

From: DCLG

To: Local Management Committee

Subject: MINUTES OF THE MEETING 28 November 2013

Present:

Members/Alternates

Philip Cox (Chair)		Director	CLG
Sir Howard Bernstein	SHB	Deputy Chair	Manchester City Council
Brian Bailey	BB	Lancashire (RLB)	Blackburn with Darwen BC
Cllr David Brown	DB	Cheshire (LEP)	Cheshire East
Neil Clatworthy	NC	HEI Sector	NWUEU
Paul Creed	PCr	HCA	HCA
Cllr Phil Davies	PDa	Merseyside (RLB)	Wirral Met. Borough Council
Simon Nokes	SN	Manchester (LEP)	New Economy
Guy Flament	GF	Desk Officer	European Commission
David Higham	DH	BIS Local	BIS Local
Val Jones	VJ	Third Sector	Social Enterprise NW
Francis Lee	FL	Cheshire (LEP)	Chesh West & Chester Council
Cllr Sue Murphy	SM	Manchester (RLB)	Manchester City Council
Paul Roots	PR	Sustainability	Environment Agency
Cllr David Southward	DS	Cumbria (RLB)	Cumbria CC

DCLG

David Read	DR	Head of Growth Delivery Team (GDT), Warrington
Mike Henesey		
Jackie McInnes	JM	
Ruth Hollis		

Observers/Guests

Andy Churchill		Third Sector	Network for Europe
Paul Dickson		Merseyside (LEP)	LCR LEP
Gillian Elliott		Cumbria (RLB)	Cumbria CC
Mark Duncan		Manchester (RLB)	New Economy
Paul Evans		Manchester (RLB)	Manchester CC
Sean McGrath		Lancashire (LEP)	Lancashire CC

Introduction and Apologies

The Chair opened the meeting at **10.40**.

Apologies were noted from:

Louise Barry	NW E&D Group	Merseyside Disability Federation
Kath Boullen	Merseyside (LEP)	St Helens Chamber
Flo Clucas	European Affairs Advisor	Liverpool City Council
Lynn Collins	TUC	NW TUC
Deborah McLaughlin	HCA	HCA
Steve Moore	Sustainability	Environment Agency
Cllr Terry O'Neill	Cheshire (RLB)	Warrington BC
Cllr Michael Ranson	Lancashire (RLB)	Ribble Valley CC

Minutes from the Meeting 18 September 2013

The Minutes were agreed as a true record.

Matters Arising from the Meeting 18 September 2013

All actions from 18 Sep had been implemented.

Item 1: Programme Update

DR advised members due to fluctuations in the exchange rate the value of the programme has risen slightly and now stands at £641m (from £520m at the start of the programme). The RONW commitment position has not moved significantly since the last meeting due to review of priorities following DCLG Programme Board decision not to over-commit programmes. The RoNW will meet the 100% commitment target by the end of the year with a strong reserve list should funding be returned to the programme. In Merseyside we are confident with the existing pipeline projects it will be approaching 100% committed early in the New Year.

- 1.1 The Chair explained there is no 'hard stop' date on contracting projects with the programme; however we are entering the last 18 months to complete expenditure on projects. DCLG have expressed their confidence that 100% commitment will be achieved for RONW and for Merseyside.
- 1.2 PDa raised concerns as to potential delays in appraising Merseyside Projects. DR advised HCA are providing additional capacity to appraise capital projects. The GDT are also ensuring there is sufficient headroom in the pipeline to cover funding returned through irregularities and potential under spend.
- 1.3 DR confirmed sufficient claims have been received and are being processed to achieve the N+2 target. The GDT are prioritising larger claims to achieve N+2 target however the 10% checks, on all claims, are adding an additional 5 days to the process. The GDT need to process claims for the declaration by 9 December as we need to submit the end of year declaration to the Certifying Authority (CA) by 13 December to allow the CA sufficient time to check and submit to the Commission by the 31 December 2013 deadline.
- 1.4 DR advised LMC on the N+2 2014 target of £550m which means claims to the value of circa £80m will be required next year. The current claim forecast for 2014 is c£93m of which Super Fast Broadband (SFB) accounts for c£35m.

