

**European Union**European Structural  
and Investment Funds**European Structural and Investment Funds  
2014 - 2020****Growth Programme for England****Worcestershire ESIF Sub-Committee****Minutes of meeting held 19/09/2018  
Worcestershire County Cricket Club****Agenda:**

1. Welcome, introduction and apologies
2. Minutes of meeting of 13/06/2018
3. ERDF update and M.I Update
4. ERDF Full Applications
5. ESF Update and M.I Update
6. EAFRD and LEADER Update
7. Any Other Business
8. 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. ERDF Update****National update**

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

3.2 As at 30 June 2018, 548 projects were contracted at a total value of £1.407 billion.

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

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

- **Priority Axis 1:** On track to meet targets for outputs and spend in all categories of region.
- **Priority Axis 2:** On track to meet outputs targets across all categories of region, however there is a shortfall in the expenditure target for the transition category of region.
- **Priority Axis 3:** On track for spend and outputs.

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- **Priority Axis 4:** On track to meet outputs targets across all categories of region, however there is a shortfall in the expenditure target for the transition and more developed category of regions.
- **Priority Axis 5:** Significantly below the expenditure targets.
- **Priority Axis 6:** The less developed expenditure and output targets are forecast to be achieved, with the transition expenditure targets to be missed but outputs exceeded, and the more developed missing both the expenditure and output targets.
- **Priority Axis 7:** On track to meet targets for outputs and spend in all categories of region.
- **Priority Axis 8:** Expenditure is significantly behind target; however the output targets have already been achieved.

3.5 It is now forecast that the N+3 target, whilst still challenging, particularly in light of the recent exchange rate increase, will be achieved but this is dependent on Q3 claims being submitted to profile and on time. NK thanked the Worcestershire projects in particular, as they are currently operating at a slippage rate of 17%, as opposed to the national average which is higher.

3.6 NK advised that due to the exchange rate fluctuation, there are further funds available for allocation. NK went on to explain that there would be no call in October 2018 as the impact of the exchange rate gain needed to be fully determined, with the next ones being held in March 2019.

### Worcestershire LEP Management Information update

3.7 NK gave an update on Worcestershire ERDF Management Information. NK confirmed that following the exchange rate gains, the data for Worcestershire had altered. Now the LEP have committed 83% of their overall allocation.

- **PA 1** 80% had been allocated to date. The 2018 Framework Targets have already been achieved, primarily due to the Proof of Concept project.

- **PA 2** 78% 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 is to be reviewed and considered by the Growth Delivery Board.

- **PA 3** 86% had been allocated to date. The 2018 Framework Target had already been achieved for this priority.

- **PA 4** 82% had been allocated to date.

- **PA 6** 76% had been allocated to date.

3.8 NK explained that following the final round of calls in March 2019, if anything remains uncommitted then those funds will be moved to a national pot. This will then be opened to all LEP areas to bid into – the precise criteria and process for doing this are still to be confirmed.

3.9 Members expressed their thanks to everyone involved in delivering this Programme over the past 3 years to such a high standard. It was requested that the project demonstrations experienced in previous meetings were reinstated as they gave a practical example of how the funding had been used. NK stated that this could be arranged for the December meeting.

3.10 Sue Crow (SC) noted that one project supported through the Proof of Concept fund had recently been seen on Dragons Den, and had received an investment.

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3.11 NK stated that there were still 6 projects to be appraised at the full stage which will be brought to future meetings.

### Item 4: ERDF Full Application

#### Priority Axis 1: Worcestershire Proof of Concept Extension

4.1 NK introduced the application.

4.2 The Sub-Committee were asked for any declarations of interest; these were received from Gary Woodman and Sue Crow.

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

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

### 5. ESF Update and M.I Update

5.1 Harj Dhami (HD) gave an update on the national picture of the ESF programme. It was noted that the figures listed in the papers and the management information, related to the exchange rate position at May 2018; the uplifted figures would not be confirmed until the Operational Programme review had been ratified by the Commission. The uprating for the exchange rate is slightly lower than for ERDF due to the management of the Programmes being different.

5.2 As at 30 April 2018, 47% of the total Programme allocation had been committed.

5.3 An additional 136 direct bid projects and 162 MOU's for the National CFO's have also been received.

5.4 There are 32 outline applications currently being assessed and 64 in full appraisal.

5.5 There are 23 calls currently live, with closing dates ranging from September – November 2018. HD noted that some LEPs withdrew their calls in light of the ESFA phase 2 announcement.

5.6 The 2018 Performance Reserve should be achieved based on the committed expenditure figures. N+3 performance is on target based on the assumption that all projects claim to their committed profiles; claims are being maximised with CFO's wherever possible to help achieve this.

5.7 Nationally most groups are exceeding their targets, so this is very positive, although there are concerns over IP1.4 which is 6% below target.

5.8 The error rate for the Programme is currently 0.093% totalling a value of £6,263.

5.9 It was noted that there has been a struggle in the Worcestershire LEP area to deliver ESF as very few projects come forward. HD acknowledged that generating clean match funding has been a large issue locally; at a national level there are discussions being held over the use of the Apprenticeship Levy as a source of match. In other LEP areas workshops have been held to bring organisations together to form consortium bids of higher value, which also helps to mitigate some of the responsibilities on the smaller applicants. There are intentions for Big Lottery to look at 2nd phase of delivery in the autumn. This would enable the ESIF to commit additional funds if extensions to existing contracts or BBO2 were offered. It would be prudent for the ESIF to consider maximising their CFO activity where the participant need exists to utilise match funding provided by the CFO.

