



European Union

European Structural
and Investment Funds

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

Growth Programme for England

**D2N2 LEP Area
ESI Funds Sub-Committee
Tuesday 24th September 2019
12.30pm – 2.30pm**

Venue: Riverside Chambers Boardroom, Derwent St, Derby, DE1 3AF

| Item | Description |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Welcome and Apologies Minutes of last meeting (9 th July 2019) |
| 2 | Actions from last meeting Written procedures |
| 3 | Management Information Reports a) EAFRD b) ERDF c) ESF |
| 4 | SUD Update |
| 5 | ESF Appraisal: Unlocking Potential |
| 6 | ERDF Project Extension: The Creative and Digital Industries D2N2 Consortium for Increased SME Competitiveness known as The Big House |
| 7 | ERDF Project Extension: Invest in D2N2 |
| 8 | ERDF Project Full Appraisal: Derby-Nottingham Metro Area Biodiversity Action: Phase 2 |
| 9 | ERDF Project Full Appraisal: Digital Upscaler |
| 10 | ERDF Project Full Appraisal: Midlands Engine Internationalisation Fund |
| 11 | Any Other Business |

Item 1. Welcome and Apologies, Minutes of last meeting (9th July 2019)

1.1 Welcome, Apologies and Thanks

The following apologies were noted:

| Name | Organisation | Deputised by |
|---------------------|----------------------------------|---------------------|
| Cllr Martin Thacker | NE Derbyshire District Council | |
| Cllr Neghat Khan | Nottingham City Council | Cllr Leslie Ayoola |
| Cllr Chris Poulter | Derby City Council | |
| Alan Smith | Derby City Council | Elisa Zamora |
| Rachel Quinn | D2N2 LEP | |
| James Whybrow | Further Education Representative | Sarah Drew |
| Emma Rigler | Laing O'Rourke | |
| Diane Beresford | East Midlands Chamber | |

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| Jane Howson | VCSE Representative (Autism East Midlands) | |
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The Chair (Elizabeth Fagan) thanked Matt Wheatley for his efforts and diligence at D2N2 LEP and the support he provided to the ESIF Sub-committee and wished him all the best for his new career.

1.2 Minutes of last meeting (9th July 2019)

The Chair (EF) asked for confirmation that the minutes of the last meeting were accurate. The minutes were agreed to be accurate and were therefore approved as an accurate record of the meeting.

Item 2. Actions from last meeting

2.1 Actions from the meeting 9th July 2019

Progress of actions:

| Agenda Item from 9 th July 2019 meeting | Action identified from 9 th July 2019 meeting | Action update at 24 th September 2019 meeting |
|----------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | Query with ESF MA if there is any flexibility to support NEET individuals aged up to 30. | Tim George (TGeo) confirmed there is no flexibility under this investment priority, however there is much more general provision and so that age group should not have difficulty finding ESF support. |
| 7 | Provide case studies from University of Nottingham ETC 6 project to show good practice. | Secretariat distributed case studies on 19 th July 2019. |

2.2 Written Procedures update

Anna Vinsen (AV) reported that there was one ERDF and three ESF written procedures since the last meeting.

The ERDF written procedure sought strategic advice to finalise the appraisal of a three year extension request for the 'Growing and Developing the Visitor Economy Sector within Derbyshire' project. AV reported that five comments were received; in general members welcomed the greater focus on productivity improvements. It was noted that the project has been approved with a condition added on ESIF sub-committee advice, that a business sector member from the D2N2 LEP Growth Board be invited to join the project steering committee to help device KPIs to measure the growth and productivity output.

It was reported that one of the ESF written procedures related to the extension of the Building Better Opportunities project. Seven responses were received, and all were supportive. Members remarked

on the importance of ensuring an even spread of outcomes across the D2N2 area; regular and accurate reporting; strong management of underperforming delivery partners; and flexibility of budgets between the sub projects to best support the delivery of the required outcomes.

