

NORTH EAST ENGLAND COMPETITIVENESS PROGRAMME 2007-13

MEETING OF THE LOCAL MANAGEMENT COMMITTEE – 21 JUNE 2013

Attendees	Role	Sector/Organisation
David Rossington	Chair	Department of Communities and Local Government (DCLG)
Cllr Neil Foster	Deputy Chair	Local Authority (Durham County Council)
Cllr Bob Cook	Member	Local Authority (Stockton BC representing Tees Valley LAs)
Cllr Mel Speding	Member	Local Authority (Sunderland City Council representing Tyne & Wear LAs)
Alastair MacColl	Member	Tees Valley LEP
Jo Curry	Member	Voluntary Sector
Shirley Atkinson	Member	Higher Education
Colleen Peters	Member	Further Education
Anne Mulroy	Member	Homes and Communities Agency
Ieva Zalite	Advisory	North East ERDF Competitiveness Programme, Desk Officer, European Commission
Catherine Pearson	Participating Observer	Local Authority (Durham County Council)
Linda Edworthy	Participating Observer	Local Authority (Tees Valley Unlimited)
James Garland	Participating Observer (Substitute)	Local Authority (Sunderland City Council)
Sue Houston	Observer (Substitute)	BIS Local
Stephen Lightley	Item 5b	North East Access to Finance
Kay Goodinson	Item 5b	North East Access to Finance
Sue Donnelly	Observer	Tees Valley Unlimited
Sarah Brackenborough	Observer	Tees Valley Unlimited
Andrea Dunn	Observer	Assistant to Deputy Chair of LMC
Lesley Calder	DCLG North East	DCLG
Iain Derrick	DCLG North East	DCLG
Jayne Strong	DCLG North East	DCLG
Craig Milligan (Minutes)	DCLG North East	DCLG
Apologies		
Cllr Allan Hepple	Member	Local Authority (Northumberland County Council)
Neil Warwick	Member	Private Sector
Alastair Thomson	Member	Private Sector
Jeremy Middleton	Member	North East LEP
Adrian Vass	Member	Environment/Sustainability
Beth Farhat	Member	Trade Union Congress
Heather Smith	Participating Observer	Local Authority (Northumberland County Council)
Tom Smyth	Observer	BIS Local
Jayne Winter	Observer	Rural Development Programme for England

PART 1 – 2007-2013 PROGRAMME

AGENDA ITEM 1 - WELCOME, INTRODUCTIONS AND APOLOGIES

The Chair welcomed Members to the sixth formal meeting of the LMC and thanked the Centre for Process Innovation (CPI) for hosting the meeting at The Wilton Centre.

The Chair announced the following three Membership changes:

- Cllr Allan Hepple replaces Cllr Thomas Brechany as the Northumberland Local Authority representative.
- Jayne Winter replaces Victoria Catesby as the RDPE representative.
- Kevin Rowan has relocated to London to take over as Head of Organisation at the TUC. His replacement on LMC is Beth Farhat.

AGENDA ITEM 2 - DECLARATION OF INTERESTS

No declarations of interest were received.

AGENDA ITEM 3 - MINUTES FROM PREVIOUS MEETING AND MATTERS ARISING

The minutes of the previous meeting were formally approved by the Committee. DCLG Growth Delivery Team reported progress against the three action points identified within the March 2013 minutes.

The Committee noted that all action points are either complete, covered during the agenda.

DCLG Growth Delivery Team also reported progress on an ongoing action from the October 2012 meeting regarding the virement of funds from Priority 3 Technical Assistance. DCLG Growth Delivery Team will continue to work in consultation with PEG to identify the most appropriate options for viring with a view to making recommendations to LMC at the October meeting.

