



Local Management Committee

Subject: **East of England European Regional Development Fund (ERDF) Competitiveness Programme 2007-20013**

Minutes from January 2013 LMC meeting

Report by J Logue, **Programme Management team, DCLG**

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Summary - This paper provides a summary of the key points made at the June LMC meeting

Summary of Key Points

- David Morrall, Head of the GDT, updated the Committee on the progress with 2014-20 Programme. The timetable for activities is that a finalised partnership agreement will be published by the end of 2013.
- LMC endorsed the launch of a commissioned Call under ERDF Priority Axis 4 – Technical Assistance, with the aim to build, support, and develop capacity for the delivery and implementation of the East of England ERDF Programme, requesting time to comment on the bidding spec before its launch.
- A comprehensive update on delivery of the programme was given. N+2 and Commitment Plans have been produced to counter potential shortfall against this years spend target. This includes a planned open bidding round advertised on the GOV.uk website. The GDT confirmed our KPIs compare favourably with other regions.
- LMC were given an update on LCIF. Positive progress is being made by UEA in delivery of the investment fund. 15 investments in 9 companies have been completed worth £4.98m of ERDF. This represents 24% of the Funds now invested with a further 9% in progress, 33% in total now allocated. Two additional investments have come forward, since the paper was written.
- LMC approved the Annual Implementation Report for 2012, with additional information from the Committee already included.
- The LMC support the GDT plans to review and amend the text within the Operational Programme, including changes to the financial allocations of the axes, amendments to the indicators (to make the results appropriate for all axes) and to amend the text which relates to the limitations on the provisions of ERDF support for land based SMEs.
- Information was provided by each LEP highlighting progress, opportunities and challenges in each area.
- The LMC endorsed the action plan for Equalities mainstreaming.

Recommendation 1: LMC to approve the June 2013 LMC minutes.

Local Management Committee (LMC)

Minutes of meeting 6th June 2013 held at DCLG Offices, Eastbrook, Cambridge.

Chair	Neil O'Connor	DCLG
Members	David Morrall Alan Corbett George Kieffer Michael Large Jason Middleton Angela Rowney Lorraine George Kathy Pollard Graham Butland Cecilia Tredget Paula Grayson Ian Gregory Andrea Stark Alastair Rhind Caroline Ricketts Michael Barnes	DCLG Hertfordshire LEP Deputy Chair LMC EEBG New Anglia LEP SEMLEP Essex LEP Liberal Democrat deputy leader of Suffolk CC EELGA EELGA Equality & Diversity Champion BIS Local Rep Arts Council New Anglia LEP MEP Support GCGP LEP
Officers	Astrid Jenkins Michelle Burdett Simon Hannah Julie Logue Kirsty Pattrick	DCLG Contract Manager and Team Leader DCLG facilitator and Programme management DCLG Programme management DCLG Programme management DCLG Programme management
Advisor	Merja Toikka	DG Regio
Observers	Guy Mills Sarah Murray Vicky Ford Lesley Cranham	Cambridgeshire County Council Brussels office MEP MEP Support
Apologies	David Sillett Laurie Heselden	RDPE TUC

Item 1: Introduction and apologies

1. The Chair opened the meeting by welcoming everyone to Eastbrook, Cambridge. There were no declarations of interest. The meeting was declared as Quorate.

Item 2: Minutes of the LMC meeting January 2013

2. The Chair confirmed that the minutes had been previously circulated and comments invited. Comments had been received and will be incorporated in the minutes before recirculation and agreement.
3. Most actions were completed and/or incorporated as agenda items at this meeting.