Tim George (TGeo) provided an update on the other ESF written procedures. There were two full appraisals under call OC08S18P1168 circulated to the six members who had confirmed they had no conflicts of interest for their advice on strategic fit. It was noted that no comments had been received to date and the deadline was 23rd September 2019. TGeo offered to extend the deadline to allow members to comment, however this was not deemed necessary. Jayne Mayled (JM) commented that she was one of the members who had received the appraisals but had abstained from commenting as she didn't feel qualified to comment. Viv Russell (VR), who was also an unconflicted members, noted his concerns regarding the amount of information provided in the appraisals and the difficulty to find parameters of deciding what a good project is; he was concerned about providing advice on allocation of D2N2 funds when there is an unclear rationale.

VR mentioned he is looking for productivity improvements and is interested in the quality of jobs being created. The Chair noted that she would like projects to measure these more robustly. There was discussion regarding the penalties for projects who do not meet their agreed profile and clawbacks of funding. TGeo gave examples of where the ESF Managing Authority had implemented their Performance Management Policy and recovered funding from projects. TGeo agreed to ask the appraiser to approach the two projects being discussed and ask them to provide further narrative relating to their Projects and how that would support sustainable employment and increased productivity. It was agreed that this further narrative would again be shared with those members able to comment and would hopefully support their assessment of strategic fit.

AV offered to have a conversation with the LEP to discuss productivity measures. An action was agreed for ERDF and ESF MAs to meet D2N2 LEP Chair and Board members to discuss further.

2.3 Declarations of Interest

Declarations of interest were taken at each item as it was discussed on the agenda and collated in the table below:

| Agenda Item No | Agenda Item | Members declaring Interest |
|----------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | Actions from last meeting Written procedures | N/A |
| 3 | Management Information Reports a) EAFRD b) ERDF c) ESF | N/A |
| 4 | SUD Update | N/A |
| 5 | ESF Appraisal: Unlocking Potential | Cllr Garry Hickton – Derbyshire County Council Frank Horsley - Derbyshire County Council Cllr Reg Adair – Nottinghamshire County Council Elisa Zamora – Nottinghamshire County Council |

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| | | Nicki Jenkins – Nottingham City Council Cllr Leslie Ayoola – Nottingham City Council Jem Woolley – Nottingham City Council |
| 6 | ERDF Project Extension: The Creative and Digital Industries D2N2 Consortium for Increased SME Competitiveness known as The Big House | Nicki Jenkins – Nottingham City Council Cllr Leslie Ayoola – Nottingham City Council Jem Woolley- Nottingham City Council Prof Warren Manning – University of Derby |
| 7 | ERDF Project Extension: Invest in D2N2 | Nicki Jenkins – Nottingham City Council Cllr Leslie Ayoola – Nottingham City Council Jem Woolley – Nottingham City Council Cllr Garry Hickton – Derbyshire County Council Frank Horsley – Derbyshire County Council Sajeeda Rose – D2N2 LEP Richard Kirkland – D2N2 LEP Prof Warren Manning – University of Derby |
| 8 | ERDF Project Full Appraisal: Derby- Nottingham Metro Area Biodiversity Action: Phase 2 | Nicki Jenkins – Nottingham City Council Cllr Leslie Ayoola – Nottingham City Council Jem Woolley – Nottingham City Council Elisa Zamora – Derby City Council |
| 9 | ERDF Project Full Appraisal: Digital Upscaler | Richard Kirkland – D2N2 LEP Sajeeda Rose – D2N2 LEP |
| 10 | ERDF Project Full Appraisal: Midlands Engine Internationalisation Fund | None |
| 11 | Any Other Business | N/A |

Item 3. Management Information Reports

3a) EAFRD – Chris Franklin, Rural Payments Agency

Chris Franklin (CF) presented an update on EAFRD as follows:

Three EAFRD Growth Programme grant calls closed at the end of May 2018. Expressions of Interest had been processed and advice on local strategic fit was sought on each eligible project from the D2N2 Rural Reference Group and ESIF sub-committee. In the D2N2 LEP area 21 Full Applications had been received to date with a grant request of £2.91m. 12 projects had been approved and contracted with a total grant value of £1.4m and one is in appraisal. There are six projects with a grant request at EoI stage totalling £1.7m yet to submit a full application by 30th September 2019. CF reported that the overall notional allocation for D2N2 EAFRD is £5.5m of which £1.7m is due to come in. It was reported D2N2 LEP is performing above the national attrition rate.

