

**Stoke-on-Trent and Staffordshire ESI Funds Sub-Committee****Minutes of meeting held 15/01/2018
Drawing Room, County Buildings, Stafford****Agenda:**

1. Welcome and introduction
2. Minutes of last meeting on 4th December 2017
3. Declarations of Interest
4. ERDF Update
5. ERDF Manufacturing Support – Second Phase Project
6. ESF Update
7. EAFRD Update
8. ERDF Outline Assessments
9. Any other Business
10. Close

1. Welcome and introduction

1.1. Paul Farmer (The Chair) welcomed the attendees to the meeting.

2. Minutes of 4th December 2017

- 2.1. All members of the Sub-Committee agreed that the minutes were a true record of the previous meeting.
- 2.2. Cllr Gordon Alcott (GA) asked if an up to date position statement was available concerning the funds moved from Greater Birmingham and Solihull LEP (GBSLEP) to Stoke-on-Trent and Staffordshire LEP (SSLEP).
- 2.3. Darren Cope (Deputy Chair) advised that £1.7m of the GBSLEP's transitional funds have been transferred to SSLEP's allocation. £1m has been allocated to Priority Axis 4 and £700K into Priority Axis 3.
- 2.4. Mark Connell (MC) confirmed that for ESF there was still an intention for transition funds to be transferred from GBSLEP, but this will depend on the confirmation of the launch of the next round of Opt-In Calls.

3. Declarations of Interest

- 3.1. Julian Woolford (JW) declared an interest in Agenda Item 8
- 3.2. Mark Bacon (MB) declared in interest in Agenda Item 8
- 3.3. Adele Cope (AC) declared in interest in Agenda Item 8
- 3.4. The Chair declared an interest in Agenda Item 8

- 3.5. Frances Beatty (FB) declared an interest in Agenda Item 8
- 3.6. Ieuan Ellis (IE) declared an interest in Agenda Item 8

4. ERDF Update

- 4.1. DC provided a breakdown of commitment against each Priority Axis.
- 4.2. For PA1, the total amount currently under consideration represents 88.6% of the notional allocation. This leaves £2.47m of unallocated funds.
- 4.3. For PA3, the total amount currently under consideration represents 74.6% of the notional allocation. This leaves £10.11m of unallocated funds.
- 4.4. For PA4, the total amount currently under consideration represents 79% of the notional allocation at 100%.
- 4.5. For PA6, the total amount currently under consideration represents 60% of the notional allocation at 100%
- 4.6. DC advised the sub-committee that for PA 2, there was no contracted activity despite the LEP issuing several Calls, These have all resulted in a nil response
- 4.7. DC advised members the national programme was working on the basis that if a PA achieves 85% or more of its 2018 financial/output targets then the remaining 6% of the notional allocation will be released. Between 85%-65%, PAs will be limited to 94% allocation figure, whilst below 65% could result in payments for that PA being suspended.
- 4.8. The sub-committee were advised that the contracted expenditure for Priority Axis 3 is above the 2018 performance framework target, leaving £2.508m to be claimed by Q3 2018.
- 4.9. The lack of contracted activity under PA2 means that it is unlikely that SSLEP will meet its 2018 target. Progress across the LEP network in this PA will determine what happens to this allocation. However, members were advised that SSLEP has a relatively small PA2 allocation and the LEP has recently secured additional funds in PA1 and PA3, where there is more demand.
- 4.10. Contracted activity for PA1 is currently at 64% of the 2018 target value. However, this does not factor in Keele SIH, which is currently contracting and represents the LEPs largest single investment in this PA.
- 4.11. PA4 is currently at 81.5% of 2018 targets.
- 4.12. There is no contracted activity for PA6, but there is a project at full appraisal stage which will be considered at the next ESIF sub-committee meeting in March. It is unlikely that this project alone will enable the LEP to meet the 2018 financial target.
- 4.13. Cllr Gordon Alcott (GA) commented whether un-allocated funds would be later utilised against other priorities.
- 4.14. DC advised that commitment against the Priority Axis must be 85% or above, by Q3 2018 in order for the additional 6% to be released. DC reminded members that new projects would need to be approved and incur spend by Q3 to be able to make a contribution to the 2018 target.
- 4.15. DC provided a verbal summary of table 3 that was circulated to the sub-committee in advance of the meeting. DC provided a summary of the current slippage to date.
- 4.16. An update was also provided on a summary of outputs achieved to date. Whilst PA1, PA3 and PA4 are currently on target to achieve the Q3 2018 target, PA2 and PA6 remain below target.
- 4.17. No further questions were raised.