Item 3: 2014-20 Programme Update

4. David Morrall, Head of the GDT, updated the Committee on the progress with 2014-20 Programme and reiterated further support will be offered and made available for LEPs through dedicated guidance.
5. David took the Committee through the key updates at each level of the programme. Firstly, at the UK level, the first draft of the UK Partnership Agreement document had been completed agreeing top level priorities for the Structural Investments Funds. The document is broken down into four chapters, one for each of the home nations. David explained the chapter for England has been completed. The information has been deliberately left at a high level. The next level is the Operational Programme. There will be a handbook for delivery for each programme, drawing heavily on information from the LEPs, followed by some bottom up analysis.
6. The timetable for activities is that a finalised partnership agreement will be published by the end of 2013. This will be by programme, the content of the ERDF programme is currently being looked at but no external support is being proposed. Support will be drawn from LEPs and participating departments: DWP, Defra, BIS & DCLG.
7. During the first week of July 2013, following on from the documents issued in April, a much more definitive set of guidance will be issued to the LEPs, so they can begin to plan their strategies for the next programme. A first draft strategy will be expected from the LEPs in September 2013.
8. David outlined that the programme will be national with a new National Growth Board, which will act in the same capacity as the LMCs do for the current programme. Agreements have been made on EU Budgets; we know the English pot will be £6.17 billion (for both ERDF& ESF). Discussions are ongoing as to how that will be allocated across the 39 LEPs. This is being done in the context of the Single Growth Fund Pot and the Heseltine Review.
9. The Chair invited questions. Michael Large, EEBG member, expressed concerned with the pull on resources, asked what arrangements were in place for transition between the current and future programmes. Also, the likelihood of further depletion of DCLG resource in the context of the forthcoming Spending Review. David responded by saying DCLG were very conscious of that and that this is an issue given there will be an overlap between the two programmes which will split resource. However, there will be time to plan given the Commission will not give agreement to the 14-20 programme until late next year.
10. David confirmed for Alastair Rhind that the notional allocation, as set out above will be confirmed in the summer of 2013.
11. Through a discussion, the Committee sought clarification over the LEPs role in the new programme. David confirmed that Managing Authority (MA) departments would continue to carry out the same functions as they do now, it is not envisaged that LEPs will be asked to be involved in delivery. It is envisaged that a grouping of partners would come together to look at projects previously considered by the MA and then the MA will issue the contracts and monitor performance & spend as before.
12. Andrea Stark, sought clarification over the possibility of the national programme being top sliced. David responded by stressing that if this was the case it would be very minimal, explaining that there may be an argument for doing this because of the special nature of some of the projects coming forward. .

13. In discussion the Committee expressed concern as to whether there was opportunity for challenge if allocations are considered insufficient and pressed further on DCLG resources going forward. David responded by pointing out that LEPs were free to challenge if they felt allocations were insufficient. In terms of DCLG resources, David confirmed there are no plans to deplete resources further; there is a plan in place until 2015. From 2015 onwards resources would be subject to the next Spending Review. However, DCLG have already taken measures to make savings and safeguard resource where possible, such as a new ICT contract and DCLG's planned move to Marsham Street to be co-located with the Home Office.
14. David concluded by setting out next steps, which will be a two tier approach. In September 2013, the draft Growth Strategies would be considered by the MA government departments, drawing in representatives at a local level, then national colleagues involved in the programme will begin work to look at the overall set of strategies.

Item 4: ERDF Priority Axis 4 Resourcing

15. Before discussing Paper 8, the Chair introduced Jason Middleton, New Anglia LEP, who spoke about a letter, sent to DCLG on behalf of the LEP Chairs setting out the desire to access the Technical Assistance Funding for us to develop the LEPs strategic investment plans for the 14-20 programme.
16. Jason summed up the argument by the LEP Chairs by explaining that LEPs were currently in the middle of producing their own strategies and these plans need to be produced on an accurate and robust basis. Resources were promised 6 months ago to assist with this, yet the LEP Chairs understood there to be a current under spend in the East of England's Technical Assistance budget and therefore want to access this money to help with this particular activity.
17. Michael Large, EEBG, added that he felt it was within the remit of this Committee to change its strategy on TA, given that the LEPs are under resourced. Michael Barnes endorsed this view stating resourcing is absolutely key and at least one other region had accessed TA in this way and that his Chair would write to MPs in the region, if this isn't resolved.
18. The Committee discussed the role of LEPs as a group of business support players and how the money they secure from the 14-20 programme can be translated into actions on the ground. It was agreed that it's about being smart, utilising expertise and having the ambition and clarity to drive forward their agendas and provide DCLG colleagues with help and support.
19. David acknowledged that the uses of TA had come up nationally and the response, post development of the 2014-20 programme model; core funding given to LEPs had to be the route for the activities described above. Regions that accessed TA previously did so before the agreement on Core Funding was made. The Commission's position on this was stated in a letter sent to BIS from DG Regio, confirming that TA cannot be used to fund the 2014-20 programme
20. In summary, the Chair concluded that this discussion centred on two key points, firstly accessing the funding and secondly, translating it into outcomes on the ground. David responded by saying, on the first point, putting together strategies to develop an evidence base was something that the LEPs core funding was designed to cover. On

the second point, Regeneris, economic development consultants were working with DCLG to help identify the focus of activities for a programme level evaluation.

