



EUROPEAN UNION
Investing in Your Future
European Regional
Development Fund 2007-13

YORKSHIRE & HUMBER COMPETITIVENESS PROGRAMME 2007-13

LOCAL MANAGEMENT COMMITTEE

LATERAL OFFICES, LEEDS

25 October 2012

Attendees	Role	Sector/Organisation
Patrick White	Member (Chair)	DCLG
Rob Pearson	Member	HCA
Colin Mellors	Member (Y&H PMB Chair)	PVC York University
John Mothersole	Member (SY PMB Chair)	CEX- Sheffield Council
David Dangerfield	Member	Environment Agency
Chris Longley	Member	Federation of Small Business
Gary Lumby	Member (A2F Chair)	Private Sector- Banking
Richard Wright	Member	SCR LEP
Clive Darnell	Member	Goodwin Trust
Isobel Mills	Member	BIS Local
Martin Harrison	Member	SY Skills Rep
Judy Robinson	Member	Involve Yorkshire
Ian Rowe	Member	Yorkshire Universities
John K Anderson	Member	RoR Skills Rep
Linda Sproge	Observer	EC
Lloyd Snellgrove	Member	Yorkshire Universities
Lynn Benton	Member	Hull & Humber LEP
James Farrar	Member	York & North Yorkshire LEP
Melanie Dei Rossi	Presenter	SYPTTE
Peter Elliot	Presenter	SYPTTE
Alex McWhirter	Presenter	Finance Yorkshire
Lesley Calder	Head of Programme Delivery Team YH/NE	DCLG
Craig Wallace	ERDF Implementation Manager	DCLG
Peggy Haywood	ERDF Implementation Manager	DCLG
Richard Holmes	ERDF Communication Manager	DCLG
Portia Forbes- Rawlins	ERDF Governance Officer	DCLG
Apologies		
Simon Driver	Member	Hull & Humber LEP
Cllr Roger Stone	Member	SCR LEP
John Lewis	Member	TUC
Liz Bavidge	Member	Equalities & Diversity
Cllr James Alexander	Member	LCR LEP Rep
Lee Pepper	ERDF Finance Manager	DCLG

WELCOME, INTRODUCTIONS AND APOLOGIES

The Chair welcomed LMC members to the meeting

All members provided introductions.

DECLARATIONS OF INTEREST:

Chris Longley – Finance Yorkshire (customer)

John Mothersole - SYPTE

AGENDA ITEM 1 - MINUTES FROM PREVIOUS MEETING AND MATTERS ARISING

The Chair noted that the previous minutes had been updated to reflect the importance of the extraordinary meeting.

All matters arising were covered on the agenda

AGENDA ITEM 2: PROGRAMME PERFORMANCE & RISK

The ERDF Programme Delivery Team provided an update on performance

Overall performance

The LMC noted:

- The Programme value stands at **£498.5m**.
- The ERDF Programme is 62% legally committed at £309.8m.
- The project pipeline remains strong, and continues to be subject of ongoing review.
 - Priority 1 (Innovation) pipeline value 118% of available resource;
 - Priority 2 (Enterprise) pipeline value 134% of available resource;
 - Priority 3 (Sustainable Communities) pipeline value 89% of available resource;
 - Priority 4 (Non Phasing In Area only) pipeline value 126% of available resource;
- The error rate for 2011 subject to further negotiation would be concluded under 1%. This highlighted the direction the programme took for compliant spend had been beneficial for the programme.
- The programme has £180m to commit by Sept/Oct 2013 in order that it is fully contracted by December 2013. This is a significant challenge but achievable.
- The pipeline of projects is regularly reviewed in detail by the Performance Management Boards (PMBs).
- Receipt of good quality, complete project applications is critical. The ERDF Delivery Team is encouraging applicants to use the resources of LEPs/Technical Assistance/ Local Authorities to improve the quality of their applications
- The ERDF Delivery Team and Programme Management Boards will closely monitor financial performance. Where appropriate funds will be de-committed and re invested to support projects capable of spend and delivery.

N+2 2012

The LMC noted:

- N+2 2012 achievement was reported as high risk, requiring £47.4m spend by end November. This was challenging but achievable if all projects submit all outstanding claims by the deadline.
- Project spend to date was lower than contracted or forecast. This was subject to intensive monitoring. However, claims to the value of c£23m had recently been received and subject to processing indicating a significant upturn in performance.

- The programme was anticipating a further £9.2m from contracted projects and c.£3.8 million from contracting projects by 30 November
- With the £10.4m anticipated from the major project (subject to admissibility) a gap of c.500K remained. All efforts would be focussed on closing the gap.
- All claims needed to be submitted by 30 November.
- The Chair thanked the ERDF Team and all project partners for their hard work, however noted that partners still needed to submit claims in a timely manner.

Risk Register

The Delivery Team presented the risk register and mitigating actions proposed/underway.

The LMC noted:

- In January a 100% project review would be undertaken, spend and output profiles reviewed and
- Underperformance/underspend identified and decommitment action initiated where appropriate.
- Further work would be undertaken on outputs and results including review of evidence definitions and practitioner workshops
- That project leaders were continuing negotiations with DG Regio over a sustainable future for the Digital Region project
- The end of programme evaluation would capture all evidence direct and indirect to articulate the success of the programme and its wider economic impact.

AGENDA ITEM 3 – PROGRAMME MODIFICATION

LMC received the final recommendations on the proposed Programme Modification for the Yorkshire & the Humber ERDF Programme.

