



European Union

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**European Structural and Investment Funds
2014 - 2020**

Growth Programme for England

Worcestershire ESIF Sub-Committee

**Minutes of meeting held 13/06/2018
Worcestershire County Cricket Club**

Agenda:

1. Welcome, introduction and apologies
2. Minutes of meeting of 13/02/2018
3. Presentation – Worcestershire County Council Priority Axis 3 Projects
4. ERDF update and M.I Update
5. ERDF Outline Assessments
6. ESF Update and M.I Update
7. EAFRD and LEADER Update
8. EAFRD Expression of Interest
9. Any Other Business
10. Date and time of future meetings

1. Welcome, introduction and apologies

1.1 Chris Hallam (CH) welcomed members to the Worcestershire ESIF Sub-Committee meeting.

1.2 Apologies for absence from the meeting were received and are detailed in Annex C below.

2. Minutes of the last meeting and action update

2.1 CH invited comments on the minutes from the last meeting. No comments were received from members. The minutes were accepted as an accurate record of the previous meeting.

3. Presentation: Worcestershire County Council: Priority Axis 3 Projects

3.1 Sue Crow (SC) from Worcestershire County Council gave a presentation on the latest position of the Council run Priority Axis 3 Projects. The slides from the presentation will be circulated with the minutes.

3.3 Following his presentation, SC took questions from members.

3.4 CH thanked SC for her presentation on behalf of the Sub-Committee.

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4. ERDF Update

National update

4.1 Nicola Kelly (NK) gave an update on the national picture of the ERDF programme based on the latest Growth Programme Board papers.

4.2 As at 31 March 2018, 518 projects were contracted at a total value of £1.3 billion.

4.3 An additional 532 applications are currently in the system and are being assessed.

4.4 The position nationally on the ERDF Programme's ability to meet the 2018 targets based on forecasted spend for contracted projects is as follows:

- **Priority Axis 1:** On track for outputs and spend in all categories of region.
- **Priority Axis 2:** On track for spend in Less Developed and Transition regions, but behind target in terms of outputs.
- **Priority Axis 3:** On track for spend and outputs.
- **Priority Axis 4:** On track with spend and outputs in Less Developed areas, however, behind target in More Developed and Transition areas. Work has been done to make changes to the eligibility criteria for Priority Axis 4 allowing more flexibility in terms of projects which can be brought forwards.

4.5 Although it is expected that the N+3 target will be achieved nationally, it remains a challenge and could only be met if projects spend is in line with the forecasted profiles.

4.6 NK advised that it was likely that there would be further Calls in October 2018 and March 2019; NK went on to explain that due to the exchange rate fluctuation, there may be further funds available. At present, she was unclear on how the potential funds would be allocated but once confirmation was received the Sub-Committee would be made aware of the process.

Worcestershire LEP Management Information update

4.7 NK gave an update on Worcestershire ERDF Management Information. NK confirmed that Worcestershire had committed 96% of their overall allocation, which would leave approximately £930k remaining to allocate.

- **PA 1** 92% had been allocated to date. The 2018 Framework Target will be achieved.

- **PA 2** 90% had been allocated to date. It was unlikely that the 2018 Framework Target would be met for this priority; however, this was recognised as a national issue and was to be reviewed and considered by the Growth Delivery Board.

- **PA 3** 99.99% had been allocated to date. The 2018 Framework Target had already been achieved for this priority; NK noted that not many other LEP areas had achieved this.

- **PA 4** 95% had been allocated to date. At present, this was on track to meet the 2018 Framework Target.

- **PA 6** 88% had been allocated to date. At this stage it was unlikely that the 2018 Framework Target would be met for this priority. NK explained that the Managing Authority was currently in the process of drawing up the Funding Agreement for the Love Your Rivers project, which would

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4.8 NK explained that Worcestershire look likely to meet their 2018 Performance Framework Target. Worcestershire still has a 30% expenditure slippage rate and 20% outputs slippage rate, however based on the commitment levels, overall, if projects continue to claim to profile, Worcestershire would over-achieve on their targets. With regards to the potential additional exchange rate funds, NK advise that she was not aware of what the criteria would be to access the additional money but felt that Worcestershire would be in a favourable position based on their current performance. In terms of the current slippage rate NK said that although the standard accepted rate was 15%, Worcestershire had enough committed to meet the current under-spend in future years.

4.9 NK advised that in terms of the meeting the 2018 Outputs Framework Targets it was a similar position as to that of the expenditure. PA1, PA3 and PA4 would be met; PA2 and PA6 would be unlikely but the issues experienced with these Priorities were being considered and addressed at a national level.