5. ERDF Manufacturing Support – Second Phase project

- 5.1. DC advised members of the intention to launch a call in March 2018 to bring forward a second phase of provision to manufacturing support. The current project is due to end in September 2019.
- 5.2. Sub-committee members were asked if there is any interest and whether the sub-committee wished to participate in the call.
- 5.3. DC provided a summary of the current projects performance to date. The project is performing broadly in line with the forecasted expenditure and outputs.
- 5.4. Members asked whether there was a specific breakdown of performance in SSLEP to date.
- 5.5. DC referred to Annex 1 (circulated in advance of the meeting) which indicated the outputs achieved against all LEP's.
- 5.6. DC confirmed that over £10m remains to be allocated for PA3.
- 5.7. GA asked as to when the £10m will need to be contracted by. DC confirmed the programme is currently working to Treasury's November 2016 guidance, which stated that projects would be honoured if contracted prior to the date in which the UK is scheduled to exit the EU, March 2019.
- 5.8. It was agreed that the SSLEP TA Officers would draft a template response for the MA and circulate to members for comment

6. ESF Update

- 6.1. Members noted the update paper which had been circulated in advance of the meeting

7. EAFRD Update

- 7.1. Chris Findon (CF) presented a summary of the current open calls within the SSLEP area, and within the wider SSLEP area.
- 7.2. 8 projects with a total value of £4.38m are developing to the full application stage. An outcome of these applications is expected by February 2018.
- 7.3. CF advised that there has not been much movement since the last ESIF sub-committee, which was held in December.
- 7.4. Following the assessment of a project application, CF presented the 'Wolseley Centre Café, and invited comments on local strategic fit.
- 7.5. The applicant is a charity and any revenue generated will be used to support the rest of the sites development.
- 7.6. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities.

8. ERDF Outline Assessments

- 8.1. DC provided a summary of the outline assessments.
- 8.2. Four proposals were made for PA1, seven for PA3, and one for PA4.
- 8.3. **SBII3 Extension** – DC provided a summary of the proposed extension of an existing project. DC confirmed that the project has been performing satisfactorily to date. The new proposal also represented Vfm and was based on the level of demand seen in the current project.

