



Department for
Communities and
Local Government

Minutes of the West Midlands Regional ERDF Local
Management Committee 2007- 2013

Date: 19th September 2013

Venue: Room GA, 5 St Philip's Place, Birmingham

Full Members Present	Representing
Terrie Alafat	Department for Communities and Local Government (DCLG)
Mark Foley	DCLG
Norman Price	Birmingham Science City
Steve Turner	Business Clusters West Midlands
Cllr Sir Albert Bore	Greater Birmingham and Solihull LEP
Cllr Ann Lucas	Coventry and Warwickshire LEP
Rose Poulter	Centre for Local Government - West Midlands

Deputies	Representing
Cllr David Sparks	Black Country LEP
Helen Carvell	Higher Education
Isabel Anderson	BIS Local

Observers	Representing
Ruth Nugent	EU Commission
Hanne Hoeck	DCLG
Anna Vinsen	DCLG
Kathryn Dews	DCLG
Emma Smith	DCLG (minutes)

Apologies	Representing	Deputised by
Tony Bray	BIS Local	Isabel Anderson
Prof. Madeleine Atkins	Higher Education	Helen Carvell
Cllr Simon Geraghty	Worcestershire LEP	
Sharon Palmer	Voluntary Sector	
Jon Baker	Environment and Sustainability	
Cllr Roger Phillips	Marches LEP	
Anne-Marie Simpson	Homes and Communities Agency	
Cllr Philip Atkins	Stoke-on-Trent and Staffordshire LEP	
David Rowe	Private Sector	
Cllr Roger Lawrence	Black Country LEP	Cllr David Sparks





Item 1: Welcome and Introductions Minutes of previous meeting and actions arising (Terrie Alafat)	Action
<ol style="list-style-type: none">1. Terrie Alafat welcomed members to the meeting of the West Midlands Local Management Committee.2. The previous minutes were deemed an accurate and true record of the meeting.3. Anna Vinsen provided an update on actions as follows:<ol style="list-style-type: none">1) The pipeline and contracting management information was shared with members;2) The Programme interruption is to be discussed further under agenda item 4;3) An email was issued to each LEP to see whether they had any additional strategic Priority 3 projects; following this email one additional submission was received and this was endorsed through the LMSC approval process;4) The modified financial tables are to be discussed further under agenda item 5; and5) No comments were received on the AIR, so this had been submitted to, and subsequently accepted by, the Commission.	
Item 2: Programme Performance Update (Anna Vinsen)	Action
<ol style="list-style-type: none">4. Anna Vinsen presented a paper summarising the Programme's performance. For detailed information on the update please refer to paper 2 and the associated annexes.5. Anna Vinsen stated that the achievement of N+2 was a concern as headroom of only £3.85m was currently being forecast, and the slippage being experienced was putting this at risk. Anna noted that this was a very uncomfortable position for the Programme and stressed the need for projects to make every effort to keep to their spend profiles in order for N+2 to be achieved.6. Anna Vinsen also noted that circa £16m of claims were in the payment system waiting to be processed, but were being delayed as insufficient evidence was being provided as part of the mandatory 10% desk checking process. On the recommendation of the LMC Subcommittee, the team are producing an 'aide memoire' for applicants to help them get their submissions right first time, and therefore reduce the delay. This was being produced and would be issued shortly.	





<p>7. The Investment Frameworks were approved by members.</p> <p>8. LMC members endorsed the recommendation for the West Midlands' programme to be overcommitted by 5%. Mark noted that a formal request will be taken to the DCLG Programme Board in October to gain Department approval to overcommit the programme.</p>	<p>1. Formal request to be made to the DCLG Programme Board to overcommit the programme by 5%.</p>
<p>Item 3: Spend and Slippage (Mark Foley)</p>	<p>Action</p>
<p>9. Mark Foley presented a paper on spend and slippage within the West Midlands. For detailed information please refer to paper 3 and associated annexes.</p> <p>10. Mark Foley proposed that action be taken on those projects with a slippage rate of either greater than 40% or £500,000 against the profiles submitted in January 2013. This would be in the form of a letter from the LMC to the Chief Executive of these organisations, stressing the need to achieve N+2, the risks associated with not doing so, and offering the opportunity to catch up with their spend during the rest of 2013 before action was taken in 2014, such as reducing the value of the project in question and recycling this funding into the wider Programme pot. Members endorsed this approach.</p> <p>11. Helen Carvell asked where organisations with a number of projects were experiencing a high degree of slippage whether this was across all of their projects. Mark Foley stated that this was usually prevalent across multiple projects within one organisation, and Anna Vinsen noted that the organisations with more than one project would receive a breakdown of individual project performance. Cllr Sir Albert Bore welcomed this approach so that poor performance could be highlighted through the LEP Board.</p>	<p>2. Letter to be issued to Chief Executives of organisations which have sustained slippage greater than 40% or £500,000</p>
<p>Item 4: Audit Update (Hanne Hoeck)</p>	<p>Action</p>
<p>12. Hanne Hoeck presented a paper on the audit position of the West Midlands Programme. For detailed information on the update please refer to paper 4.</p> <p>13. Mark Foley provided an update on the national interruption, stating that the Commission confirmed that the evidence produced was satisfactory and met the issues originally raised,</p>	





