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Minutes of the D2N2 LEP Area European Structural and Investment Fund Sub-Committee Meeting

Date: 18th January 2016. (12:30 – 2:00PM)

Venue: Loxley House, Station Street. Nottingham City Council.

Present	Representing
Chair	
Peter Richardson (PRich)	
Deputy Chair	
Ian White (IW)	Managing Authority ERDF (DCLG)
Members	
Amrik Singh (AS)	DWP
Chris Franklin (CF)	RPA / DEFRA
Liz Fothergill (LF)	Pennine Health Care
Emma Austin (EA)	BIS
Matthew Allbones (MAI)	Derby Citizens Advice and Law Centre (see alternate)
Cllr Jon Collins (Cllr JC)	Nottingham City Council
Melanie Ulyatt (MU)	Federation of Small Businesses (Nottinghamshire and Derbyshire)
Prof Sir David Greenaway (DG)	University of Nottingham
Anthony May (AM)	Nottinghamshire County Council
David Williams (DW)	Butt Foods
Andrew Pickin (AP)	Shoosmiths
Paul Robinson (PRob)	Derby City Council
Peter Gadsby (PG)	Ark Capital
Roger Blaney (RB)	Newark and Sherwood District Council
Supporting Officers	Representing
Jonathan Leonard (JL)	DCLG (Minutes)
Callum Bullimore (CB)	DCLG (Minutes)
Matthew Wheatley (MW)	D2N2 LEP
David Ralph (DR)	D2N2 LEP
Katrina Woodward (KW)	D2N2 LEP
Lindsey Allen (LA)	D2N2 LEP
Richard Kirkland (RK)	D2N2 LEP
Sue Ormiston (SO)	Big Lottery Fund
Yogesh Patel (YP)	DWP
Chris Simms (CS)	Big Lottery Fund
Chris Henning (CH)	Nottingham City Council
Apologies	Representing
Cllr Anne Western	Derbyshire County Council
Diane Simpson	East Midlands Chamber
Dame Asha Khemka	Vision West Nottinghamshire
Caroline Bedell	CLA Midlands
Huw Bowen	Chesterfield Borough Council
Cllr John Burrows	Chesterfield Borough Council
Alan Rhodes	Nottinghamshire County Council



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1 – Preliminaries	Action
<p><u>Welcome and Introductions</u> P Rich welcomed everyone to the meeting and gave an overview of how the meeting would proceed.</p> <p><u>Apologies</u> CB confirmed list of apologies.</p> <p><u>Minutes of previous meeting, 20th November 2015</u> P Rich asked the Board to highlight any inaccuracies from the previous meeting minutes. None forthcoming. Action points from the minutes of the last meeting;</p> <ul style="list-style-type: none"> Action Point 1 (Page 4): <p>MW confirmed that a letter was sent on the Sub Committee’s behalf on the 30th November 2015 to the Managing Authority regarding revisions to D2N2 LEP Funding Allocation. MW noted that a response was received from the Managing Authority, dated 16th December 2015, acknowledging the request but stating that currently there was no flexibility in the ERDF allocations but there may be potential to revisit the ERDF allocations later in the Programme.</p> <p>CH raised the point that there were potential issues because of the 10% Sustainable Urban Design ring-fenced allocation and its impact on Priority Axis 3 and Priority Axis 4. IW confirmed that the Managing Authority were aware of this potential issue and noted that discussions were on-going on the SUD design.</p> <ul style="list-style-type: none"> Action Point 2 (Page 8): <p>MW confirmed that Sub Committee’s recommendations had been actioned regarding the Fund of Funds and that a draft strategy was awaiting further feedback, which would be shared with the Committee in due course.</p> <p>No further comments were made and therefore the accuracy of the minutes was confirmed.</p>	
2 – Written Procedures	
<p><u>Ian White- ERDF MA (DCLG)</u></p> <p>IW confirmed that papers had been circulated under written procedures for the Enterprising Growth project on the 18th December 2015 and acknowledged the Sub Committee’s positive response that was received by the 5th January 2016 deadline. IW confirmed that the MA had written to the applicant organisation and had entered into contracting negotiations.</p> <p>In light of the Government decision to cease Business Growth Service (BGS) funding in the Autumn Statement, DW raised concerns regarding the level of employment outputs for the project and queried whether the outputs could be revisited.</p> <p>IW clarified that the correct process had been followed with respect to the PA3 Call, and the Sub Committee had previously rated the project’s strategic fit as strong in July 2015 at outline application stage and this had been confirmed at the full application stage. IW confirmed that the MA would be happy to work with the ESIF Sub Committee, resource permitting, to develop future PA3 Calls to meet any need identified as a result of the end of the BGS service.</p>	



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PRich requested acceptance from the Committee to amend the agenda and bring forward Item 5 – Implementing SFA Opt-in, as Cllr JC had to leave the meeting early.