21. David then introduced Paper 8. In summary:
 - Seeks LMC endorsement to launch an Open Bidding Call under ERDF Priority Axis 4 – Technical Assistance, with the aim to build, support, and develop capacity for the delivery and implementation of the East of England ERDF Programme.
 - Successful bidders will primarily facilitate and support the development and delivery of the current 07-13 ERDF programme, and build capacity and knowledge for future activity. £400,000 has been made available.
22. David re-iterated that this was primarily about helping to deliver the current programme. The East has the highest commitment figures but are lagging behind on spend and delivery against N+2. The proposition here is about investing in the capacity of the LEPs to help deliver the current targets and maximise spend. In addition to this he also explained the GDT had carried out a comprehensive review of projects, re-organised the team (in light of resourcing pressures) and had tightened processes to focus on the delivery of key targets.
23. The £400,000 will have to be matched by an equivalent amount from partners but will give each LEP approximately two staff (26 month contracts will be offered). It will also provide the building blocks for the 2014-20 programme to help build the pipeline for the future.
24. In summary, the Chair explained that he recognised that we cannot offer exactly what the LEPs are seeking but this is a pragmatic step forward in delivering on the current programme and provide a bridge into the 2014-20 programme for capacity building and scoping work.
25. The Chair invited comments. George Kieffer, thanked Neil for the summary and clarifications, but reiterated the point that the GDT has continuing significant resource constraints but praised the GDT in going beyond the call of duty in delivery of the programme.
26. In discussion the Committee considered how match funding this offer would put further pressures on the LEPs already overstretched resources and whether this approach of match funding had been tested and therefore would this be a stumbling block.
27. In conclusion the Committee agreed this would be an opportunity to share LEP partnership time and capacity drawing on specific expertise across the East.
28. The Head of the GDT confirmed for the Committee that this would be a single commissioned Call open to anyone. The Committee, recognising that what's on offer doesn't fully address the LEPs request, asked for an opportunity to see the detail of the Bidding Call and comment on it before it's launched.
29. Subject to sight of the Bidding Call, the Committee agreed to the three recommendations.
30. The DG Regio welcomed this proposal and saw it as an ideal opportunity to better understand the new programme which will have a stronger focus on results orientated delivery.

ACTION: GDT to circulate the draft of the call to give the LMC the chance to comment.

ACTION: David Morrall, Head of GDT, to respond to the LEP Chairs letter

Item 5: ERDF Programme Delivery update

31. David Morrall introduced the paper. In summary:
- N+2 and Commitment Plans have been produced to counter potential shortfall against this years spend target. This includes a planned ongoing open bidding round advertised on the GOV.uk website;
 - Sterling value of the programme has reduced by £4m and currently stands at £90,851,593.
 - Assessment of contracted projects has been completed. £8.1m is being de-committed from non-performing and closing projects and will be released back into the programme for future commitment.
 - Programme commitment currently stands at 92.9% with pipeline projects taking potential commitment to 103.7%
 - 4 new projects have been approved since last LMC (Value:£8,707,757)
32. He explained that the paper outlines the detailed analysis carried out on the current projects to identify under spend and the upfront approach to investment (92.2% Committed figure above) for the programme Commitment Target is working.
33. David also drew the Committee's attention to the Performance Summary on page 2 of Paper 2 which gives a positive overall picture. In response to queries from the Committee, David explained East of England's KPIs compare favourably with other regions and re-contracting of under performing projects had already been taken into account in the figures given at Table 2.
34. The Committee were supportive of the actions being undertaken to maximise performance of the programme. In response to queries from the Committee as to whether the N+2 target is achievable in light of resourcing pressures, Michelle Burdett, DCLG GDT Deputy and Facilitator, explained that the GDT have an N+2 action plan and have put into place a number of actions with considerable efforts being made to address this resourcing issue.
35. The Chair invited comments. Paula Grayson, Equalities Chair, queried whether the information on Page 14 under Communications Objective 1 was correct as COVER is no longer in operation.

ACTION: GDT to review the information under the Greengo programme and amend accordingly.

