



Stoke-on-Trent and Staffordshire (SSLEP) ESI Funds Sub-Committee

Minutes of meeting held 07/04/2016

Conference Room, Stoke-on-Trent Civic Centre, Glebe Street, Stoke-on-Trent ST4 1HH

Agenda:

1. **Welcome and introduction – All**
2. **Minutes of 21/01/2016 meeting and action update – The Chair**
3. **Declarations of interest – All**
4. **ERDF Progress Update – DCLG**
5. **ERDF Management Information Report – DCLG**
6. **Staffordshire Business Innovation and Incubation Support – DCLG**
7. **ERDF Full Applications – DCLG**
8. **ERDF Outline Application – DCLG**
9. **ESF Opt In update – DWP**
10. **EAFRD and LEADER update and Full Applications – DEFRA/RPA**
11. **Any Other Business – All**
12. **Date of next meeting - All**

1. Welcome and introduction (The Chair)

1.1. Jonathan Dale (The Chair) welcomed everyone to the meeting. Apologies for absence were received from Cllr Abigail Brown, Cllr Patrick Farrington, Deborah Harris, Sarah Robinson and Julian Woolford.

2. Minutes of 25/02/2016 meeting and action update (The Chair)

2.1. Deputy Chair (DC) confirmed that actions 1, 2 and 3 had been completed and that action 4 will be picked up at agenda item 10.

2.2. All members of the Sub-Committee agreed that the minutes were a true record of the previous meeting.

3. Declarations of interest (The Chair)

3.1. The Chair asked that Members should declare any interest when proposals were being considered.

4. ERDF Progress Update: Midlands Engine Investment Fund – (Deputy Chair)

- 4.1. DC summarised the paper. The Midlands Engine Investment Fund is a cross-LEP proposal covering all 11 Midlands LEP areas. It represents a Stoke and Staffordshire LEP area investment of around £10 million.
- 4.2. LEP Chairs and LEP ESIF Sub-Committee chairs have been consulted on their preferred option to deliver the proposal.
- 4.3. The Sub-Committee was asked to note that it has been agreed in principle that British Business Bank will take forward the planned pan-Midlands Access to Finance Fund of Fund which will be known as the Midlands Engine Investment Fund.
- 4.4. British Business Bank (BBB) will be invited to submit a full ERDF application for the delivery of the Fund. When a full application has been received, and a full appraisal undertaken, the project will be reviewed by all 11 ESIF Subcommittees to ensure local strategic fit is provided.
- 4.5. BBB will work with LEPs, ESIF Sub-Committees, and match funders to agree and implement a procurement strategy for the sub funds.
- 4.6. David Frost will be representing Stoke and Staffordshire LEP at the next meeting with BBB.
- 4.7. Paul Hodgkinson and Kerry Diamond are the main Stoke and Staffordshire LEP representatives. It was agreed it would be beneficial for them to provide an update at a future meeting of the Sub-Committee.

5. ERDF Management Information Report – (Deputy Chair)

- 5.1. DC provided a verbal summary of the written update circulated to Sub-Committee members prior to the meeting. The summary confirmed that the pound to euro exchange rate had been updated from 0.71 to 0.78. The amounts under consideration for both PA1 and PA3 progress are both getting close to the 2018 94% cap target. This leaves a relatively small percentage of the allocation to support activity beyond 2018, which could limit supporting new activity and phase 2 of current schemes. Due to a lack of proposals, PA2 and PA6 commitment is low.
- 5.2. The Sub-Committee agreed to monitor the position in relation to PA1 and PA3. The potential for projects to underachieve cannot be discounted. It was confirmed that there is no scope for the Sub-Committee to move allocations from one PA to another. Calls for the PAs that have low commitments will be required. Staffordshire University will have a proposal to submit for PA2 at the next Call.
- 5.3. It was confirmed that the two outline proposals considered by written procedure had been supported by the Sub-Committee: Keele University Smart Energy Network Demonstrator (SEND) and Keele Research & Innovation Gateway (KRIG).
- 5.4. Three options were considered for an April 2016 call:
 1. To take stock of the current projects under consideration;
 2. To have a call across all priority areas;
 3. To have a limited call focused on PA1.

Sub-Committee members agreed that option 3 should be adopted.

Action 1: Managing Authority, DCLG, to issue a PA1 call in April 2016.

6. Staffordshire Business Innovation and Incubation Support

- 6.1. Geoff Riley (GR) of Staffordshire & Black Country Business Innovation Centre presented an overview of the recently approved project. This builds on the successful 2017-13 project and provides SMEs with opportunities to innovate and is offering outputs under PA1. The project will achieve these through innovation workshops, specialist intensive assistance, managed physical incubation, virtual incubation and new product or process development assistance. The project makes use of an experienced and well qualified staff of advisers. Using a pipeline of existing businesses, a panel will consider 15 proposals, valued at £175,000, on 8 April.
- 6.2. The Sub-Committee thanked GR for the presentation and looked forward to the project achieving its outputs.