<p>but have now raised additional issues so the interruption is still in place. Mark stated that at present DCLG will continue to pay project costs and DCLG would advise projects at the earliest opportunity should payments become affected.</p> <p>14. Cllr Sir Albert Bore asked for clarity over the reason for the interruption, specifically asking if it was related to one national project failing an audit. Mark Foley stated that the interruption was the result of an Article 16 report to the Commission on the number of Article 13 (PAV) visits undertaken on high risk projects, alongside weaknesses in the management information presented, and not related to a national project.</p>	
<p>Item 5: Revisions to the West Midlands Operational Programme (Anna Vinsen)</p>	<p>Action</p>
<p>15. Anna Vinsen presented a paper on proposed revisions to the West Midlands Operational Programme. This focussed on amendments to the financial allocations by Priority, and the allocations against the Lisbon categorisations. For detailed information please refer to paper 5 and associated annexes.</p> <p>16. In terms of the Lisbon categorisation Anna Vinsen explained that the revisions would mean that the programme would be 78% Lisbon proof rather than 87%. The minimum set by the European Commission is 75%.</p> <p>17. Anna Vinsen also stated that the maximum contribution rate for projects is 50%. As a number of projects have been contracted at a lower contribution rate, there may be opportunities next year to fund additional activity at a higher contribution rate in order to balance out the contribution rate at 50%.</p> <p>18. Cllr Sir Albert Bore noted that as part of the changes, the Priority 1 allocation (for innovation and R&D) was being reduced, and expressed concern over implications for the 2014-2020 Programme, where innovation is a key priority. Anna Vinsen stated that Priority 1 was originally given the largest allocation and this change was a rebalancing of the financial tables to reflect the current level of demand. Norman Price agreed with the concerns raised, but noted that historically there has been a cross-over of some of the Priority 1 and 2 projects, but it was decided to fund these under Priority 2 for technical reasons.</p> <p>19. Members endorsed the revisions to the Operational</p>	





Programme as presented.	
Item 6: Performance of Financial Engineering Instruments (Hanne Hoeck)	Action
<p>20. Hanne Hoeck presented a paper on the performance to date of Financial Engineering Instruments within the West Midlands. For detailed information on the update please refer to paper 6.</p> <p>21. Terrie Alafat asked when the returns on the investments could be expected back. Hanne Hoeck stated that the majority of the investments were not anticipated to see returns in time to be used as a source of match for the 2014-2020 Programme. However, partners are looking at the opportunity to use realisations from Funds supported under the 2000-2006 programme as a source of match for financial instruments in the 14-20 programme.</p>	
Item 7: Performance of Investment Grant Schemes (Hanne Hoeck)	Action
<p>22. Hanne Hoeck presented a paper summarising the performance of the investment grant schemes. For detailed information on the update please refer to paper 7.</p> <p>23. <u>Dudley THI (£231k ERDF)</u>: No investments have been made to date, and no pipeline has been presented despite requests. The HCA have offered support on this project, but they have little confidence that this project will progress. Members agreed that the project would be given until December 2013 to make investments and provide some reassurance regarding the pipeline; if no progress has been made then the project will be withdrawn and the money recycled into other ERDF projects.</p> <p>24. <u>Burslem and Longton Building improvement Scheme (£2m ERDF)</u>: This has improved but they are still experiencing 40% slippage against profile, so this will be monitored closely.</p> <p>25. <u>Black Country Business Property Investment Programme (£6.6m ERDF)</u>: Due to contracting issues, slippage is at 60% of profile. The existing expressions of interest have been processed and a bidding round is to be launched shortly to invite additional applications.</p> <p>26. <u>Grants for Business Investment (£7.2m ERDF)</u>: Investments are going well and within profile.</p>	





<p>27. <u>A34/47 and A41 Corridors – Investment for Enterprise Space (£2.5m ERDF) and Investing in Enterprise Space – Digbeth and Jewellery Quarter (£4m ERDF)</u>: Investments have been made but slippage is still being experienced on both of these projects. A lot of interest has been expressed in these projects and , so an extension may be requested in the future for further funding.</p> <p>28. <u>Tyseley Property Assistance Programme (£1.16m ERDF)</u>: The pipeline is strong, and some activity incorporates elements of the withdrawn Tyseley Key Opportunities Programme.</p> <p>29. <u>Shropshire and Herefordshire Business Enterprise Fund (£1.4m ERDF)</u>: The extension submission was successful and the project is progressing well.</p> <p>30. <u>Coventry and Warwickshire Enterprise and Business Growth package (£2.1m ERDF)</u>: This project is performing well and is 90% ahead of profile. It is anticipated that the project will be fully committed by the end of 2013, and an extension request for additional funding may be submitted in the future.</p>	
<p>Item 8: 2014-2020 Structural and Investment Funds Update (Mark Foley)</p>	
<p>31. Mark Foley provided a verbal update on the Future Programming Period (2014-2020).</p> <p>32. Mark Foley summarised that guidance was sent to LEPs in July and LEPs are currently working on strategies which are due to be submitted on 7 October. Following submission these will be reviewed nationally and locally and feedback provided in early November. The final version of the strategies will then be due at the end of January 2014. Information from the strategies will be used to develop the Operational Programme and Partnership Agreement.</p> <p>33. A paper prepared by Norman Price was circulated regarding a piece of research which is being funded by the West Midlands LEPs to help inform their use financial engineering instruments for new programme period. For more information please see paper 8.</p>	





Date of next meeting, AOB and close (Terrie Alafat)	Action
34. There being no other matters of business, Terrie Alafat thanked the LMC members for their attendance and contributions and closed the meeting. 35. Meetings for 2014 are to be arranged and the schedule will be circulated shortly. 36. Members requested that the membership list for the LMC be circulated to check the accuracy of the deputies listed.	3. Circulate 2014 LMC meeting dates to members. 4. Circulate membership list to members.

Minuted by Emma Smith