- 8.4. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities.
- 8.5. **CALMERIC** – DC provided a summary of the application received from Wolverhampton University, which consists of supporting SMEs. The applicant has requested £468K from the SSLEP’s allocation. With regards to VFM, the applicant is seeking 2% of the notional allocation, in return for 1% of the outputs. DC welcomed comments.
- 8.6. GA commented that the applicant should include more detail as to which outputs will be delivered within the SSLEP area.
- 8.7. Adele Cope (AC) asked for clarification on the current track record of the applicant. DC confirmed that the majority of projects that are currently being delivered by the applicant have demonstrated satisfactory performance to date.
- 8.8. Ieuan Ellis (IE) asked whether there is a risk of duplication of similar projects.
- 8.9. The Chair commented that the applicant must present a strong additionality argument, and needs to explain how this project does not duplicate existing provision.
- 8.10. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities on condition that at Full the applicant should seek to increase the VFM, principally the level C1 Outputs to be delivered in SSLEP and provide confirmation that there is no duplication with other activity currently being delivered in the LEP area.
- 8.11. **MRDC** – DC provided a verbal summary of the proposed 3-year extension of the current project. The applicant has requested £900K ERDF and supports innovation-led growth. There has been a strong demand from SME’s for the existing project and forecast outputs have been calculated on the basis of actual outputs achieved in the current project.
- 8.12. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities.
- 8.13. **Midlands Aerospace Alliance** – DC provided a verbal summary of the proposed project. The applicant has requested 6.5% of the PA1 allocation, and in return, will deliver 6.7% of the outputs.
- 8.14. The applicant had also applied to GBSLEP, which included a request for transition funds. The MA had recommended that if endorsed the project should come forward as a multi-lep project with SSLEP covering the transition elements.
- 8.15. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities
- 8.16. DC then moved on to those project proposals being considered under PA3.
- 8.17. **BiSU+** - DC provided a summary of the proposed extension of the existing project. The applicant has requested 600K. The project will provide start-up support to graduates, and the outline assessment indicated it represented good VFM. The current project has also over achieved against its output forecasts to date.
- 8.18. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities.
- 8.19. **Mentoring For Growth** – DC provided a summary of the proposed extension of the existing project. The project works with new and growing SME’s across the LEP. Spend and outputs have been broadly in line with contracted targets to date.
- 8.20. FB asked if the survival rate of the existing business supported had been considered.

- 8.21. It was confirmed that an independent evaluation will be undertaken for this project, which will include analysis on the survival rates of new SME's. This information would be expected to accompany the full application.
- 8.22. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities
- 8.23. **Octagon Business Village** – DC provided a summary of the proposal. The applicant has requested £537K to provide start-up space, primarily aimed at graduates. The outline assessment indicated satisfactory VFM.
- 8.24. DC confirmed that the applicant is inexperienced at managing ERDF projects and also advised the sub-committee that the applicant will need to apportion eligible costs, should the proposal proceed to full application.
- 8.25. IE commented on the assumptions made around graduate numbers. He suggested the need for the applicant to elaborate on where the students will come from.
- 8.26. GA commented that the project duration exceeds 3 years.
- 8.27. DC advised that the MA has the discretion to approve projects which exceed a 3 year delivery period, providing there is a suitable rationale as to why the length of the project is appropriate.
- 8.28. NS commented that the delivery model has been successfully tried and tested.
- 8.29. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities. This was subject to the applicant being able to provide further evidence of demand in the full application.
- 8.30. **Better off in Business** – DC provided a verbal summary of the proposed 3-year extension of the existing project. The project has requested £329,103 (SSLEP only). The current project has been performing well to date, and the project will include pre-start activity.
- 8.31. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities
- 8.32. **Ready Steady Grow and GetSet** DC provided a summary two proposals that were offering to provide similar provision.
- 8.33. Members agreed that GetSet is more strategically aligned to the SSLEP's priorities.
- 8.34. AC advised that Getset had previously worked with the Growth Hub and appeared well placed to deliver start-up support.
- 8.35. ESIF Sub-Committee members were in agreement that the Getset proposal was sufficiently aligned to local priorities, but decided to reject the Ready, Steady, Grow proposal.
- 8.36. **Legal Risk Management** – DC provided a summary of the proposal which is focused on providing SMEs with specialist support on the legal risks and implications of accessing business finance.
- 8.37. Members indicated that that the proposal did not clarify the level demand for this type support in SSLEP. There was also a risk of duplication as a number of organisations, including the Chamber of Commerce already offered these services to SMEs within the LEP.
- 8.38. GA commented whether it would be sufficient for the applicant to submit evidence of demand at the full application stage.
- 8.39. IE commented that it would be time consuming for the applicant to progress a full application, if the project does not strategically fit priorities from the outset.
- 8.40. ESIF Sub-Committee members agreed that the current proposal was not sufficiently aligned with local priorities, but indicated there was an option for the applicant to resubmit in the forthcoming PA3 Call.