No objections received from the Committee.

5 – Implementing SFA Opt-in

The Chair of the ESIF Committee wrote to the Chief Executive of the SFA and met with their Director of Localism, and consequently circulated a paper by 'written procedures' to the Committee in December. The paper concluded that there is currently no viable form of match other than the SFA Opt-in to enable the planned programme to be delivered in full across the D2N2 area. The opt-in process remains the most rapid route by which the programmes can be delivered and there is a greater delivery risk from choosing to pursue an 'open call' approach than seeking to pursue the SFA Opt-in. However, the risks of the compressed 2 year delivery period still need to be managed.

A range of replies had been received from Committee members which recommended proceeding with the SFA 2 year opt-in subject to:

1. Reviewing the appropriate level of contract value and performance reserve for programmes
2. The inclusion of the potential clause to extend contracts
3. Establishing a process and timescale for the ESIF Committee to be assured that contracts procured met local needs

In addition, MW referred to the SFA letter dated 22nd December 2015 which stated that the SFA could no longer offer the opportunity for LEPs or members of ESIF Committees to take part in the evaluation of bids due to compressed timescales.

MW stated that input from local partners is an essential element of the evaluation process and therefore the evaluation of tenders received to the D2N2 SFA Programme should not proceed without input on behalf of the D2N2 ESIF Committee. MW confirmed that a letter would be raised back to the SFA requesting that a member of the D2N2 Sub Committee is to be involved in advising on the local strategic fit.

The ESIF Committee paper presented a number of recommendations for the members to consider:-

- a) Contract values, durations and performance reserve levels as detailed in the table at paragraph 2.1 of the paper
- b) The inclusion of a potential to extend clause in all contracts
- c) The development and issuing of delivery specifications for the CAREERS Local and D2N2 Youth Engagement Programme that reflect the Strategic Overviews
- d) The issuing of contracts under the SFA opt-in in D2N2 only after an appropriate local input to the evaluation process has been secured.

Cllr JC commented that there were challenges in the practicalities of delivering a 3 year programme in 2 years and stated that it was unacceptable that D2N2 would not have an involvement in advising on local strategic fit.

AM reinforced Cllr JC's comments and support noting that there needs to be a mechanism for ESIF Committee involvement. AM queried the D2 / N1 financial allocations referenced



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<p>in Annex 5(b) and how this had been calculated.</p> <p>KW confirmed a specific analysis had taken place and that the figures were agreed by the Skills Commission.</p> <p>AM referred to the briefing note for the programme provision and raised concerns regarding the level of participation noting that the aspirations appeared to be low.</p> <p>KW noted that the outputs were based on previously delivered programmes and information provided by Local Authority partners.</p> <p>PRich summarised the recommendations to the Committee and the 4 recommendations (a-d) outlines above were approved.</p>	
3 – National Update on ESIF Growth Programme	
<p><u>Ian White - ERDF MA (DCLG)</u></p> <p>IW noted that ERDF Output figures had been released Friday 15th January and that the Managing Authority would be undertaking an analysis of these outputs in relation to the project proposals received under the recent calls for the D2N2 area. IW confirmed that the analysis would be presented for consideration by the Sub Committee at the next meeting on 7 March.</p> <p>IW commented upon the poor take up of the PA4 call and confirmed that the Managing Authority is working to improve the quality of bids by running PA4 roadshows including two in the Midlands - in Leicestershire on 7th March 2016 and Stafford on the 15th March. These roadshows will be for LEPs and potential applicant.</p> <p>MW noted that the response to the PA4 call was not as good as he had hoped and PA4 work would form a key part of the D2N2 Technical Assistance (TA) proposal. MW confirmed that D2N2 would be working with the MA to launch a further PA4 call in the summer.</p> <p><u>Amrik Singh – ESF MA (DWP)</u></p> <p>AS confirmed that ESF output targets are due shortly.</p> <p>AS confirmed that the D2N2 ESF TA proposal assessment would be completed in the next week and would be sent via written procedure, to confirm the Committee’s advice on local strategic fit, and speed up the approval process.</p> <p><u>Chris Franklin – EAFRD (RPA/DEFRA)</u></p> <p>CF commented that 29 EAFRD applications had been received against the Business Development Call, these applications would be assessed and brought to the next ESIF Sub Committee meeting for advice on local strategic fit.</p>	<p>AP: IW to prepare output analyses paper to Committee on 7th March</p> <p>AP: AS to circulate ESF output targets to ESIF Sub Committee</p> <p>AP: AS to circulate ESF D2N2 TA proposal by written procedure</p> <p>AP: CF to circulate EAFRD application via ESIF Committee Secretariat</p>



