

**From: DCLG**  
**To: Performance Monitoring Sub-Committee**  
**Subject: MINUTES OF THE MEETING Tuesday 2 July 2013**

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## **PRESENT**

### **PMSC Members/Alternates**

Brian Bailey	BB	LMC Representative Lancashire
Andy Churchill	AC	Voluntary Sector
Neil Clatworthy	NC	NW Universities European Unit
Paul Dickson	PDi	LMC Representative Merseyside (Alt)
Paul Dodson	PDo	LMC Representative Cumbria
Cllr Herbert Manley	HM	LMC Representative Cheshire
Paul Roots	PR	Sustainability
Mark Duncan	MD	LMC Representative Greater Manchester (Alt)

### **DCLG**

David Read	DR	ACTING CHAIR
Nicola Lavin	NL	
Paul Davies	PDa	
Ruth Hollis		

### **Observers**

Emma Colledge	LMC Representative Lancashire
Paul Evans	LMC Representative Greater Manchester
Francis Lee	LMC Representative Cheshire
Kevin Little	LMC Representative Cumbria

### **Apologies**

Sir Howard Bernstein (Chair)	RLB / Dep. Chair LMC
Lynn Collins	North West TUC
Cllr Phil Davies	LMC Representative Merseyside
Gillian Elliott	LMC Representative Cumbria
Cllr Sue Murphy	LMC Representative Greater Manchester

**As Sir Howard Bernstein was unable to attend, the meeting was chaired by David Read.**

### **Welcome & Introductions**

DR opened the meeting at 13.44. The meeting was hosted by the ERDF project Armstrong Point, and Dave Armstrong gave members a brief outline of the Zero Energy Cost Business Park. Enough electricity is generated on site for all tenants, 7 of the 9 units being already let. Hot water is solar powered, the solar walls generate 70% of the heating needs with a temperature of 18-20 degrees C being held in the walls. As part of a business assist programme the project aims to help tenants understand their own energy requirements. Usage by individual tenants can be monitored.

DR added the project demonstrated what is achievable with regard to energy consumption and is a good showcase project, getting a lot of interest from ministers and winning a number of awards. He thanked DA for his synopsis, and for hosting the meeting.

### **Apologies**

Apologies were noted as on Page 1.

### **Minutes of the meeting 14 May 2013**

The Minutes were agreed as a true record.

### **Matters Arising from 14 May 2103**

*Action: Speculative call: DCLG to issue call by the end of June across all Priorities for this programme and potentially identify priorities for the next one. As a precursor to this action, DCLG are to liaise with LEPs and the EESG for consultation on a preliminary list of potential projects for discussion at LMC in June including extensions of existing and reserve list projects.*

*Action: EESG to develop specific proposal to LMC on potential transitional arrangements due to concern over SFB spend profile in current programme.*

*Action: DCLG to write to Cumbria Cohesion applicant regarding claims.*

All the above actions had been addressed.

### **Declarations of Interest**

PDi declared any matter concerning LCR LEP (Item 4 Project Endorsement).

### **Item 1: Programme Update**

DR introduced the paper. Figures have been updated since LMC on 18 June, reflecting adjustment in the exchange rate, based on programme value £639m. The reserve list of projects are being progressed, following LEP re-endorsement as a priority and a speculative all-Priority call has been issued for RONW with Merseyside imminent [*live since meeting*]. DCLG are working closely with TA partners to address poor performing projects. It is vital claims are submitted on time as by ensuring claims are up to date this helps fix the exchange rate and give a clear picture of remaining funding.

There have been further conversations with the EU Desk Officer regarding major projects contributing to N+2 2013 decommitment and the basis of the COCOF guidance.