- 8.41. **EBRI** – DC provided a summary of the PA4 proposal to extend the existing project. DC commented on the current progress of the project. Despite having a slow start, the project is now performing well. The assessment highlighted that the applicant should consider the G34 output at the full application stage.
- 8.42. ESIF Sub-Committee members were in agreement that the project was sufficiently aligned to local priorities
- 8.43. **BECCI** – DC provided a verbal summary of the proposed extension of the existing project. The proposal does not represent value for money currently, with a lower percentage of outputs forecast than the level of funds being requested from the LEP. The current project has underperformed outside of the Marches area. A PCR has been submitted to re-profile into future quarters and look to get delivery back on track.
- 8.44. AC suggested that incorrect forecasting of profiles can sometimes appear to be under performance.
- 8.45. DC confirmed that the approval of the PCR would bring the project in line with forecasts.
- 8.46. GA commented this would bring benefits to SMEs, and confirmed that it aligns with the SSLEP's priorities.
- 8.47. FB commented that there would be merit in asking them to re-apply once there is clearer indication that the current project has got back on track.
- 8.48. ESIF Sub-Committee members agreed that the current proposal was not sufficiently aligned with local priorities, but indicated there was an option for the applicant to resubmit in the forthcoming PA3 Call

9. Any Other Business.

- 9.1. Members highlighted that a significant number the outline assessments considered today had been submitted by organisations located outside the LEP area.
- 9.2. Cllr Philip Atkins (PA) queried whether there may be underlying reasons for this.
- 9.3. AC commented that the security of match funding could be a reason for this. Match funding is required to be in place prior to the approval of applications. Some applicants in the LEP area may not have such funds readily available prior to approval.
- 9.4. MC informed members about an ERDF national call for PA5 (flood risk) that was currently live.

Date, time and venue of future meetings:

The next meeting date and venue will be confirmed by MHCLG.

Annex A

List of Agreed Actions from 20/09/2017 Stoke-on-Trent and Staffordshire Sub-Committee Meeting

| Agenda Item | Action | Action Assigned to |
|-------------|---|---|
| 5 | To circulate a Manufacturing Support template to the sub-committee for comment. This will then inform the MA on interest in participating in the March 2018 call. | Nigel Senior Staffordshire County Council |
| | | |

Annex B Attendee List

Stoke-on-Trent and Staffordshire ESI Funds Sub-Committee 15/01/2018 meeting

Chair & Deputy Chair:

| Name, title and organisation | Sector/Organisation Representing |
|------------------------------|---|
| Paul Farmer | Stoke-on-Trent and Staffordshire Board Member |
| Darren Cope | DCLG |

Sub-Committee Members:

| Name, title and organisation | Sector/Organisation Representing |
|------------------------------|---|
| Cllr Gordon Alcott | Southern Staffordshire District Authorities |
| Cllr Philip Atkins | Southern Staffordshire District Authorities |
| Julian Woolford | Environment/Staffordshire Wildlife Trust |
| Ieuan Ellis | FEI/ Staffordshire University |
| Chris Findon | DEFRA/RPA |
| Francis Beatty | Rural Forum |
| Adele Cope | Private Sector |
| Dr Mark Bacon | HEI/Keele University |
| Len Tildesly | FEI/Leek & Buxton College |

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

| Name, title and organisation | Sector/Organisation Representing |
|------------------------------|----------------------------------|
| Saqab Hussain | DCLG |
| Nigel Senior | Staffordshire County Council |
| Mark Connell | Stoke-on-Trent City Council |

Apologies:

| Name, title and organisation | Sector/Organisation Representing |
|------------------------------|----------------------------------|
| Harjinder Dhani | DWP |
| Jill Norman | Support Staffordshire |
| Michelle Kynaston | BEIS |
| Andrea Whitworth | BEIS |
| Deborah Harris | Cannock Chase District |