7. ERDF Full Applications – (Deputy Chair)

- 7.1. DC summarised the final appraisals that had recently been considered by the ERDF Investment Decision Group (IDG). Comments were invited on each.
- 7.2. **European Bioenergy Research Institute – EBRI: Business Investment in Research.** This is an Aston University proposal under PA1, which the Sub-Committee considered as moderate strategic fit at outline. DC provided a verbal summary of the project, including changes since outline stage and the proposed conditions.
- 7.3. There was concern that there had not been sufficient consultation with the LEP area and of fit with the Heat Network. There was concern about the strategic value added and whether bioenergy was a priority for the LEP area. It was agreed that the Energy Working Group should reconsider the proposal before the Sub-Committee makes its final recommendation on strategic fit.
- 7.4. **Mentoring Growth Service.** This is a Staffordshire Chambers of Commerce & Industry proposal under PA3. DC provided a verbal summary of the project, including changes since outline stage and the proposed conditions.
- 7.5. Sara Williams declared an interest.
- 7.6. Sub-Committee members confirmed it had **strong strategic fit**.
- 7.7. **Low Carbon Business Evolution Programme (LCBEP).** This is a Staffordshire County Council proposal under PA4. DC provided a verbal summary of the project, including changes since outline stage and the proposed conditions.
- 7.8. Cllr Philip Atkins declared an interest.
- 7.9. Sub-Committee members confirmed it had **strong strategic fit**.
- 7.10. **Be inspired at Staffordshire University – BiSU.** This is a Staffordshire University proposal under PA3. DC provided a verbal summary of the project, including changes since outline stage and the proposed conditions.
- 7.11. John Adlen registered an interest.
- 7.12. Sub-Committee members confirmed it had **strong strategic fit**. It was noted that there is potential to overlap with an ESF Skills Funding Agency Skills Support project that includes unemployed graduates in its remit. The two applicants should discuss how best to work together to avoid duplication. The Chair confirmed that the proposal had been correctly identified as 'March 2015'. This was the date the Call had been initially published.
- 7.13. **Enterprise Coaches in Stoke and Staffordshire.** This is a Business Enterprise Support (BES) proposal under P3. DC provided a verbal summary of the project, including changes since outline stage and the proposed conditions. This included IDG's rating of this proposal as 'high risk'.

- 7.14.** It was an acknowledged risk that the applicant's grant scheme relies on match funding from economically disadvantaged applicants. A more generous grant is offered by the Prince's Trust proposal (see immediately below), which has a less risky model and has significant overlap with this proposal. The potential overlap with ESF projects was also raised. Concern was expressed about the effect on the applicant and the ultimate beneficiaries if the risk was realised. However, the Sub-Committee also acknowledged set the track record of the applicant and its excellent knowledge of the locality and potential beneficiaries through its delivery partner role in the 2007 – 13 project and other work. Sub-Committee members confirmed it had **strong strategic fit**. However, to protect the applicant and the funds, it was recommended that a break clause should be added to review the project's performance after 12 months. In addition, the applicant should ensure there is coordination with the Prince's Trust.
- 7.15. Better off in Business.** This is a Prince's Trust proposal under PA3. DC provided a verbal summary of the project, including changes since outline stage and the proposed conditions.
- 7.16.** Sub-Committee members confirmed it had **strong strategic fit**. As identified above, there needs to be coordination with BES and to ensure there is close working with relevant ESF projects.

Action 2: Energy Working Group to re-consider the EBRI proposal, which will then be re-considered by the Sub-Committee for its strategic fit.

Action 3: DCLG is to advise BiSU to engage with and the Skills Funding Agency (SFA) to ensure that it complements the activity they are bringing forward in the LEP area.

Action 4: The Managing Authority is to advise BES that a 12-month break clause will be a condition of the approval of the Enterprise Coaches in Stoke and Staffordshire project and that the applicant should ensure there is coordination with the Prince's Trust.

8. ERDF Outline Application (Deputy Chair)

8.1. R&D Commercialisation Funds for SMEs. DC stated that this application had been submitted across a large number of LEP areas and there had been little consultation locally in Stoke and Staffordshire. The Managing Authority, DCLG, had rejected this application at this outline stage. The Sub-Committee noted that decision.

