



European Union

European Structural
and Investment Funds

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

Growth Programme for England

Stoke-on-Trent and Staffordshire ESI Funds Sub-Committee

Minutes of meeting held 16/11/2016

Regeneration Conference Centre, Civic Centre, Stoke-on-Trent City Council

Agenda:

1. Welcome and introduction, and Apologies
2. Minutes of Last Meeting (26/10/2016) and action update
3. Declarations of Interest
4. ERDF Update
5. ESF Update
6. EAFRD and Leader Update
7. ERDF Full Applications
8. Any Other Business

1. Welcome and introduction

- 1.1. The Chair (JD) welcomed attendees to the meeting.
- 1.2. Apologies were received from Cllr Gordon Alcott, Frances Beatty, Cllr Abigail Brown, Debbie Harris, Emma Johnson, Graham Morley, Sarah Robinson and Cllr Mark Winnington.

2. Minutes of 26/10/2016 meeting and action update

- 2.1. Nigel Senior (NS) advised that the action on the Strategic Targeted Statement draft would be covered during agenda item 6.
- 2.2. Sub-committee members agreed that the minutes were a true record of the previous meeting.

3. Declarations of Interest

- 3.1. JD asked sub-committee members to declare any expressions of interest.
- 3.2. The following were declared: Mark Bacon, Item 7.

4. ERDF Update

- 4.1. The Deputy Chair (DC) summarised the content of the letter from Margot James MP, distributed prior to the meeting. There will be £2.7m (at the current agreed exchange rate) of additional ERDF/ESF funds for the Stoke and Staffordshire LEP (SSLEP) area,

as it is a 'transitional' category of region. The next step will be for the Managing Authority (MA) to discuss with the European Commission what flexibility there is in allocating this across ERDF priority axes and investment priorities. Members' views will then be sought.

- 4.2. DC advised that the MA will be required to ensure that future contracted projects offer very good value for money (vfm) and are consistent with domestic priorities.
- 4.3. DC outlined the position of the five priority axes. PA1 (innovation) has 21.8% of the 2018 budget allocation (capped at 94% of the total) currently under consideration. This leaves £14.85m left to allocate until 2018 and £16.07m until the end of the programme. PA1 projects are forecast to over achieve against the 2018 output targets. The planning exercise undertaken by SSLEP offices identified over £14m of pipeline for future calls.
- 4.4. PA2 (ICT) and PA6 (Environment and Resource Efficiency) have not yet had any commitments made. The planning exercise identified over £1m of pipeline activity for each of PA2 and PA6 for future Calls.
- 4.5. Under PA4 (Low Carbon) the two current projects represent 79.6% of allocation at the 94% cap (2018 target) and 74.9% of allocation at the programme end. There is a remaining allocation of £2.480m (2018) and £3.257m (programme end). The SEND PA4 project proposal will be reviewed at agenda item 6. There is over £3.6m of potential activity in the pipeline. From an Outputs perspective, 1,676 GHG tonnes of CO2 annual decrease are still required to meet the end of programme target.
- 4.6. For PA3 (SME competitiveness), the current projects represent 74.5% of allocation at the 94% cap (2018 target) and 70.3% of allocation at the programme end. There is a remaining allocation of £8.67m (2018) and £10.87m (programme end). A potential pipeline of over £12m has been identified. PA3 represents a challenge as the 70.3% funds under consideration represent only 52% of the final programme 'Enterprises Receiving Support' output target. The Sub-Committee had supported some projects that were a strong strategic fit, whose relatively high capital costs had reduced the vfm of the outputs required.
- 4.7. Turning to the need for future Calls, members understood that future calls would need to specify good vfm, and provide a good fit with domestic priorities, as set out in the Secretary of State's letter, which was reported to the October meeting. Projects that would not meet the required vfm should not be encouraged to submit proposals. It was agreed that the Sub-committee would aim to meet its PA3 targets, despite the potential for over-performance by other LEP areas to meet the overall target for England (there is one target for the single national programme). The option to go ahead with a PA3 call before Christmas, as originally planned, was discussed. There is some doubt that there is a demand from SMEs for PA3 support that is not already available from existing projects. There is an absence of projects in the pipeline that have immediate potential to offer the required vfm. It was agreed that the PA3 call should be postponed till spring 2017. This would give further opportunity to ensure that proposals that have both strong strategic fit and offer vfm, are likely to come forward.
- 4.8. It was agreed, as planned, to proceed with a PA1 Call.
- 4.9. PA2 and PA6 Calls should, as planned, be made in spring 2017.

5. ESF Update

- 5.1. Joanne Rushton (JR) stated that no paper had been submitted as there were few changes since the October meeting to report. There are currently two linked Calls

focused on HE Higher Skills. Final amendments to these draft Calls are being made and will be presented for agreement at the December meeting.

