present at the meeting.

ACTION: MW to email all Members with timelines and the mechanism for feedback to the LEP on the post-Autumn Statement proposal.

5. ERDF Full Appraisal Reports: Open Calls March 2015 (paper)

Project Name	The Creative and Digital Industries D2N2 Consortium for Increased SME Competitiveness
Applicant	Nottingham City Council
Declarations of Interest	Chris Henning, Cllr Jon Collins, Mike Carr, Paul Robinson
<p>Project Value £4.94M, ERDF requested £2.5M</p> <p>IW noted that the project would provide co-ordinated and relevant sector-specific support for CDI sector business growth, emphasising SMEs working in the information economy. A significant reduction in the C1 Output (No. of Enterprises Supported) had occurred since Outline stage which IW had requested. This only served to make project delivery more achievable. The project still offers excellent value for money and the MA sees the reduction as appropriate.</p> <p>Management controls are well detailed but the project will require close monitoring due to its complexity and number of delivery partners.</p> <p>MW reminded Members that there were two issues at Outline stage – to ensure the support was sector-specific and that the project could deliver across the D2N2 geography. He states that the project should carefully monitor its beneficiaries and 'reach' over time, and adjust its approach if necessary, to ensure</p>	

that it is benefitting businesses across D2N2 and accessible to under-represented groups. MW noted that the D2N2 Strategic Review Group had reviewed the local Strategic Fit of the full appraisal and confirmed that the bid represented a high degree of strategic fit.

The Sub-Committee agreed to advise the Managing Authority that the project represented a strong strategic fit.

6. Management Information Reports

6.1 ERDF

IW gave an overview of the paper, and confirmed that regular progress reports on delivery will be brought to the ESIF Committee, noting the key points below:

- 77% of the current PA1(Innovation) allocation has been programmed against three projects now in delivery
- PA2 - there is one project currently in appraisal which will be sent to the Committee for comments by written procedure. The Committee is asked to note that this project will not deliver the output target of additional businesses with broadband access of at least 30mpb and therefore it is critical for D2N2 to invest further in PA2.
- PA3 - a number of contracts have been sent out. Six of the twelve projects are now live. There is one full appraisal from the early calls that has not been before the Committee.
- £9.6m (42%) of the current PA4 (low carbon) allocation of £22.6m has been programmed against two projects (£4.1m ERDF), the Sustainable Urban Development for Greater Nottingham (£3.5m) and the Midlands Engine Investment Fund. One of the three projects is now live. There is a significant gap here to be addressed post-Autumn Statement.
- One outline application for PA5 was approved at the last committee meeting, and the full application is due in at the end of September.
- PA6 – The Committee approved two outline projects at the last meeting that are due to be submitted at the end of September.

6.2 MW informed the Committee that the National Growth Programme Board had considered ERDF delivery at the September meeting and it was noted that D2N2 has the third most contracted projects in the country and therefore is in a very strong position.

6.3 ESF

TGeo gave an overview of the paper. He informed the Committee that he was hopeful that more information would be forthcoming this month regarding delivery of the Opt-In and future Calls. DWP are trialling a revised application process which is under review. Applicants will now be given four weeks between the Outline and Full application stages. The MA is investigating the potential for extra YEI funding for D2N2 and commitment is currently at 93%. This could mean extending existing contracts or a new call. The 2018 end date is challenging.

6.4 EAFRD

RA noted that 23 applicants had been invited to apply under the Business Development call. 10 applications have been received and are in appraisal with the decisions due before the Autumn Statement. 2 applicants have asked for extensions and 11 have withdrawn for various reasons. For the Tourism Cooperation call, 3 applicants were invited to next stage and 1 withdrew. There have been some complications with applications to multiple funds and LEPs such as LEADER and Sheffield City Region LEP.

6.5 LA expanded on p3 of the paper and presented the recommendations of the Rural Reference group to the Committee. It was recommended that they proceed with the three calls, with some flexibility of budget, based on the commitment of the current calls and what will be allowed under the nationally agreed process with HMT.

7. Any Other Business

7.1 No business arising.

Date, time and venue of future meetings:

17th November 2016, venue to be confirmed.

Annex A

List of Agreed Actions from 19 September 2016 D2N2 LEP Area Sub-Committee Meeting

Agenda Item	Action	Action Assigned to
4	Email all Members with timelines and the mechanism for feedback to the LEP on the post-Autumn Statement proposal.	MW
4	Prepare a draft paper on post-Autumn Statement plans in consultation with DCLG and circulate around the Committee by written procedures.	MW

Annex B Attendee List

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Peter Richardson (PRich)	D2N2 LEP
Ian White (IW)	Managing Authority ERDF (DCLG)

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Andrew King (AK)	Vision West Nottinghamshire / FE
Andrew Pickin (AP)	Shoosmiths
Chris Henning (CH)	Nottingham City Council
Cllr Diana Meale (DM)	Nottinghamshire County Council
Cllr Jon Collins (Cllr JC)	Nottingham City Council
Cllr Roger Blaney (Cllr RB)	Newark and Sherwood District Council
Ian Morgan (IM)	Wellglade
Matthew Easter (ME)	Sustrans
Mike Carr (MC)	Nottingham Trent University / HE
Paul Robinson (PR)	Derby City Council
Peter Gadsby (PG)	Ark Capital
Rob Johnston (RJ)	Trade Union Congress
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
David Ralph (DR)	D2N2 LEP
Diane Simpson (DS)	East Midlands Chamber
Lindsay Allen (LA)	D2N2

Matthew Wheatley (MW)	D2N2 LEP
Roger Allonby (RA)	Managing Authority EAFRD (RPA / DEFRA)
Sally Dyson (SD)	DCLG (Minutes)
Tim George (TGeo)	Managing Authority ESF (DWP)

Apologies:

Name, title and organisation	Sector/Organisation Representing
Andrew Muter	Newark and Sherwood DC
Caroline Bedell	CLA Midlands
Chris Sims	Big Lottery Fund
Cllr Anne Western	Derbyshire County Council
Cllr Martin Rawson	Derby City Council
David Williams	Butt Foods
David Williams	Geldards
Ian Stephenson	Derbyshire County Council
Matthew Allbones	Derby Citizens Advice and Law Centre
Professor Edward Peck	NTU / HE