4.10 Together with the 3 Outline Assessments to be considered at the meeting NK explained that there would be a three further Outline Assessments for the Committee to consider. These were:

- PA3 Worcestershire SME Growth Programme - the proposal would seek to bring together the activity currently delivered by a number of existing PA 3 Worcestershire County Council projects.
- PA4 Public Sector Energy Programme (PEP) – the proposed project has been based on the BEEP delivery model but would focus on supporting public sector organisations.
- PA4 Low Carbon Opportunities Programme Extension 2019 – 2022 – the proposal would seek to extend the activity delivered through the existing Low Carbon project.

4.11 NK advised the Sub-Committee that the additional proposals were straight forward projects, provided good value for money, satisfactorily addressed compliance (procurement, state aid) and answered the requirements of the Calls. Unfortunately, as the assessments were not finalised in time to be presented at the meeting, NK confirmed they would be circulated to members via written procedure.

4.12 CH asked if the claim process took a long time, on the basis that the level of spend to date, against the total committed, is low.

4.13 NK advised that there were a number of factors, which had contributed to the current low levels of spend; this included delays to projects starting, which resulted in completion of Project Change Requests, which resulted in delays to claims process. Another factor was that, following Brexit, projects had only been allowed to re-profile funds from 2016 into 2017; however, projects had now been allowed to re-profile in a more realistic way. NK further explained that all projects had been reviewed and it was clear that the demand was in place, so the low levels related to administrative issues only.

4.14 CH questioned if it was still expected that all projects would be funded by 2019. NK responded by stating that a number of LEPs still have funding to allocate; that, together with the potential additional funds coming through, would more than likely result in the date moving. NK explained that this would have to be agreed by both the Growth Programme Board and the Commission but could not think of any other alternative options to ensure funds would be committed. In terms of what would happen after the Programme and the succession of the UK Prosperity Fund, she advised that this was still an unknown at the moment and as soon as confirmation is received, it will be circulated to members.

4.15 Gary Woodman (GW) added that there needed to be a continuous level of activity to ensure support doesn't cease after the commitment date - he felt that the more projects in the pipeline the better.

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4.16 CH stated that he did not want to be in the position that wrong decisions were made because all funding had to be allocated by March 2019. NK said that as a whole Worcestershire was in a very good position as demand for activity was in place and the projects had a good track record.

Item 5: ERDF Outline Assessments

Priority Axis 3: Worcestershire Business Central: Growth Hub

5.1 NK introduced the application.

5.2 The Sub-Committee were asked for any declarations of interest; these were received from Gary Woodman and Luke Willetts.

5.3 CH invited comments from the sub-committee. See annex A below for comments from members.

5.4 The Sub-Committee agreed the project was a strong strategic fit.

Priority Axis 3: Manufacturing Growth Programme 11

5.5 NK introduced the application.

5.6 The Sub-Committee were asked for any declarations of interest. There were no declarations of interest.

5.7 CH invited comments from the Sub-Committee. See annex A below for comments from members.

5.8 The Sub-Committee agreed the project was a strong strategic fit.

Priority Axis 3: Midlands Engine Export Grant Scheme

5.9 NK introduced the application.

5.10 The Sub-Committee were asked for any declarations of interest. There were no declarations of interest.

5.11 CH invited comments from the Sub-Committee. See annex A below for comments from members.

5.12 The Sub-Committee agreed the project was a strong strategic fit.

6. ESF Update and M.I Update

6.1 CH advised that Tim George (DWP) could no longer attend the meeting and had sent his apologies; CH asked that the ESF papers be noted.

7. EAFRD and LEADER update

7.1 Jo Jury (JJ) gave an update on EAFRD and LEADER.

7.2 The indicative allocation for EAFRD is £2.24m. Worcestershire LEP was an early adopter with five projects coming forward. So far the fund has been seen a really good portfolio of business, tourism and food and drink projects coming forward, focusing on commercial activity leading to new jobs being created. Worcestershire was early adopters, which has meant the Programme has progressed greatly. A number of Expressions of Interest (EoI) were currently in and the team were working on progressing them including a large project under tourism. There was £2m worth of EoIs, which could lead to a

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potential over-commitment of £3.2m, although JJ did explain that this would be unlikely, due to the number of high drop off of applications. She explained that in many cases applicant had experienced issues with obtaining planning permission and match-funding, resulting in the withdrawal of application.

7.3 JJ advised that all projects would need to be contracted by March 2019; therefore, all applications would need to be in by September 2018 to be realised. Again, she re-iterated that there was little concern regarding the potential over-commitment, due to the number of applications which will not proceed / drop out. This included a project based in Malvern, which had issues with the purchase of land and planning and the Ombersley project, which would also struggle due to issues with the ownership of land. Taking into account the value of the applications currently unlikely to go ahead, would leave a potential over-commitment of £1m; however, JJ confirmed that there were other areas, where savings could be made.