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4 - ESF: Consideration of Youth Engagement Initiative (YEI) proposals	
<p>AS provided the ESIF Sub Committee with an update on the Managing Authority's progress in the assessment of 5 applications worth £7.2M submitted in respect of the YEI 1 May 2015 ESF Open Call.</p> <p>The Sub Committee was invited to inform the Managing Authority's assessment of the applications by providing its advice on how the proposal meets local growth conditions and opportunities.</p> <p>MW confirmed that the ESIF Strategic Review Group had considered all 5 applications.</p> <p>In summary:</p> <ul style="list-style-type: none"> • 4 strong strategic fit bids: Nottingham Enterprise Works; Nottingham Works; Sustrans Nottingham Gets to Work; and Get on Track. • 1 bid with medium strategic fit (Derby Business College – Getin2). Issues highlighted at DWP assessment, surrounding unsatisfactory value for money and questions raised over eligibility of costs and reductions to overall costs. <p>AS confirmed that further work would be completed on the Derby Business College – Getin2 application and that results would be forwarded by written procedure for advice.</p> <p>Review Group suggested all providers should work with governance structure of the LEP to:</p> <ol style="list-style-type: none"> 1. Feedback performance of the project 2. Meet with other providers delivering the ESF 2014-2020 programmes across D2N2 to assist with sign-posting, sharing of good practice and to add value to all projects. <p>PRich noted MW comments and requested approval from the ESIF Committee regarding the Review Group's advice.</p> <p>This advice was adopted by the ESIF Committee.</p>	<p>AP: Circulate Getin2 application for consideration by written procedure</p>
6 – Building Better Opportunities: Feedback on D2N2 Decision	
<p>MW gave a brief background in to the Building Better Opportunities Opt-in, stating that the ESIF Sub Committee had previously advised that four projects should progress from the 1st stage.</p> <p>The Big Lottery had come to a different outcome to that of the D2N2 ESIF Sub Committee. Four projects were still to be progressed from the 1st stage but in contrast to the views of the D2N2 ESIF Sub Committee the Coalfields Regeneration Trust application was to be brought forward in place of the Derby Business College application.</p> <p>CS summarised the Big Lottery Fund letter dated 15th December 2015 to Peter Richardson which set out the Big Lottery's rationale for their decision. CS explained that the D2N2 ESIF Sub Committee's advice on local strategic fit formed 1 part of 13 assessment principles when deciding which applications progress to round 2 of the Big Lottery Fund.</p> <p>CS confirmed that in terms of the Derby Business College application the panel had no concerns about the organisation of its capacity to run the project, however a number of weaknesses had been identified in the application and the Big Lottery Fund had met Derby Business College to discuss these issues.</p>	



<p>No further discussion.</p>	
<p>7 – DWP Opt-in Update</p>	
<p>MW confirmed that the only programme now planned for delivery through the DWP ‘Opt-In’ was the ‘Inspire Local’ programme and provided a summary of the strategic overview of the Inspire Local project, noting two issues:</p> <ul style="list-style-type: none"> • ‘Payment by Results’ • Sheffield City region overlap <p>MW noted that ongoing discussions were taking place between D2N2 LEP officers, Sheffield City Region LEP officers and DWP to ensure that the INSPIRE Local programme was available to individuals throughout the D2N2 area including the ‘overlap’ area with Sheffield City Region.</p> <p>MW also noted that D2N2 LEP officers were also working with DWP to agree a ‘payment by results’ model. MW confirmed that DWP have yet to agree a solution and until such is done, the service cannot be procured. The expectation is that this can be resolved before the next Committee meeting (7 March).</p> <p>MW proposed the following recommendations: To approve the development and issuing of delivery specifications for the INSPIRE Local programme that reflects the Strategic Overview subject to agreeing with DWP:</p> <ul style="list-style-type: none"> • A ‘payment by results’ model that both rewards sustained outcomes but provides for the level of upfront investment necessary to deliver high quality support to a client group • That INSPIRE Local will be delivered throughout the D2N2 area. <p>AM agreed in principle however queried whether there would be any mutual adjustments between D2N2 and Sheffield City Region and whether there was any detail to this.</p> <p>MW reiterated that DWP’s solution was not yet available as there were technical Conflicts of Interest to resolve.</p> <p>AM raised a supplementary point regarding payment by results method noting that a mechanism to provide funds upfront may be required otherwise bids may only be received from applicants that have the capacity to bankroll such a project and may not have the best local knowledge to facilitate effective delivery.</p> <p>KW confirmed that the DWP Opt In includes an upfront funds mechanism.</p> <p>PRich - the ESIF sub Committee approved the two recommendations set out above.</p>	<p>AP: DWP opt-in paper to next Committee meeting</p>
<p>8 – AOB</p>	
<p>No items of AOB were raised.</p>	
<p>Date of Next Meeting</p>	
<p>Next meeting confirmed for 7th March 2016, Apex Court, City Link, Nottingham NG2 4LA.</p>	

Minutes taken by:



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Jonathan Leonard (DCLG)

Callum Bullimore (DCLG)