<p>Action Point 1 - DCLG Growth Delivery Team to provide LMC with recommendations for the most appropriate options for viring funds between Priorities.</p>
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AGENDA ITEM 4 – PROGRAMME IMPLEMENTATION AND RISK REGISTER

DCLG Growth Delivery Team provided LMC with a progress update in respect of the financial and non-financial performance of the Programme. The key highlights identified were:

- The Programme value has seen an increased of £4m, to £319.9m, as a result of exchange rate variations.
- 93% progress towards the 2013 N+2 Target. £177.8m has been declared to the Commission against an N+2 Target of £190.7m. To meet targets post 2013 will require a significant push to convert applications into commitments to allow projects to start spending.
- 77% of available resource has been contractually committed to date (£251.2m). If projects which have been endorsed and have contracts pending are taken into account commitment levels rise to £271.4m, which accounts for 85% of the total Programme resource. This represents an increase of 9% on the figures reported to LMC in March 2013.

- Progress against deliverables targets remains broadly satisfactory. Whilst the number of outputs and results contracted against Programme targets remains strong, their translation into actual performance remains a challenge. A significant push on indicators will accompany the drive towards achievement of financial commitments to ensure the performance against programme indicators is maximised.

DCLG Growth Delivery Team also presented a paper indicating a risk rating for all projects currently in the pipeline. Whilst some of the projects are currently deemed as high risk, LMC was advised that the DCLG Growth Delivery Team will continue to work pro-actively with project partners to ensure that issues are resolved where possible.

DCLG Growth Delivery Team advised that despite the current Open Call for applications, no Outline Applications have been received since April. Members were asked to use their leadership and influence to drive progress and minimise risks, to ensure that the pipeline remains as robust as possible and to continue to promote the funding opportunities still available within the current programme within the sectors they represent.

DCLG Growth Delivery Team asked LMC partners to ensure that focus on the current Programme was maintained, and to avoid the risk of diverting attention to 2014-20 Programme development at the risk of current Programme performance. LMC acknowledged this.

Potential to strengthen the project pipeline was discussed, including increasing the level funding to existing projects which can demonstrate delivery additional outcomes and ability to absorb and defray additional ERDF. DCLG Growth Delivery Team advised that PEG had identified potential to extend the North East JEREMIE Programme given the successful delivery to date and the level of partnership support expressed. DCLG Growth Delivery Team had been asked to explore the options for additional investment into the JEREMIE fund taking account of the EIB position and state aid considerations. Agenda item 5 refers.

AGENDA ITEM 5 – FINANCIAL ENGINEERING INSTRUMENTS (FEIs)

a) Performance Report Update

In accordance with the Monitoring and Reporting framework agreed for FEIs, the ERDF Programme Delivery Team gave an update on the progress of the FEIs initiatives covering the period up to 31 March 2013. Performance is satisfactory and broadly on target and the following key achievements having being secured:

Finance for Business|North East

- c£81m of private sector leverage secured.
- 536 investments made to 492 different SMEs.
- EIB loan fully serviced with £9m capital repaid against a target of £10m by December 2013.
- The forecasted legacy resulting from the initiative up to 2020 is £90m.

Creative Content Fund

- The Creative Content Fund has completed its pilot stage and NFM Hold Co and the project have now transferred to operate under the ownership of the legacy company North East Access to Finance.
- 17 SMEs have received financial assistance.
- 58 gross jobs created and a further 26 gross jobs safeguarded.
- 8 businesses created/attracted to the region.
- North East Access to Finance are forecasting c£3m legacy up to 2019.

LMC also noted that following the appointment of the Tees Valley ambassador, evidence suggests that there has been a 22% increase in the % of amounts invested during the

quarter ending March 2013 and an overall increase from just over 10% to c17% in the nine month period from June 2012. The appointment of the Tees Valley ambassador has also led to an increased profile and awareness of the funds in the south of the region.

b) Findings of North East Access to Finance 'Fund Evaluation Research'

North East Access to Finance commissioned evaluation research in December 2012 (part funded by TA) on publicly funded investment activity in the North East, to develop the evidential base to inform the development of new funds, including proposals for the deployment of legacy returns from ERDF part-funded investments.

Stephen Lightley, Chief Operating Officer and Kay Goodinson, Legacy Programme Manager, North East Access to Finance, attended LMC to present the conclusions and the recommendations of the research.

Copy of the presentation is attached as Annex 1.

