

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

PRESENT

PMSC Members/Alternates

Sir Howard Bernstein (Chair)		Deputy Chair LMC
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
Cllr Sue Murphy	SM	LMC Representative Greater Manchester

DCLG

David Read	DR
Nicola Lavin	NL
Mike Henesey	MH
Ruth Hollis	

Observers

Mark Duncan	LMC Representative Greater Manchester (Alt)
Paul Evans	LMC Representative Greater Manchester
Francis Lee	LMC Representative Cheshire

Apologies

Cllr Phil Davies	LMC Representative Merseyside
Lynn Collins	North West TUC
Gillian Elliott	LMC Representative Cumbria

Welcome & Introductions

The Chair opened the meeting at **14.06**, welcoming everyone.

Apologies

Apologies were noted as on Page 1.

Minutes of the meeting 2 July 2013

The Minutes were agreed as a true record.

Matters Arising from 2 July 2103

Action: DCLG to reschedule September PMSC meeting.

This was implemented in July.

Declarations of Interest

No declarations were made.

Item 1: Programme Update

DR introduced the paper. GDT have today been advised by DCLG that the commitment level will remain at 100%. The Chair and DR will discuss this with Philip Cox.

- 1.1 The Chair advised until the interruption the European Commission has imposed on DCLG (applies across English programmes) is resolved there is unlikely to be any movement on the 100% commitment.
- 1.2 At LMC on 18 September it was agreed the £10.8m anticipated return from the North West Fund would be retained by them as the fund is on target to achieve its annual investment rate. EC Desk Officer requires a formal paper presenting to the next LMC for members to formally endorse this recommendation.
- 1.3 Gap required to meet N+2 2013 currently stands at c£25m, and remains a stretching target. The Certifying Authority is yet to confirm the final date for claim submissions. The GDT are working with applicants and TA to ensure claims are submitted.
- 1.4 PR noted the Environment Agency's offer to provide help if needed with environmental assessments.
- 1.5 PR asked if the claims position and the reprofiling had been communicated to projects. DR responded LMC had agreed the position on re-profiling and projects will be advised. In relation to claims the GDT are working with TA on specific list of projects to assist in achieving N+2 decommitment - discussed under Item 3.

Item 2: Report on Project Development

DR introduced the paper, adding pipeline projects have progressed in good faith due to the anticipated 105% over commitment however DCLG can only now commit to 100%; the pipeline for R0NW now needs to be managed.

- 2.1 SM asked if the projects on the reserve list were prioritised. DR replied they are not, although some are more time-critical than others.
- 2.2 The Chair requested a review of projects for LMC to enable pipeline projects to be prioritised up to 100% commitment level. In addition to pipeline projects the PMSC need to review and manage reserve list of projects should further funding become available.
- 2.3 DR advised all pipeline projects have been prioritised on the basis of deliverability and achieving spend by end of June 2015 and we are still over 100% commitment for RoNW.

Action:
GDT to provide details of pipeline and reserve list projects.

Item 3: Project Performance

DR outlined the paper. Circa £25m of claim payments are needed to achieve the N+2 decommitment target. An accurate forecast of what projects can/will be claiming is essential. The 10% audit checks are adding an additional 5 days to the process.

- 3.1 The Chair stressed all members should take responsibility to support DCLG in this effort.
- 3.2 DR advised circa £18m claims outstanding from the provided project list, Annex 1. Any change controls requesting to move spend forward are currently not being processed. Partners need to understand and identify issues where claims cannot progress. Some draft claims have now been submitted. GDT will update and circulate the list on a fortnightly basis to keep all members informed of progress.
- 3.3 The Chair suggested an extra-curricular meeting after a month if progress is not being made, and if necessary applicants should be called to explain the slow progress.
- 3.4 PR noted the feedback from the environmental project was that claims are waiting to be signed off and processed. PDi noted Merseyside had circulated the previous list of projects with claims issues and would do so again.
- 3.5 DR advised projects should be made aware if the programme fails to achieve N+2 it will be these projects which stand any loss. Change controls can still be submitted as this helps GDT to understand the project position but they will not be processed. A letter will be issued to the projects on the list, copied to the appropriate LEP TA staff.

Action:
GDT to issue letters urging action to all projects where claim submissions are in arrears.

Item 4: SFB Update

NL introduced the paper, updated since LMC on 18 September. Claims are c£4.5m ERDF behind profile. GDT are aware activity is taking place but the claims are not coming in. Monthly profiles from projects will be requested to understand where expenditure is up to.

- 4.1 BB felt discussions between DCLG Central and BT would be worthwhile; he would also take back the issue re claims submission.
- 4.2 The Chair suggested a meeting with Mike Blackburn (BT's Regional Director) to provide some reassurance for DCLG/partners. He agreed there is concern over delivery across the NW however it is unclear whether the position is fully understood at high level within BT.
- 4.3 The Chair concluded levels of expenditure are currently behind forecast. well short of the requirement. A decision on SFB should be made by the end of the year, as this is extremely challenging.
- 4.4 DCLG to complete an internal project review focussed on the capability/capacity, governance, and delivery of three Superfast Broadband projects - Lancashire (£16.5m), Cumbria (£15.4m) and Cheshire (£15m).
- 4.5 DR agreed to arrange a meeting with BT senior management and all sub regions.

Action:

GDT to arrange a meeting with BT on Super Fast Broadband delivery in the North West.

Item 5: Projects for Endorsement

Item 5a: Digital & Creative Arts Enterprise Centre (Cumbria)

The Chair had no intrinsic objection to the project but suggested it would now not be appropriate to endorse any new projects at this point following the announcement on 100% commitment level.

- 5a.1 PDo advised this project had been developed over some time and can realistically be a timely contributor to the programme.
- 5a.2 The Chair responded if there are to be decisions to prioritise projects following the 100% commitment level it would be inadvisable to support any project, at this time, without assessing all the pipeline projects.
- 5a.3 DR noted the wider issue with a number of projects which have received an investment decision but to date have been unable to contract.
- 5a.4 The Chair agreed this was a consistent approach and suggested EESG should review the pipeline projects and put forward recommendation to LMC.

- 5a.5 DR confirmed all projects which had had an investment decision and those in the pipeline had been endorsed as a priority by LEPs. Partners agreed if a project has not yet contracted, having received an Investment Decision, it should go through the same process as the others on the list. A comprehensive list of these will be provided for PMSC.
- 5a.6 Reserve list projects have not been included in this exercise due to limited funding currently available following 100% commitment level. Applicants of reserve list projects can continue to develop at risk should further funding become available.
- 5a.7 PR sought confirmation on the criteria for prioritising projects for RoNW. The Chair replied advising key criteria are value for money, ability to deliver and impact.

Item 6: AOB

There being no other business, the Chair thanked members for their attendance and **closed the meeting at 15.00.**

**To note: Date of next meeting: Thursday 30 January 2014
10.30 – 12.30
Arpley House
110 Birchwood Boulevard
Warrington
WA3 7QH**

Minutes agreed by PMSC

Signed Sir Howard Bernstein (Chair)
Regional Leaders Board

Date