The GDT expect a large number of project change controls to action in the New Year; however it is important projects do not re-profile large amounts of 2014 expenditure into 2015. The GDT will be reviewing all change controls against spend profile and will be taking a harder line on this issue with only 18 months left to achieve programme expenditure.

- 1.5 Outputs are positive with many areas having achieved or over-achieved target outputs. In relation to concerns raised at the last LMC, achievement to profile is now looking good and the reporting table format has been modified to reflect the discussion at the last LMC.
- 1.6 The GDT realise there has been a lot of pressure on applicants to provide information requested on audits. The Chair took up this point, asking members to give every encouragement to applicants who have been asked to provide information, often at short notice. There is considerable pressure from the EC to reduce the error rate and the GDT have only one more week to provide the information requested by the Audit Authority.
- 1.7 DR concluded his report by noting the NW ERDF event in Preston on the previous day (27 Nov) had gone well. He thanked LEP representatives for their presentations. The overall aim of the event had been to show the achievements of the 2007-13 programme and how we can build on this with the LEPs to ensure a smooth transition to the 2014-20 programme.

Item 2: Super Fast Broadband Review

- 2.1 JM introduced the paper and PowerPoint presentation. The meeting with the GDT, BT and Local Authorities on 14 November highlighted importance of communication between BT and LAs on activity being undertaken and the need to review the process in relation to the time it is taking to submit claims from BT to LA and then to DCLG. Local Authorities need to work with BT to provide monthly activity reports to DCLG.
- 2.2 DB suggested a system is needed to enable the LAs to submit claims. JM replied formal reporting from BT needs to increase and LA finance teams need to work with BT to ensure time from activity completion to claiming ERDF is reduced.
- 2.3 Lancashire and Cumbria LAs are to provide new balanced financial plans which ensure projects are complete by 30th June 2015. The LA's need to ensure the evidence is provided by BT to demonstrate compliance with ERDF eligibility criteria. GDT arranging workshops to cover cross-cutting themes, planned for the New Year. Better and timely claims submission will increase confidence in BT's ability to deliver.
- 2.4 The Chair commented it was clear from the presentation that some progress was being made, though not at the pace originally expected, and delays with claims submission were potentially affecting expenditure targets. JM responded it is partly the claims process which causes delays and it is important the new plans will be presented to DCLG by mid December for appraisal.
- 2.5 VJ and DB thanked JM for the presentation which had clarified the process and how it is impacting on the programme.

- 2.6 BB referred to the meeting with BT on 14 November at which it became clear the BT groundwork was progressing but the claims were well behind.
- 2.7 The Chair agreed it was very useful to see how all aspects of the process are acting together and to improve the process delays. However, there is a lot still to deliver and expenditure targets that need to be achieved next year. DR advised SFB will remain a standing item on the LMC agenda.
- 2.8 VJ asked if the GM SFB project is still included in the pipeline. SHB responded the process with BT is completed and match funding secured and the project can move ahead quickly if ERDF is secured.

Item 3: Pipeline projects and 100% commitment RONW

An annex to the paper outlining the project pipeline was tabled on the day.

DR introduced the paper. Projects in the pipeline total c£20m for the c£13m remaining funding.

- 3.1 The Chair confirmed commitment is to be 100%. However, good projects should not be put on hold if other projects can be identified which will not deliver within the timeframe.
- 3.2 DR advised the total value of the SFB projects was £57m; in the short term, as SFB has not yet used that amount, it may be possible to cap these at £52m to allow GM SFB to proceed and release funding for the pipeline. Previous experience shows further funding will be returned to the programme during the next 18 months as projects re-forecast expenditure.
- 3.3 The Chair then asked if the RONW Local Authorities would be prepared to underwrite the £52m SFB cap in the short-term as this is purely a matter of timing. Appreciate the pipeline projects have progressed in good faith due to the anticipated 105% over commitment however DCLG can only now commit to 100%.
- 3.4 Discussion ensued. SM felt the risk to LAs was minimal given the likely returns to the programme, particularly since DCLG had previously been planning for 105% commitment level and will be taking a firm stance with underperforming projects.
- 3.5 DB noted LA representatives were not empowered to agree to underwrite funding immediately but would need to refer back to their respective Local Authorities with a formal document to explain the position.
- 3.6 The Chair suggested DR provide a formal paper for RONW LAs, requesting that they agree to the SFB cap at £52m until further funds are returned to the programme. He also asked members to agree that he and Sir Howard Bernstein as Deputy Chair should make decisions on pipeline projects as required, in view of the urgency of the matter. Members agreed to this request.