The LMC noted:

- LMC and PMBs had considered the modification proposals previously and the final proposals were consistent.
- The reductions to some outputs to take account of challenging economic conditions
- All changes had been sent to the LMC in the 7 annexes

The LMC agreed:

- The revisions to Programme indicator targets (section 4.1 and Annex 2 referred);
- The virement of c£5.75m from Priority 5 (Technical Assistance) to Priority 1 (Innovation and R&D) in the non-phasing in area to support additional project activity (section 4.2 and Annex 3 referred);
- The virement of c£4.5m from Priority 5 to Priority 4 (Economic Infrastructure) in the phasing in area to support additional project activity (section 4.2 and Annex 3 referred);
- The virement of c£4m from Priority 3 (Sustainable Communities) to Priority 4 in the phasing in area to fund additional infrastructure projects are a high priority for local partners and will contribute to long term growth objectives (section 4.2 and Annex 3 referred);
- The inclusion of broadband infrastructure activity in the non-phasing in area (section 4.3 and Annexes 4 & 5 referred)
- The amendments to the Implementing Provisions (section 4.4 and Annex 6 referred);
- That the Programme Delivery Team consults with European Commission representatives to refine the modification proposals and the Head of the

Programme Delivery team is delegated to agree the final submission to DG Regio.

Action: LMC members to notify the ERDF Team of any further comments by 1 November 2012.

AGENDA ITEM 4 – ACCESS TO FINANCE

Richard Wright updated LMC on the Access to Finance sub-committee meeting of Monday 15 October.

The LMC noted:

- Screen Yorkshire and Key Fund gave presentations on performance against targets and objectives, achievement of N+2 targets for 2012, and activities to bring performance back in line with expectations where necessary. Both projects have a strong pipeline of work in progress and robust marketing plans in place in order to maximise achievement of spend.
- The Access to Finance sub committee approved a contract variation request from Finance Yorkshire to:
 - Extend the project timescale by 12 months from December 2013 to December 2014.
 - Virement of £5m from the equity fund into a new business loan product.
 - A change to the economic outputs.
 - Changes to management fees. (These are outside the scope of ERDF).
 - A reduction in the value of returns impacting on the value of legacy.
- The contract variation reflected the late start of the project while EIB match funding was confirmed and complex negotiations following the sale of the equity fund management company that took 12 months to complete.
- Underperformance of the equity fund could have an impact on the legacy of the fund and may result in decommitment if performance cannot be recovered and/or a contract variation to extend the contract agreed.
- The Seedcorn and Business Loans Funds suggest a strong pipeline of projects that indicate these funds will deliver to the contract variation
- The sub Committee will closely monitor performance in March 2013 and consider decommitment of funds if necessary.

The LMC noted the update

FINANCE YORKSHIRE PROGRESS REPORT

Alex McWhirter, Chief Executive Officer of Finance Yorkshire gave a presentation on the progress of the JEREMIE fund. A Copy of the presentation was attached for reference

The LMC noted the update

AGENDA ITEM 5 – MAJOR PROJECT SOUTH YORKSHIRE BUS RAPID TRANSIT SCHEME

John Mothersole, Chair Phasing In Area PMB provided a brief introduction to the presentation in the context of the Phasing In area investment priorities.

The LMC noted:

- The project had been identified as a key priority for the PMB and locality
- The project has potential to deliver a range of benefits wider economic impacts.

Peter Elliot and Melanie Dei Rossi of SYPTE gave a presentation on the proposed Bus Rapid Transit Scheme major project. LMC noted:

- The activities, scope and objectives of the scheme.
- The significant long term and wider economic benefits.
- The scheme will unlock major employment sites.
- The project is still to go through the full ERDF technical appraisal.

Linda Spruge, European Commission confirmed that the project must comply with the European Commission guidance regarding the Cost Benefit Analysis.

A copy of the presentation accompanies the LMC minutes.

The LMC agreed:

- The submission of the application to the European Commission.
- That the project should proceed completion of the technical appraisal with detailed reports to be presented at future LMC meetings when the outcome of the appraisal is known

AGENDA ITEM 6: Y&H PMB and SY PMB updates

The Chairs of the Performance Management Boards provided updates on activity since the last LMC meeting.

The LMC noted:

- Both board meetings had focussed on N+2, project prioritisation and driving output and result performance.
- The Rest of Region PMB had invited project delivery organisations to board meetings to explain the circumstances and mitigation activities where there was significant lack of progress and/or performance concerns had been raised.

The Chair thanked the PMBs for their continued hard work

AGENDA ITEM 7- POST 2013 PROGRAMME UPDATES

Isobel Mills provided an update on post 2013 Programme developments.

The LMC noted:

- Informal discussions had been held with LEPs.
- There is an appetite to understand the structure of the next programme and to explore closer integration of funds (e.g.ERDF and ESF).
- There are concerns over future capacity to run the new programme.
- Formal consultation meetings would be held on:
 - Tuesday 4 December- Scarborough
 - Wednesday 5 December – Wakefield

The Chair emphasised the importance of stakeholders engaging in the consultation.

AGENDA ITEM 8- AOB

LMC considered the letter from Philip Cox sent to LMC Chairs and Deputy Chairs regarding the strengthening of Programme management.

The LMC noted:

- Lesley Calder will take on responsibility as Head of the Yorkshire & the Humber Programme as well as Head of the North East Programme in a permanent capacity.
- DCLG are intending close the Sheffield office and staff would move to the Leeds office.

The LMC discussed:

- The potential detrimental impact on delivery of the closure of the South Yorkshire office. The consideration of local arrangements required for the post 2013 Programme.

LMC Meetings 2013

An extraordinary LMC meeting would be scheduled for January 2013 should the outcome of N+2 2012 require LMC consideration.

The next LMC meeting would be scheduled for March 2013

It was noted to members that the LMC was able to agree recommendations/decisions by written procedures if required

Minutes end