The Chair, on behalf of LMC, thanked Stephen and Kay for their informative presentation.

Following consideration of this agenda item **LMC noted** the status of the FEIs.

LMC agreed:

- in principle that the DCLG Growth Delivery Team should explore the allocation of addition ERDF funds to the JEREMIE project, Finance for Business|North East
- to cascade the findings from the evaluation report and champion the key messages

AGENDA ITEM 6 – 2012 ANNUAL IMPLEMENTATION REPORT

DCLG Growth Delivery Team presented the Draft 2012 Annual Implementation Report requiring LMC endorsement in advance of formal submission to the European Commission by 30 June 2013.

The Annual Implementation Report is the key reporting mechanism to the European Commission on the overall progress made in the implementation of the Operational Programme.

LMC received a copy of the Draft Annual Implementation Report two weeks in advance of its meeting to allow for consideration and scrutiny by Partners. The draft report was also considered by the Programme Executive Group on 5 June 2013 prior to circulation to LMC.

LMC endorsed the Draft 2012 Annual Implementation Report for submission to the European Commission by 30 June 2013.

AGENDA ITEM 7 – COMMUNICATIONS ACTIVITY UPDATE

DCLG Growth Delivery Team provided a report updating LMC on communications activity initiated since the previous meeting in March 2013.

DCLG Growth Delivery Team also provided LMC with copies of an updated version of the North East ERDF Business Guide. The guide, which has been well received by stakeholders, incorporates all of the current business support initiatives delivered across the North East with the support of ERDF funding. It also provides help and guidance on where businesses seeking assistance can go for more information.

LMC thanked Tees Valley for hosting a visit from Communities Minister Baroness Hanham. Baroness Hanham visited the region to witness how ERDF is bringing benefits to the North East. Positive feedback was received from both the Ministers Office and Partners in Tees Valley.

PART 2 – EUROPEAN STRUCTURAL AND INVESTMENT (ESI) FUNDS 2014-2020

AGENDA ITEM 8 – ESI FUNDS 2014-2020 NATIONAL PREPARATIONS: UPDATE ON DEVELOPMENTS OF PARTNERSHIP AGREEMENT AND ENGLAND OPERATIONAL PROGRAMME

DCLG Growth Delivery Team provided an update on developments regarding EU and National level discussions and preparations for the next Programming period.

The main issue highlighted was the timeline for the key next steps and emerging issues, they included:

Milestone	Timeline
Publication of proposed EU Structural and Investment Funds allocations at LEP level.	f/c 26 th June 2013
Publication of detailed LEP Guidance	f/c mid July 2013
Agreement of EU budget – Multi-annual Financial Framework (MFF)	f/c mid July 2013
Development of outline ERDF and ESF Operational Programmes	Scheduled for end July 2013
Submission of Draft LEP Strategies	f/c end of September 2013

LMC noted the timescales and agreed to continue to lobby at National level wherever possible.

AGENDA ITEM 9 – TEES VALLEY 2014-2020 PREPARATIONS: PRESENTATION ON PREPARATORY RESEARCH AND EU INVESTMENT PLAN

Linda Edworthy, Director of Strategy and Policy, Tees Valley LEP, presented LMC with an update on the work underway in Tees Valley, including preliminary findings of preparatory research (part funded by TA), and work in hand linked to the development of the Tees Valley EU Investment Plan.

Copy of the presentation is attached as Annex 2

Partners wishing to get involved in the development of the Tees Valley EU Investment Plan or share experiences, are encouraged to contact Tees Valley LEP.

LMC thanked Linda for the presentation.

AGENDA ITEM 10 – ANY OTHER BUSINESS

Next Meeting

The next meeting of the Local Management Committee is scheduled to take place on 18 October 2013, 10.30am - 1.00pm in Northumberland (venue to be confirmed).

The main topics for discussion will focus on Programme commitment levels and governance arrangements for LMC beyond 2013.

<p>Action Point 2 - DCLG Growth Delivery Team to produce proposals for future governance arrangements of LMC beyond 2013.</p>
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Minutes end