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5.10 Members expressed concern over the ability of the LEP to spend the ESF allocation, particularly with the uplifted exchange rates. HD stated that when the new uplifted allocations were confirmed a deadline would be given to the LEP for the funding to be fully committed; if there are unallocated funds after this date then they will be removed from the LEP allocations and entered into a national pot where all LEPs will be invited to competitively bid for additional funding – this will be a similar process to that envisaged for ERDF.

### **6. EAFRD and LEADER update**

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

6.2 The indicative allocation for EAFRD is £2.24m and the current pipeline is valued at £4.06m. The national dropout rate is 50%, although in Worcestershire this is only 26% which is attributed to the face-to-face contact that the EAFRD team have with each project applicant – this is not the case in all areas.

6.3 JJ advised that the deadline for projects to be contracted had been extended from March 2019 to the end of 2020 in line with the other ESIF Programmes. However, it was noted that the application process is competitive, so applicants should continue to be encouraged to submit final applications as early as possible.

6.4 It was asked whether there was anything that sub-committee members could do to support projects in their full applications. JJ stated that details of those applications where there are concerns would be shared with Worcestershire County Council so that they could work directly with them to improve their applications.

6.5 JJ stated that 62% of the EAFRD allocation in the Worcestershire ESIF area had been committed to date. The majority of these were in direct business awards providing high value skilled employment, with a limited number of tourism projects being supported.

6.6 It was questioned as to why the dropout rate for tourism projects was so high. JJ stated that nationally this was due to match funding not being available and planning approval not being granted; there was also concern in some cases over displacement of activities in the local area making the application unviable against the call criteria.

6.7 There are no plans to launch further Expressions of Interest due to the national over-commitment level.

### **7. Any Other Business**

7.1 No items of Any Other Business were raised.

### **8. Date, time and venue of future meetings**

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

- 12 December 2018

8.2 The meeting will start at 10am at Worcestershire County Cricket Club.

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**ANNEX A: ERDF Outline Application Comments**

<b>LEP Area:</b>	Worcestershire	
<b>Date:</b>	19/09/2018	
<b>ERDF Priority Axis Call:</b>	PA1	
<b>Project Name:</b>	Worcestershire Proof of Concept Extension	
<b>Project Applicant:</b>	Worcestershire County Council	
<b>Total Project Value:</b>	£5,150,314	
<b>ERDF sought:</b>	£2,575,157	
<b>Category A</b>	<b>Category B</b>	<b>Category C</b>
<b>X</b>		
<p>Declarations of interest: Gary Woodman and Sue Crow.</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>		
<b>Name</b>	<b>Comment</b>	
Louise Jones (LJ)	Stated that the project as presented seemed good, adding that she supporting the extension.	
Chris Hallam (CH)	Stated that he felt the current project was standout project in Worcestershire, and was very supportive of the extension entering the contracting stage.	
Juliana Crowe (JC)	Agreed that the current project had delivered everything that was expected so there was a good track record to support this application.	
<b>The Chair concluded the discussion and categorised the proposed operation as follows:</b>		
The committee agreed to support the application as a Strong Strategic Fit.		
<b>Category A: The proposed operation fits with local strategic priorities and is considered high priority</b>	<b>Category B: The proposed operation fits with local strategic priorities though is not high priority</b>	<b>Category C: The proposed operation does not fit with local strategic priorities</b>
<b>X</b>		

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<b>Recorded by:</b>	Emma Smith
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**Annex B Actions**

**List of Agreed Actions from 19/09/18 Worcestershire LEP ESIF Sub-Committee Meeting**

1. NK to arrange a project presentation for the December meeting.

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**Annex C Attendee List**

**Worcestershire ESIF Sub-Committee 19/09/18 meeting**

**Chair & Deputy Chair:**

<b>Name, title and organisation</b>	<b>Sector/Organisation Representing</b>
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:**

<b>Name, title and organisation</b>	<b>Sector/Organisation Representing</b>
Gary Woodman (GW)	Worcestershire LEP
Jo Jury (JJ)	Rural Payments Agency (RPA) Managing Authority
Harj Dhami (HD)	Department for Work and Pensions (DWP) Managing Authority
Sue Crow (SC)	Local Authority (Worcestershire County Council)
John Dawson (JD)	Business Partner – SME (Prestige)
Juliana Crowe (JC)	Equalities (Rooftop Housing Group)
Louise Jones (LJ)	Higher Education (University of Worcester)

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

<b>Name, title and organisation</b>	<b>Sector/Organisation Representing</b>
Emma Smith (ES)	Ministry for Housing Communities and Local Government (MHCLG) Managing Authority (minutes)

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Samantha Martin (SM)	Ministry for Housing Communities and Local Government (MHCLG) Managing Authority (observer)
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### Apologies:

Name, title and organisation	Sector/Organisation Representing
Caroline Bedell	Rural (CLA Midlands)
Ian Stirzaker	Business Partner (SME Solicitors)
Tim George	Department for Work and Pensions (DWP) Managing Authority
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)