- 1.1 BB queried the position on any returned funding following audits<sup>1</sup>. NL replied any A13 irregularities are returned to the relevant Priority and A16 irregularities reduce the size of the programme as returned to the Commission.
- 1.2 NC queried corrections found by applicants. PDa replied if these are declared by the applicant before an audit has been notified (A13 and/or A16) then this can be considered a correction and the money can be spent elsewhere within the project. If discovered following notification of an audit this is likely to be viewed as being identified as a direct result of the audit and would be treated as an irregularity, with money lost to the Project.
- 1.3 NL added it is important to process promptly Change Controls as the original contracted figures will still show on MCIS until the Change Control is processed.
- 1.4 DR advised that the Audit Authority are requiring a number of A13 audits to be prioritised; the Growth Delivery team is working to tight timescales set by the auditors and may advise applicants of the requirement for an A13 visits with tight deadlines. Can partners support DCLG in ensuring project applicants make themselves and the relevant information available.
- 1.5 DR explained risk rating of projects and project information managed on MCIS initially classified 65% of projects high risk. DCLG have reviewed the risk rating for projects and this has reduced the number of high risk projects to 26%. The Growth Delivery team are continuing to work with applicants as part of their review meetings to assess project risks and for these to be updated on a regular basis.
- 1.6 The NW has received a large number of final A16 audits and it will be important to address the findings to manage the national error rate. It is important we share with partners the high level audit requirements as we will need some support.
- 1.7 PDo queried the timescales for audit. PDa replied each audit is to be completed within 30 days, though a meeting with the project management to discuss actions is held within 2 days of the request. DR added we are working to an October deadline, by which time the AA have to finalise their national error rate report. DCLG are working with Technical Assistance on individual projects where support is required.

## **Item 2: Report on Project Development**

NL introduced the paper. Some projects have been at the Legal stage well over 150 days. The RONW/Merseyside split shows different commitment levels: even if all projects in the pipeline were supported Merseyside would only reach 100% commitment. EESG have looked at the list and are

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<sup>1</sup> Article 13 audits (A13) are conducted by the Growth Delivery team as part of the Managing Authority; Article 16 audits (A16) are conducted by the Audit Authority (AA).

encouraging LEPs to prioritise their projects. NL stressed that projects still have to be assessed for eligibility/deliverability by the GDT.

- 2.1 MD confirmed that GM LEP were in the process of prioritising projects. DR responded the key element is for LEPs to inform DCLG of their priorities. Resources are limited for DCLG and for LEPs, it is important LEPs prioritise and rank projects as part of the call to assist in managing workloads for all parties.

### **Item 3: Project Performance**

PDa introduced the paper. £40m still shows as unclaimed. DCLG are working with projects but would welcome assistance from partners; it should be stressed to applicants it is in their interest to submit claims promptly. Figures have improved greatly since the last PMSC. There is a time lag because MCIS is not updated until the Deed of Variation is issued.

- 3.1 PDi commented the help received from Vicki O'Kelly (Environmental Sustainability Technical Assistance (ESTA) project) was very useful. PR thanked him for the positive feedback and reminded members that help was available to all.
- 3.2 DR advised underspend in Priority 5 needs to be accurately forecast; it is critical the Voluntary Sector TA spending is brought up to profile.
- 3.3 NC asked, as the TA projects currently run to December 2014, what will happen in 2015? DR replied it is expected that the next programme 2014-20 will provide support from 2015. NL added it is a case of taking stock of what the programme requires from TA as the programme draws to a close.
- 3.4 DR suggested organisations could help by letting DCLG know their support needs, but this would only be possible to June 2015. We need to ensure all the TA allocation is spent and surplus funding under Priority 5 will be transferred to other priority areas.

### **Item 4: Projects for Endorsement**

NL introduced the project.

#### **Item 4a: New Approach to Place Marketing in Liverpool City Region.**

After brief discussion, members agreed to endorse the project.

**Conclusion:**  
**PMSC Members endorsed the project: New Approach to Place Marketing in Liverpool City Region.**

DR advised members that during the next four weeks it is anticipated there will be projects coming forward for endorsement by written procedure.