- 3.7 The Chair concluded discussions, highlighting those projects from the paper which were to progress immediately due to timescale.

Conclusion: LMC members endorsed progress of the following pipeline projects immediately:

- GM Digital Infrastructure Investment Project
- Digital & Creative Arts Centre (Carlisle)
- Weavers' Triangle
- Jactin House Incubator
- SusDram Engineering Design Academy

Actions:

1. DCLG to write to RONW Local Authorities week beginning 2 December 2013 regarding SFB cap;
2. Local Authorities to respond to DCLG letter by 9 December 2013;
3. Philip Cox and Sir Howard Bernstein to make decisions on behalf of members as required.

Item 4: JEREMIE Update

- 4.1 DR outlined the paper and the performance of the fund against forecast. The fund is on target to achieve its annual investment rate. A number of fund managers are already raising concerns to NWBF that they may not have sufficient funding available post 2014 for new investments due to the follow-on funding requirements of the existing fund portfolio.
- 4.2 The LMC formally agreed the position to retain the £10.8m (balance of £14.8m less £4m repaid by NWBF) of funding within the NW Fund to support future investments. GF noted the decision of the LMC that only £4m ERDF is being returned to the fund; this amount has been repaid by NWBF and included in the NW declaration to the Commission.
- 4.3 North West Business Finance have/will be circulating the NW Fund mid-term review report they commissioned Regeneris to undertake with the other Northern JEREMIE Holding Funds. A wider review of the three Northern JEREMIE funds (NW, NE and Yorkshire & Humber) is being finalised.
- 4.4 The Chair noted the NW Fund is now in a better position than before, which is a credit to the new management team.

Actions:

1. DCLG to formally notify NWBF on the LMC decision to retain the £10.8m in the NW Fund
2. DCLG to check with NWBF that they have circulated the Regeneris report.

Item 5: JESSICA Update

PC introduced the paper. Previously poor performance had led HCA to consider taking back some of the funding, good progress is now being made and it would be preferable to leave the funding as it is.

- 5.1 DR advised DCLG have been working closely with Merseyside partners and applicants to develop projects at risk; providing a potential pipeline of grant projects, if required, should funding be returned from Chrysalis next year.

Item 6: Report from Sub Committees

No additional comments were made.

Item 7: 2014-20 European Structural Funds Programme update

DR advised the budget for the 2014-20 programme has now been approved. The key date for LEPs is the review of the Operational Programme, out for consultation in March; we need to ensure the plan is wide enough to cover the projects LEPs wish to support. The current programme has been hampered somewhat because the Operational Programme was too restrictive. All LEPs have received feedback on their ESIF strategies.

- 7.1 The Chair reassured members, having had a number of queries, that Opt-In means exactly that, it is a genuinely voluntary decision. He also made members aware that DCLG are talking actively with DWP to bring the European Social Fund (ESF) management into DCLG, to enable the European Structural Investment Fund to be managed under one Managing Authority.
- 7.2 The Chair advised members that DCLG have taken the decision to create a national European and Local Growth Delivery Director reflecting the responsibility for delivery of the ERDF and RGF programmes, and may well include ESF. The new Director post has been advertised and expects an appointment by the end of the year.

Item 8: AOB

There being no other business, the Chair closed the meeting at **12.15**.

Minutes agreed by LMC.

Signed

**Philip Cox
DCLG
(Chair)**

Date