Item 6: LCIF Performance Update

36. Michelle Burdett, updated the Committee on LCIF (Paper 3). Positive progress is being made by UEA in delivery of the investment fund. 15 investments in 9 companies have been completed worth £4.98m of ERDF. A further 6 investments have been approved by committee and are with Legal, these are worth an additional £1.8m of ERDF. This represents 24% of the Funds now invested with a further 9% in progress, 33% in total now allocated.
37. Michelle reported that since the paper was circulated she has had positive discussions with the LCIF team. There are now two more investments in addition to the ones reported in the paper, one of which was an investment into the creative industries with BAFTA being involved. There has been a significant increase in investment in the last 3 months. Andrea Stark requested for more information to be sent to her.

ACTION – Michelle to provide the details of the LCIF investment to Andrea when they are available.

Item 7: Annual Implementation Report 2012

38. Simon Hannah, DCLG Finance and Technical Assurance Manager, introduced the paper (Paper 4). In summary:
- As stated in the LMC Terms of reference it is an EC requirement that the AIR is reviewed and receives endorsement/approval from the LMC. The AIR must be submitted by the end of June 2013, as set out in the EC regulations, *Article 67 of Regulation 1083/2006*.
 - The 2012 AIR has been completed by the Growth Delivery Team on the programme specific data maintained by the GDT, however, there is an outstanding requirement for further information to be provided by DCLG in reference to overarching responsibility including:
 - National economic context - including the recession and employment
 - A16 visits, the national error rate and the self correction
 - Standardisation of documentation and processes
39. Simon added by explaining that since the paper was circulated, central DCLG have received, reviewed and approved the document. Only minor omissions were noted and these have already been addressed. Additionally LMC members were asked for their comments prior to the meeting. A number of these were received, and incorporated into the document.
40. Simon re-iterated that this is a programme specific snapshot of last year's activity and is not forward focussed. The Committee congratulated the GDT for all their work in putting this together and were happy to approve the document.
41. Jason Middleton, New Anglia LEP, noted that he had found 15 Appendix H, a breakdown of the project beneficiaries of funding by Priority Axis, really useful. Obviously the information covered 2012 but requested whether that detailed information could be made available on a year by year basis. The Committee agreed in discussion that this would be useful to help them help the GDT to encourage and motivate projects to deliver.

ACTION: GDT to provide separate paper with this detail for the next LMC

Item 8: ERDF Operational Programme changes

42. Simon Hannah took the Committee through Paper 5. He explained that in response to a request from the LMC at the last meeting a more detailed analysis was provided for; each Priority Axis, delivery of outputs, performance of each priority axis and a section on irregularities. Since the circulation of the paper, further analysis on jobs and growth was requested and a revised paper (Annex 1) was re-circulated (5th June 2013) covering key data on jobs & growth.
43. The paper seeks LMC approval to make all results indicators pan-axes to maximise the capturing of deliverables resulting from the programme. It also asks the LMC to support GDT's plans to review and amend text within the Operational Programme where explicit limitations on the provision of ERDF support for land based SMEs is deemed to be acceptable and delivers the aims of the East of England competitiveness programme.

44. Overall the analysis in the revised paper concludes that the greatest programme success lies firmly within Priority 2, and as such has a higher commitment level than in the original Operational Programme. The additional analysis clearly demonstrates that the programmes strength is in delivering jobs and business start up support and as a consequence the GDT are requesting for movement of funds into Axis 2.
45. Factoring in all the analysis, Simon referred to the Tables 6 to 8 which outlined the proposed changes to allocations and the impact of this on commitments and pipelines (Table 8, Page 8).
46. In discussion, Vicki Ford, MEP East of England, referring to the section on irregularities, asked for more detail on what causes irregularities, as she was concerned that where projects have signed up in good faith, the grant maybe taken back and she felt it was important that where possible the money should be kept with the projects, otherwise delivery of jobs and growth would be affected. However Simon reassured the committee that the GDT were targeting these issues by improving processes and visits were being made by Contract Managers early on in the projects to help mitigate against these issues. The GDT were exploring every avenue to safeguard every penny with the projects and have had good discussions with the Audit Authority, who are responsible for auditing the projects, not Brussels.
47. In summary, the Chair explained that the GDT would continue to work with the Audit Authority and projects to minimise irregularities.
48. After a discussion the Committee agreed to support the key recommendations in the revised paper, which were:
 - LMC to note GDT analysis undertaken on potential Operational Programme Changes.
 - LMC to note the analysis on “Jobs and growth” supporting the movement of additional funds into PA2.
 - LMC to approve the movement of funds from PA1 and PA3 into PA 2 as outlined in this paper to enable the GDT to formally negotiate these changes with the EC.
 - LMC to endorse the proposal that all programme results should be made pan axes and therefore reportable across all axes, to enable the GDT to formally negotiate these changes with the EC.
 - LMC to endorse GDTs proposal to review and amend the descriptor for ‘land based activities’ in the OP, to enable the GDT to formally negotiate these changes with the EC.
 - LMC to support the ongoing action to seek special dispensation from the EC for the specific case identified.
49. The Chair passed to The Deputy Chair to chair the LEP updates.