9. ESF Opt In update – (Harjinder Dhami)

9.1. Harjinder Dhami (HD) provided a verbal update. Julie Ofada (JO) then provided more context on the local opt-ins.

9.2. DWP ESF MA contract manage the opt-ins and open calls made against ESF funds. The Task and Finish Group work closely with the Opt-ins to keep updated locally in terms of progress made against their procurement and delivery. Each opt-in organisation brings in its own match.

9.3. BLF Building Better Opportunities (BBO) is appraising 16 bids. This is a two-stage process and by the end of April it will be clearer who the preferred bidder is. There are three geographical areas and there may be one, two or three successful bidders. BLF has access also to non-ESF funding and by November/December there should be a final decision made, with implementation from January 2017. There may be a BBO phase 2, but not until 2018 at the earliest.

- 9.4. SFA** It was confirmed that the programme would be delivered over two years. Four programmes are being developed: information, advice and guidance; vocational routes to employment; skills support for the unemployed; and skills support in the workplace. The Managing Authority can amend the specification to achieve a 'local flavour'.
- 9.5. DWP** There is one programme of three years with a possible two-year extension. The focus of projects is on the unemployed and those furthest from employability. Bids are being appraised with contract award in July and delivery from October. There has been significant interest from international and national providers and these have been engaging in consultations locally.
- 9.6.** For **non-opt in** proposals there is a September 2016 Call. It is agreed between BLF/SFA/DWP that the successful contractors must liaise with the LEPs. BLF will pull in other opt-ins. At this point it will be possible to check the gaps in outputs and to identify the funds committed. A report back in August/September was agreed.
- 9.7.** The level of local engagement by opt-ins is not always as extensive as indicated in their applications. DWP audits this consultation post-application. It was acknowledged that projects coming in through the opt-in process are not reviewed individually by the Sub-Committee. The difference in approach between ERDF/EAFRD and ESF was discussed. The former has individual projects coming to the Sub-Committee for comment on strategic fit. For the latter, the opt-in process means this does not happen.
- 9.8.** HD confirmed that 64% of the 2018 allocation of funds has been committed (approximately £46m)
- 9.9.** HD summarised the outline assessment of **the Skills Staffordshire Technical Assistance (TA)** project. Comments were invited.
- 9.10.** Sara Williams declared an interest.
- 9.11.** It was agreed that the project should complement and not duplicate other TA projects. After a brief discussion, Sub-Committee members confirmed it had **strong strategic fit** and should go forward to full application.

Action 5: DWP is to present a report to the Sub-Committee in August/September on non-opt-in project progress.

10. EAFRD and LEADER update (Roger Allonby)

- 10.1.** Roger Allonby (RA) provided an update on the EAFRD growth programme. Harjinder Dhami (HD) provided a verbal update.
- 10.2.** The LEP EAFRD budgets are currently under review and being re-profiled in response to the uptake in calls to date and future call requirements. Nigel Senior has been involved in discussions to date and is providing information in support of this. The Sub-Committee were asked to discuss applications that had been submitted under the recent calls, which were aimed at 1) support to micro and small business and 2) investment in developing cooperation and partnerships among tourism operators. The committee were reminded that EAFRD funds are awarded directly to the beneficiaries, in contrast to how the other funding streams operate under ERDF or ESF
- 10.3.** RA described how the outline appraisal process operated, with projects scoring an overall total of 17 points or more being recommended for invitation to submit a full application. Those scoring 16 or fewer points being considered for recommended for rejection, but with the ESIF Sub-Committee having the opportunity to assess and give commentary on the score for strategic fit. Where the Sub-Committee considered that the strategic fit score should be increased, this could result in a project being

recommended to proceed to a full application. The following projects were then reviewed and discussed.