6. EAFRD and Leader Update

- 6.1. Chris Findon (CF) reported that under LEADER four projects have been contracted and nine are about to be contracted. The value of grant is £300,000.
- 6.2. CF advised that the Lichfield Cathedral project had now been appraised. A proposal for the Canals and Rivers Trust has been deferred due to procurement questions, which are expected to be resolved. These were the same as those for a linked project with Derby & Derbyshire/Nottingham & Nottinghamshire LEP. NS reported that the management of the Lichfield Cathedral project had been transferred to Staffordshire County Council, due the ineligible status of the Cathedral as an applicant.
- 6.3. For EAFRD, NS stated that £3.m from an allocation of £3.2m is available to go forward. Given the significantly rural nature of Staffordshire, the programme offers an opportunity to create specifically relevant projects.
- 6.4. NS verbally reported on the four draft Strategic Targeting Statements, which were circulated prior to the meeting. These cover Rural Tourism Co-operation Grants, Rural Business Development Grants, Rural Tourism Infrastructure Grants and Food processing Grants.
- 6.5. JD requested clarification about the EAFRD definition of the scope of advanced manufacturing eligible under EAFRD. It was confirmed that any advanced manufacturing was eligible, provided its location is rural. The technology does not need to be 'rural', e.g. agricultural, to be eligible. It is important that the rural business community is made aware of the opportunity that the Call will provide, through publicity.

7. ERDF Full Applications

- 7.1. DC provided a verbal summary of the Smart Energy Network Demonstrator (SEND) project from Keele University. A written summary of the appraisal was provided to ESIF sub-committee members in advance of the meeting.
- 7.2. The project is answering a PA4 Call. The ERDF Grant is £9.0m. The project will create the first at-scale smart energy network demonstrator in Europe. The main change since Outline is an increase in the budget of 7.5%, due to an increase in the salary budget and overheads. The 'decrease of annual greenhouse gases' output has increased from 3,000 at Outline to more than 4,000 tonnes in the Full Application. As this is a five-year project, there is a condition that there will be a mid-term review. The University would be responsible for any capital cost increase. DC added that the appraisal found that the project offers good value for money for three outputs but is below benchmark for two.
- 7.3. Comments for advice on local strategic fit and the increased budget were invited.
- 7.4. Sub-committee members confirmed that the increased budget was acceptable and that the project was strongly aligned to their Strategic Priorities. The project is an example that should be actively supported by the LEP ESIF Sub-Committee.
- 7.5. DC provided a verbal summary of the Medical Research and Development Centre (MRDC) project from Keele University. A written summary of the appraisal was provided to ESIF sub-committee members in advance of the meeting.
- 7.6. The project is answering a PA1 Call. The ERDF Grant is £0.6m. The project will drive investment and innovation in the healthcare/medtech market. The University Hospitals of the North Midlands NHS Trust is a partner with the applicant, Keele University.

- 7.7. There is an increase in the budget of £8,643. DC added that the appraisal found that the project offers good value for money. The match has been confirmed to be cash, not in-kind.
- 7.8. Comments for advice on local strategic fit were invited.
- 7.9. ESIF sub-committee members were in agreement that the project builds on existing, local-sector strengths and fits well with local strategic priorities.

8. Any other Business

- 8.1. Sara Williams (SW) reported on the current business festival event to the sub-committee members. Over 2,500 people have attended the Chamber of Commerce events. 1,000 young people have been involved. This being its first year, the festival can be considered a success.
- 8.2. DC reported that the new Head of Midlands Growth Delivery, John Bennett, starts this month. He replaces Mark Foley who left in the summer. John is keen to meet ESIF S-C chairs.
- 8.3. Meeting dates need to be agreed for the first half of 2017. Dates will be circulated within the next two weeks.
- 8.4. The E-Claims system is not yet fully operational. DC advised that the Managing Authority is currently manually processing claims. Members indicated this was causing some cash-flow issues for certain projects. DC indicated that projects will soon be able to submit claims through E-claims.
- 8.5. It was clarified that the '1720' calculation for part-time project staff involves the benchmarking of historical employment costs. This is seen by some projects as reducing the grant available, as actual current costs may be higher, due to pay increases. The calculation is required to be undertaken in this way due to ESIF rules.
- 8.6. Consideration should be given to renewing ESIF publicity, similar to the initial workshops, to emphasise the help available to businesses and to explain the positive legacy of existing projects.

9. Future Meeting Dates

14th December 2016, venue, date and time to be confirmed

Annex A

List of Agreed Actions from 16/11/2016 SSLEP Sub-Committee Meeting

Agenda Item	Action	Action Assigned to
8	Circulation of S-C dates for January – June 2017	Chair/DC

Annex B Attendee List

Stoke-on-Trent and Staffordshire ESI Funds Sub-Committee 16/11/2016 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Jonathan Dale	Stoke-on-Trent and Staffordshire LEP Board member (Chair)
Darren Cope	DCLG (Deputy Chair)

Sub-Committee Members:

Name, title and organisation	Sector/Organisation Representing
John Adlen	Staffordshire University
Cllr Philip Atkins	Staffordshire County Council
Dr Mark Bacon	Keele University
Mark Connell	Stoke-on-Trent City Council
Chris Findon	Rural Funding Agency
Andrew Greenhough	Stoke-on-Trent College
Jill Norman	Support Staffordshire
Joanne Rushton	DWP
Sara Williams	Staffordshire Chamber of Commerce
Glen Watson	Cannock Chase District Council
Julian Woolford	Natural England

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

Name, title and organisation	Sector/Organisation Representing
David Coghill	DCLG
Michelle Kynaston	BEIS

Apologies:

Name, title and organisation	Sector/Organisation Representing
Cllr Gordon Alcott	Southern Staffordshire District Authorities
Frances Beatty	Rural Forum
Cllr Abigail Brown	Stoke-on-Trent City Council
Debbie Harris	Cannock Chase District Council
Emma Johnson	Natural England
Graham Morley	South Staffordshire College
Sarah Robinson	Stoke-on-Trent College
Cllr Mark Winnington	Staffordshire County Council