Members queried why the drop-out rate was still high. CF confirmed that the Expression of Interest is very light touch and often just a business idea. When the applicant business carries out further research at full application stage, they may encounter issues with developing the project idea into a full viable business case. Most frequent issues are securing planning permission and match funding. It was noted that food processing projects are more likely to come forward and be successful because they

are bigger projects, with more thought going in to the business idea at EOI stage and more of a market opportunity than a business development project or starting a new business in a rural area.

There was discussion regarding raising awareness of the support opportunities for rural businesses and an opportunity for the Growth Hub to get involved and provide advice.

3b) ESF – Tim George, ESF Managing Authority

TGeo presented an update on ESF; he noted that there was missing information on page 4 of the papers and outlined that the ESF reserve fund will be different to other reserve funds. He noted that the LEP will develop the proposal for a call and if there are funds available, the ESF MA will allocate the funding to those local calls. It was reported that the assessment of those proposals was weighted to ensure those LEP areas that were under committed score more highly than those fully committed to ensure a fair distribution of the remaining funds.

3c) ERDF – Anna Vinsen, ERDF Managing Authority

AV provided an update on delivery of the ERDF D2N2 allocation as follows:

- 94% of available funding has already been allocated to projects.
- The remaining ERDF which is c. £6m has been made available under the suite of D2N2 ERDF calls which launched at the end of June and close on 30 September.
- Members were asked to note that the funding available under PA3 has increased from £1,818,768 to £2,015,681 due to savings achieved through the appraisal of the 'Invest in D2N2' extension.
- The funding available under PA4 increased from £864,497 to £1,432,045 due to the withdrawal of the Trent Basin project. It was noted that the project withdrew due to some ineligible costs; the applicant was looking to rescope the project around another element and may submit another application in the current call.
- The ERDF MA has already received one application through the calls: but are anticipating most will be submitted on 30 September. All outline assessments which have passed gateway assessment will be taken to the next sub-committee in November.
- 79% of the allocation is legally contracted. 2 projects are being contracted and 9 projects are at the full appraisal stage; 5 of these projects would be discussed later in the meeting. It was noted that the application for the most recent phase of the Project Munio scheme is experiencing delays due to ownership of the pumping houses and the appraisal is currently on hold whilst this issue is resolved.
- Projects are performing strongly in terms of numbers of businesses supported under PA1, PA2, and PA3; although there are insufficient outputs forecast to meet the Priority Axis 4 target of reduction in greenhouse gas emissions. AV clarified for members how greenhouse gas emissions are measured in PA4 projects.

Item 4. SUD update

Jem Woolley (JW) presented an update on SUD as follows:

- There is £11m allocated to the programme and there have been three applications received at the moment; it was noted that Robin Hood Low Carbon Incubator project withdrew.

- There is one live project, NTU Enterprise and Innovation Centre, and two projects in the pipeline; Nottingham Incubators and Calverton Enterprise Units. These are currently being appraised and close to being sent to the SUD Committee. It was noted that there was no SUD Committee that day because there were no decisions to make.
- £3m is left to allocate, of which £2m is allocated to PA4, £604k to PA3 and £411k to PA2. The MA agreed that where there is evidence of local demand and unallocated resource, SUD areas will be permitted to open SUD calls up to the end of January 2020.

JW reported that there was a lot of funding for a low carbon project, and D2N2 LEP and AV will draft together the call for the remaining funds. Members agreed that there was a need to understand why PA4 targets were not being met in D2N2, and how the LEP can help businesses to achieve this.

Item 5. ESF Appraisal: Unlocking Potential

TGeo presented the project appraisal paper seeking sub-committee advice for Unlocking Potential. Sub-committee advice details can be found in Annex 01.

Item 6. ERDF Project Extension: The Creative and Digital Industries D2N2 Consortium for increased SME Competitiveness known as The Big House

AV presented the project extension paper seeking sub-committee advice for The Creative and Digital Industries D2N2 Consortium for increased SME Competitiveness known as The Big House. Sub-committee advice details can be found in Annex 02.