7.4 CH praised the Team for their work on the Programme and its marketing, which had resulted in it being in such an excellent position.

7.5 SC asked that if the Programme was national, how would that work in allocating all funding by the March deadline – would it be a national pot. JJ advised that it was a national pot, so the allocation of remaining funds would be considered on a national level. In the Midlands area, Stoke and Staffordshire was the only LEP area, which had not over-committed; JJ added that other areas in the East of England had also not done so well, although some projects were going forward with higher intervention rates, meaning that a greater level of funds would be allocated.

7.6 JJ gave an update on the latest position on the LEADER Programme. JJ explained that LEADER was progressing and delivering really well, with Worcestershire being one of the top performers in the country.

8. EAFRD Expression of Interest

The Ombersley Court Visitor and Rural Business Centre

8.1 JJ introduced the EOI Application.

8.2 CH asked if there were any declarations of interest; none were received. CH invited questions and comments from members on strategic fit.

8.3 JJ advised that this was not considered a very good application; there were a number of mistakes contained within the application and issues identified with the proposed activity. JJ explained that it was not clear if the applicant had purchased Ombersley Court but that it was proposed that a Community Interest Company would be set up to manage the project visitor centre and care farm. However, assessment of the EOI application had identified a number of potential issues, including State Aid.

8.4 JJ went on to explain that the full Application would need to be submitted by September and, given that planning permission would be not be considered until October, it was unlikely that the full would be in an acceptable state by the deadline.

8.5 CH stated that, although the project idea was good there were too many issues and insufficient information for it to be deemed a strong strategic fit.

8.6 In conclusion, following further discussions on the merits of the proposal, the Sub-Committee determined that the project was a Weak Strategic Fit; however, they agreed that the project be invited to

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Full Application, subject to the issues and conditions identified within the EOI Assessment being addressed.

9. Any Other Business

9.1 NK advised the Sub-Committee that a Project Change Request (PCR) had recently been submitted for the Enterprising Worcestershire Start-Up and High Growth Start-Up Programme (a Priority 3 project managed by Worcestershire County Council).

9.2 NK explained that the key change sought through the PCR was the reduction to the project's outputs, more specifically a reduction in the C1 Enterprises Receiving Support outputs from 593 to 400. Although the changes had not been brought to the Sub-Committee for endorsement, NK advised that she wanted to bring this to the attention of the Sub-Committee to ensure that they were aware of the reductions. She confirmed that the reduction would not have a negative impact on the project's Value for Money or on the achievement towards the LEP's Priority Outputs Framework targets.

9.3 No issues or concerns were raised from the Sub-Committee regarding this.

10. Date, time and venue of future meetings

10.1 CH confirmed the dates of future meetings are as follows:

- 19 September 2018
- 12 December 2018

10.2 All meetings will start at 10am at Worcestershire County Cricket Club.

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ANNEX A: ERDF Outline Application Comments

LEP Area:	Worcestershire	
Date:	13/06/2018	
ERDF Priority Axis Call:	PA3	
Project Name:	Worcestershire Business Central – Growth Hub (Extension)	
Project Applicant:	Herefordshire and Worcestershire Chamber of Commerce	
Total Project Value:	£600,000	
ERDF sought:	£300,000	
Category A	Category B	Category C
X		
<p>Declarations of interest: Gary Woodman and Luke Willetts</p> <p>The Managing Authority described the project, highlighting the issues identified through the outline assessment and invited members' comments on the local strategic fit of the proposed operation.</p> <p>The following comments were recorded:</p>		
Name	Comment	
Cllr Ken Pollock (KP)	Stated that he felt the current project was working well and was happy for the project to continue. He added that the project was fulfilling its requirements and was supportive of the extension.	
Richard Quallington (RQ)	Agreed that the current project was meeting the needs; however, questioned how it worked with other with other projects and that if duplication of activity occurred between this and the Worcestershire County Council run projects.	
Sue Crow (SC)	Explained that 50% of referrals to the Worcestershire projects came from the Growth Hub and that there was no duplication of activity between the Hub and other projects in the area.	
Chris Hallam (CH)	Stated that he was disappointed with the number of conditions set.	
Nicola Kelly (NK)	Confirmed that a number of the conditions set were generally standard for outline assessments.	
The Chair concluded the discussion and categorised the proposed operation as follows:		
The committee agreed to support the application as a Strong Strategic Fit.		