Item 9: LEP Updates

50. The Deputy Chair, George Kieffer, introduced Mike Barnes from Greater Cambridge, Greater Peterborough LEP representative. Mike drew out a number of key points including that the LEP’s Operational Plan is now up on their website. Their demand led business skills strategy aims to help young people improve their economic awareness. The LEP has also earmarked £1 million of funding over the next three years to deliver Challenge Fund scheme where Local voluntary organisations and social enterprises

are being asked to come forward with innovative new ideas to help support unemployed and socially disadvantaged people return to work.

51. Angela Rowney, the SEMLEP Representative, drew attention to the second paragraph in the report (Paper 6) covering the establishment of a sub-group to the Board to lead on European matters and a tender had had been sent out to appoint consultants to help with the development of a European Investment Plan. Alan Corbett, the Hertfordshire LEP Representative explained that they were consulting with Hertfordshire Stakeholders on their Growth Plan and, as with SEMLEP, they were tendering for consultants on their European Investment Plan. The chair of the Board will be hosting "Open Days" events in conjunction with a number of partners.
52. The South East LEP representative explained that following a meeting of senior officers that they will continue to go forward as a six authority LEP. There have been issues, as the LEP covers a wide geographical area and involves many senior officers. Again, the Growth Strategy will be consulted upon.
53. Jason Middleton, New Anglia LEP representative, referred to the update in the paper, and highlighted the Growing Business Fund. It is proposed that the £12 million extension will include the core group for both Norwich and Ipswich feeding into this. He also added that the LEP area has a large number of micro-businesses and the LEP has highlighted a need to better understand the needs of this group. Alastair Rhind added that the Investment Strategy work will not be outsourced; they are using an internal officer to do this.

Item 10: Equalities Update

54. Paula Grayson, Equalities Lead, briefly introduced this item. In summary: The paper (Paper 7) states that the LMC has a responsibility to promote equality within a set of 8 (out of 9) protected characteristics. In particular, projects need to set targets for improving gender outcomes and through active outreach aim to achieve those targets. Barriers to access for people with any of the protected characteristics should be reduced.
55. The action plan is framed against the 4 LMC equalities objectives, these are:
 - Leadership and Strategy: demonstrable commitment
 - Policies, procedures, processes: equalities inputs and outputs mainstreamed
 - Partnerships and Resources: actions to take account of diverse needs of stakeholders/beneficiaries
 - Projects and programme results: systematic information collected

56. The LMC noted and agreed the paper

Item 11: AOB

57. There were no substantive items. However, Paula Grayson queried a Governance issue; whether we need another LMC meeting before the scheduled meeting on 25th October 2013. Simon Hannah responded by saying that the Terms of Reference states a minimum of two meetings per year and a meeting was not necessary if there was no business.
58. The Chair therefore confirmed that the next meeting would be on 25th October 2013 and invited members to offer available locations for the meeting.

Actions Log

Action	When to be completed by	Responsible
GDT to circulate the draft of the call to give the LMC the chance to comment (LMC endorsement to launch an Open Bidding Call under ERDF Priority Axis 4 – Technical Assistance)	13/06/13	GDT
GDT to respond to the LEP Chairs letter (Regarding access to TA Funding)	30/06/13	David Morrall
GDT to review the information under Greego programme and amend accordingly (ERDF Programme Update - 2 Paper – Communications Section)	30/06/13	GDT
A breakdown of the project beneficiaries of funding by Priority Axis, on a year by year basis: GDT to provide separate paper with this detail for the next LMC	30/09/13	GDT

DRAFT