Item 7. ERDF Project Extension: Invest in D2N2

AV presented the project extension paper seeking sub-committee advice for Invest in D2N2. Sub-committee advice details can be found in Annex 02.

Item 8. ERDF Project Full Appraisal: Derby-Nottingham Metro Area Biodiversity Action: Phase 2

AV presented the full appraisal paper seeking sub-committee advice for Derby-Nottingham Metro Area Biodiversity Action: Phase 2. Sub-committee advice details can be found in Annex 01.

Item 9. ERDF Project Full Appraisal: Digital Upscaler

AV presented the full appraisal paper seeking sub-committee advice for Digital Upscaler. Sub-committee advice details can be found in Annex 01.

Item 10. ERDF Project Full Appraisal: Midlands Engine Internationalisation Fund

AV presented the full appraisal paper seeking sub-committee advice for Digital Upscaler. Sub-committee advice details can be found in Annex 01.

Item 11. Any Other Business

None.

Appendix A - Actions of the Meeting

| Agenda Item | Action | Action assigned to |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 2.2 | ERDF and ESF MAs to meet D2N2 LEP Chair and Board members | Anna Vinsen and Tim George |
| 5 | ESF MA to assess the track record (financial and output performance) of Futures Advice, Skills and Employment Limited. Any concerns would need to be referred back to the sub-committee to provide strategic advice on the application. | Tim George |
| 8 | ERDF MA to provide details of the durability for Derby-Nottingham Metro Area Biodiversity Action: Phase 2. | Anna Vinsen |

Appendix B Attendee List

Chair and Deputy Chair attending:

| Name, title and organisation | Sector/Organisation Representing |
|-------------------------------------|-----------------------------------------|
| Elizabeth Fagan (EF) | D2N2 LEP |
| Anna Vinsen (AV) | Managing Authority ERDF (MHCLG) |

Sub-Committee Members attending:

| Name, title and organisation | Sector/Organisation Representing |
|-------------------------------------|--------------------------------------------------|
| Professor Warren Manning (PWM) | HE Representative (University of Derby) |
| Tim George (TGeo) | ESF Managing Authority (DWP) |
| Matthew Easter (ME) | Sustrans |
| Jayne Mayled (JM) | Private Sector (True Story UK) |
| Chris Franklin (CF) | EAFRD Managing Authority (Rural Payments Agency) |
| Cllr Reg Adair (RA) | Nottinghamshire County Council |
| Viv Russell (VR) | Longcliffe Group |

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

| Name, title and organisation | Sector/Organisation Representing |
|-------------------------------------|-----------------------------------------|
| Eimear Scullin (ES) | MHCLG |
| Dawn O'Brien (DOB) | MHCLG |

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| Jem Woolley (JW) | Greater Nottingham SUD |
| Sajeeda Rose (SR) | D2N2 LEP |
| Frank Horsley (FH) | Derbyshire County Council |
| Sarah Drew (SD) | Further Education Rep |
| Sonja Smith (SS) | Nottinghamshire County Council |
| Elisa Zamora (EZ) | Derby City Council |
| Cllr Leslie Ayoola (LA) | Nottingham City Council |
| Nicki Jenkins | Nottingham City Council |
| Cllr Garry Hickton | Derbyshire County Council |
| Richard Kirkland (RK) | D2N2 LEP |

Apologies:

| Name, title and organisation | Sector/Organisation Representing |
|-------------------------------------|--------------------------------------------|
| Cllr Martin Thacker (MT) | NE Derbyshire District Council |
| Cllr Neghat Khan (NG) | Nottingham City Council |
| Cllr Chris Poulter (CP) | Derby City Council |
| Alan Smith (AS) | Derby City Council |
| Rachel Quinn (RQ) | D2N2 LEP |
| James Whybrow (JWh) | FE Representative (Nottingham College) |
| Emma Rigler (ER) | Private Sector (Laing O'Rourke) |
| Jane Howson (JH) | VCSE Representative (Autism East Midlands) |
| Diane Beresford | East Midlands Chamber |

Next Meeting

The next meeting is scheduled on 19th November at Matlock County Hall. Times to be confirmed.