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Category A: The proposed operation fits with local strategic priorities and is considered high priority	Category B: The proposed operation fits with local strategic priorities though is not high priority	Category C: The proposed operation does not fit with local strategic priorities
X		

Recorded by:	Emma James
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LEP Area:	Worcestershire	
Date:	13/2/18	
ERDF Priority Axis Call:	PA3	
Project Name:	Manufacturing Growth Programme II	
Project Applicant:	Oxford Innovation Services Limited	
Total Project Value:	£600,000	
ERDF sought:	£300,000	
Category A	Category B	Category C
X		

Declarations of interest: None

The Managing Authority described the project, highlighting the issues identified through the outline assessment and invited members' comments on the local strategic fit of the proposed operation.

The following comments were recorded:

Name	Comment
Ian Hardman (IH)	Expressed support for the proposal.
Linda Robson (LR)	Asked what the issue was that was raised in terms of the proposal's deliverability and in particular what was meant by the reference to an overlap of activity.
RQ	Stated that from the proposal it had appeared that there was no overlap between this and other PA3 projects operated in the Worcestershire area.

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NK	Explained that this was picked up in the assessment to ensure that, if the project was invited to Full Application, the Applicant ensured that there was no overlap and duplication of activity between the existing project and the new extension project.	
CH	Expressed support for the proposal, stating that he felt it demonstrated a strong strategic fit and that the Applicant organisation (Oxford Innovation Services Ltd) could demonstrate good due diligence.	
The Chair concluded the discussion and categorised the proposed operation as follows:		
The committee agreed to support the application as a Strong Strategic Fit.		
Category A: The proposed operation fits with local strategic priorities and is considered high priority	Category B: The proposed operation fits with local strategic priorities though is not high priority	Category C: The proposed operation does not fit with local strategic priorities
X		

Recorded by:	Emma James
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LEP Area:	Worcestershire	
Date:	13/06/2018	
ERDF Priority Axis Call:	PA3	
Project Name:	Midlands Engine Export Grant Scheme	
Project Applicant:	Department for International Trade (DIT)	
Total Project Value:	£300,000	
ERDF sought:	£150,000	
Category A	Category B	Category C
X		

Declarations of interest: None

The Managing Authority described the project, highlighting the issues identified through the outline assessment and invited members' comments on the local strategic fit of the proposed operation.

The following comments were recorded:

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Name	Comment	
Gary Woodman (GW)	<p>Explained that from September onwards there would be a move from supporting smaller companies to Medium sized ones. DIT had asked for the focus to shift to Medium companies who did not currently export, however, he had been unable to identify any at that time. Therefore, he felt that the focus of supported needed to be broadened and not restricted to these requirements.</p> <p>Stated that it was good to maintain the relationship with DIT and that inclusion of the allocation, although small, would help to continue to build the relationship and strengthen Worcestershire's involvement with Government Strategy.</p>	
CH	Expressed support for the proposal. Added that this was a good use of funding and felt that the proposed allocation of funding was appropriate.	
The Chair concluded the discussion and categorised the proposed operation as follows:		
The committee agreed to support the application as a Strong Strategic Fit.		
Category A: The proposed operation fits with local strategic priorities and is considered high priority	Category B: The proposed operation fits with local strategic priorities though is not high priority	Category C: The proposed operation does not fit with local strategic priorities
X		

Recorded by:	Emma James
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Annex B Actions

List of Agreed Actions from 13/06/18 Worcestershire LEP ESIF Sub-Committee Meeting

No actions identified at meeting.

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Annex C Attendee List

Worcestershire ESIF Sub-Committee 13/2/18 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Chris Hallam (CH) (Chair)	Santander Corporate and Commercial Banking
Nicola Kelly (NK)	Ministry for Housing Communities and Local Government (MHCLG) Managing Authority

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
Gary Woodman (GW)	Worcestershire LEP
Luke Willetts (LW)	Worcestershire LEP
Cllr Dr Ken Pollock (KP)	Local Authority (Worcestershire County Council)
Cllr Ian Hardman (IH)	Local Authority (Wyre Forest District Council)
Cllr Linda Robinson (LR)	Local Authority (Wychavon District Council)
Richard Quallington (RQ)	Voluntary & Community Sector (Worcestershire Voices)
Jo Jury (JJ)	Rural Payments Agency (RPA) Managing Authority
Sue Crow (SC)	Local Authority (Worcestershire County Council)

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

Name, title and organisation	Sector/Organisation Representing
Emma James (EJ)	Ministry for Housing Communities and Local Government (MHCLG) Managing Authority (minutes)

Apologies:

Name, title and organisation	Sector/Organisation Representing
Caroline Bedell	Rural (CLA Midlands)
Juliana Crowe	Equalities (Rooftop Housing Group)
Ian Stirzaker	Business Partner (SME Solicitors)
Tim George	Department for Work and Pensions (DWP) Managing Authority
John Dawson	Business Partner – SME (Prestige)