- 10.4.** Johnsons of Cheadle –Agricultural Workshop and Showroom. The project scored 19 with a strategic fit score of 6. The project was considered to have a strong strategic fit, although some further detail will be needed in the full application around relocation costs. Endorsed to full application.
- 10.5.** Stockton Brook Studios. This project scored 15 with a strategic fit score of 4 and was recommended for rejection. While there was discussion about the importance of craft industries to the rural economy, it was agreed that this project offered relatively poor value for money in terms of jobs created and its current focus meant that the Sub-Committee considered it had only moderate strategic fit and therefore supported the recommendation to reject. However, it was recommended that the proposal could come forward in a future call with the applicant seeking support to help write any future bid. It was also confirmed that the Rural Enterprise Programme, which is being developed with ERDF is looking to include support for converting rural buildings, and this may therefore be an alternative area of funding. The project could alternatively seek support from the local Leader group schemes
- 10.6.** Leek Market Extension. The project scored 15 with a strategic fit score of 2 and a recommendation to reject. The outputs for this application are limited and as such the Sub-Committee agreed with the appraisal strategic fit score and the recommendation to reject. The Sub-Committee did however consider that the applicant be encouraged to resubmit in a future call.
- 10.7.** Developing the Visitor Economy of the Staffordshire Waterways. The project scored 16 with a strategic fit score of 4 and was recommended for rejection. It was noted that a similar proposal had also been received by the Derby and Derbyshire, Nottingham and Nottinghamshire LEP area ESIF Sub-Committee. This proposal did not show whether any collaboration was planned between the two projects. In recognition of the tourism potential of canals the Sub-Committee considered that a local strategic fit of 6 was more appropriate, which resulted in a revised score of 18. The application was therefore endorsed to full application.
- 10.8.** Staffordshire Faith Tourism. The project scored 16 with a strategic fit score of 2 and was recommended for rejection. The project as presented at outline was considered to be more of a feasibility study, rather than a firm plan, and contained little evidence of collaboration. Review of the applicant accounts had also raised a question about the need for funding. Sub-Committee members discussed this application further, and considered that grant support may be beneficial and that there was potential to create jobs and link this project to similar faith projects such as Two Saints Way. They therefore considered a strategic fit of 4 was more appropriate, raising the overall score to 18. The application was therefore endorsed to full application, with the inclusion of a condition that the project output must include a Destination Management Plan with a collaborative outcome.
- 10.9.** Tourism Network Limited. This project scored 0 with a strategic fit score of 0. The Sub-Committee agreed with the recommendation to reject.
- 10.10.** Developing in-bound Chinese tourism. The Sub-Committee agreed with the recommendation to reject.

11. Any other Business

- 11.1.** The Chair stated that some Members and Alternates, in spite of reminders, had yet to return signed copies of the revised Terms of Reference (TOR) to DCLG. Failure to have a complete set of declarations could have consequences for the Sub-Committee. Anyone unsure whether they had completed their copy should contact Peter Hamid. Please copy the Deputy Chair (Darren Cope) when returning:

Peter Hamid - peter.hamid@communities.gsi.gov.uk

Daren Cope - Darren.Cope@communities.gsi.gov.uk

12. Date, time and venue of next meeting

Date: 10/05/2016, Time: 16:00 – 18:00, Stafford, venue to be confirmed.

Annex A

List of Agreed Actions from 07/04/2016 Stoke and Staffordshire LEP area ESIF Sub-Committee Meeting

Agenda Item	Action	Action Assigned to
5	Action 1: Managing Authority, DCLG, to issue a PA1 call in April 2016.	DCLG
7	Action 2: Energy Working Group to re-consider the EBRI proposal, which will then be re-considered by the Sub-Committee for its strategic fit.	DCLG
7	Action 3: DCLG is to advise BiSU to engage with and the Skills Funding Agency (SFA) to ensure that it complements the activity they are bringing forward in the LEP area.	DCLG
7	Action 4: The Managing Authority is to advise BES that a 12-month break clause will be a condition of the approval of the Enterprise Coaches in Stoke and Staffordshire project and that the applicant should ensure there is coordination with the Prince's Trust.	DCLG
9	Action 5: DWP is to present a report to the Sub-Committee in August/September on progress on non-opt-in project progress.	DWP

Annex B Attendee List

Stoke-on-Trent and Staffordshire (SSLEP) ESI Funds Sub-Committee 7/04/2016 meeting

Chair & Deputy Chair:

Name, title and organisation	Sector/Organisation Representing
Jonathan Dale	Stoke on Trent & 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 Gordon Alcott	Southern Staffordshire District Authorities
Roger Allonby	DEFRA
Cllr Philip Atkins	Staffordshire County Council
Dr Mark Bacon	Keele University
Chris Findon	DEFRA
Frances Beatty	Staffordshire Rural Forum
Harjinder Dhani	DWP
Chris Findon	DEFRA/RPA
Jill Norman	Support Staffordshire
Jo Rushton	DWP
Andrew Greenhough	Stoke-on-Trent College
Sara Williams	Staffordshire Chambers of Commerce

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

Name, title and organisation	Sector/Organisation Representing
David Coghill	DCLG (minutes)
Mark Connell	Stoke-on-Trent City Council
Julie Ofada	Stoke-on-Trent City Council

Nigel Senior	Staffordshire County Council
Glen Watson	Cannock Chase District Council

Apologies:

Name, title and organisation	Sector/Organisation Representing
Cllr Abigail Brown	Stoke-on-Trent City Council
Cllr Patrick Farrington	Stafford Borough Council
Deborah Harris	Cannock Chase District Council
Sarah Robinson	Stoke-on-Trent College
Julian Woolford	Staffordshire Wildlife Trust