Annex 01: Appraisals

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| Project Name: Unlocking Potential | Applicant: Futures Advice, Skills and Employment Limited |
| Investment Priority: 1.2 | ESF Value (D2N2): £984,572 |
| <p>Summary of Discussion</p> <p>TGeo noted that there was no movement on the age bracket for participants and there was no overlap with YEI projects; the ESF MA sought further clarification from the applicant to confirm this.</p> <p>Sub-committee members discussed the lack of information regarding the applicant's track record in regard to performance achieved for existing and previous ESF funded projects and requested more information from the ESF MA.</p> | |
| <p>Advice of the sub-committee</p> <p>Sub-committee members requested that the appraisal required further clarification on the track record (financial and output performance) and sustainability of the applicant to enable them to provide a recommendation.</p> | |
| <p>Additional conditions suggested</p> <p>None</p> | |

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| Project Name: Derby-Nottingham Metro Area Biodiversity Action: Phase 2 | Applicant: Nottingham City Council |
| Priority Axis: PA6 | ERDF Value (D2N2): £1,050,602 |
| Investment Priority: 6d | |
| <p>Summary of Discussion</p> <p>Members queried the lack of detail in the project change request for the Broadmarsh works. They queried the added value of this given the large public investment already being made in the scheme and questioned why this was not something already covered in the developer's scheme. AV noted that funding did not have to go towards this work and a condition could be added to remove it. After discussion, it was agreed that further information on the Broadmarsh works would be requested from the applicant along with a justification of added value. This would be circulated to the members to get specific advice on the strategic fit of this element of the scheme. This would inform the Managing Authority's decision on whether it would be included in the project or would be removed.</p> <p>Members also asked what guarantees there were that the biodiversity improvements would be maintained after the project ended. AV advised that it was a condition of grant that the applicant put in place a costed management plan to maintain the biodiversity improvements for the period covered by the durability of operations clause in the contract.</p> | |

Advice of the sub-committee

The project was generally supported however further detail was requested on the Broadmarsh works to be circulated to ESIF Sub Committee members for specific advice on the strategic fit of this element of the scheme. This will determine whether it will be included in the project, or whether a condition will be added for it to be removed.

Additional conditions suggested

1. Further details on the Broadmarsh Works to be provided to inform strategic advice from the sub committee its inclusion in the project.

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| Project Name: Digital Upscaler | Applicant: East Midlands Chamber |
| Priority Axis: PA2 | ERDF Value (D2N2): £945,736 |
| Investment Priority: 2b | |
| Summary of Discussion | |
| <p>It was noted that the value for money of the P4 output (additional businesses taking up broadband with speeds of at least 30Mbps) appeared low, however this was a symptom of the fact that there is a much more advanced roll out of higher speed broadband now than when the operational programme was written five years ago. As a result, many businesses already have a good level of broadband so there are less businesses to target for this particular output. AV reported that there was evidence of demand for the project plus a pipeline of beneficiaries, and the spend and output performance of the previous project gives confidence. Members were informed that the grant recipient has a good track record of delivery.</p> <p>There was discussion regarding the lack of a GVA target. It was noted that GVA is not one of the output indicators for the ERDF programme, but that the project had committed to benchmark business GVA before and after interventions so the impact on productivity can be monitored during programme delivery.</p> <p>Members discussed the potential productivity increase for businesses from this type of activity. It was noted that digital improvements whilst increasing a company's resilience could lead to job reduction as more activity is digitalised, The project had provided some examples of the types of investment envisaged which were reported to the sub-committee. Members were also able to provide some positive examples of businesses improvements supported from a previous project of this type. It was emphasised that it would be important for the project to look to focus on grants on investments which would lead to the greatest productivity improvements in the recipient businesses.</p> <p>It was agreed that it would be helpful to hold a discussion with the LEP Growth Board on preferred ways of measuring and reporting GVA so that it would be possible to encourage a standard approach which would aid tracking and comparisons to be made. AV took an action to meet with the LEP Board to discuss preferred methodologies for tracking and reporting GVA which could potentially be adopted across D2N2 portfolio of projects.</p> | |

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| Sub-committee members discussed the need for the project to work closely with D2N2 Growth Hub. |
| Advice of the sub-committee Sub-committee members recommended that the project proceed to a Grant Funding Agreement. |
| Additional conditions suggested 1. The applicant shall work with the D2N2 Business Growth Board when devising how to measure and monitor GVA. |

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| Project Name: Midlands Engine Internationalisation Fund | Applicant: Department of International Trade |
| Priority Axis: PA3 | ERDF Value (D2N2): £5,883,000 |
| Investment Priority: 3d | |
| Summary of Discussion | |
| It was reported that the project offers good value for outputs and will impact 233 jobs across the Midlands and would be measuring GVA before and after intervention. | |
| It was noted that there were delays to DIT's procurement of their new international trade advisor contract which is fully funded by DIT. These delays do not affect DIT's ERDF Internationalisation Fund application which is still due to start on 1 st April 2020. The ERDF MA will hold an annual review given the size of the contract. AV reported that a condition of funding was that a risk was added to the Risk Register regarding Brexit. | |
| Members were keen that the Internationalisation Fund had a higher profile than current provision to ensure that businesses in the D2N2 area knew how to access support. | |
| Advice of the sub-committee Sub-committee members recommended that the project proceed to Funding Agreement. | |
| Additional conditions suggested None | |

Annex 2: Project Change Requests/Extensions

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| Project Name: The Creative and Digital Industries D2N2 Consortium for increased SME Competitiveness (known as The Big House) | Applicant: Nottingham City Council |
| Programme Priority Axis: PA3 | Investment Priority: 3a, 3c, 3d |
| Existing Project Value (D2N2): £4,357,144 | Existing ERDF Value (D2N2): £2,178,353 |

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| Proposed Project Value (D2N2): £8,924,202 | Proposed ERDF Value (D2N2): £4,461,882 |
| <p>Summary of Discussion</p> <p>Sub-committee members were informed that there were delays at the beginning of Phase 1 of the existing project due to staffing delays. Underperformance meetings at this stage resulted in a decommitment of £0.5m and the project has been delivering well against profile since. It was reported that the project is expected to meet its milestones and has one quarter left to claim.</p> <p>Members discussed that the existing project could be a good success story to re-emphasise. There was discussion regarding whether GVA could be measured and AV clarified that this was not a formal output within the national programme. It was suggested that GVA should be a measurement within future programmes such as the UK Shared Prosperity Fund.</p> | |
| <p>Advice of the sub-committee</p> <p>Sub-committee members recommended that the project proceed to a Funding Agreement Variation to extend Phase 1 with below condition.</p> | |
| <p>Additional conditions suggested</p> <p>1. The applicant shall work with the D2N2 Business Growth Board when devising how to measure and monitor GVA.</p> | |

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| Project Name: Invest in D2N2 | Applicant: Nottingham City Council |
| Programme Priority Axis: PA3 | Investment Priority: 3a, 3c, 3d |
| Existing Project Value (D2N2): £2,082,508 | Existing ERDF Value (D2N2): £1,041,254 |
| Proposed Project Value (D2N2): £5,313,174 | Proposed ERDF Value (D2N2): £2,656,586 |
| <p>Summary of Discussion</p> <p>Sub-committee members discussed the impact of the existing project and AV confirmed that the project is performing well on output targets and are 5% above their profile for businesses assisted and meeting its jobs target. It was reported that there has been no decommitment to date.</p> <p>Members further queried the impact measures for the project, and AV noted the four case studies within the project change request form. It was noted that the applicant was challenged during the appraisal on how they would track productivity and a condition was proposed for them to present a more robust methodology in line with other projects.</p> <p>There was discussion surrounding the bulk of project spend going towards salaries, and the appraiser for the PCR had analysed the granular budget received from the applicant. It was</p> | |

noted that the ERDF MA challenged the salaries budget, and this has since been reduced, and were more comfortable with the revised figures.

Advice of the sub-committee

Sub-committee members recommended that the project proceed to a Funding Agreement Variation to extend Phase 1 with below condition.

Additional conditions suggested

1. The grant recipient shall provide a more robust methodology for tracking productivity including measurement of GVA before and after intervention. The applicant shall work with the D2N2 Business Growth Board when devising how to measure and monitor GVA