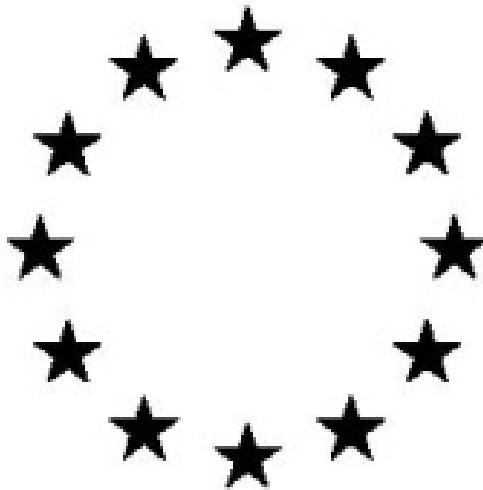


**YORKSHIRE & THE HUMBER ERDF 2007-13 REGIONAL
COMPETITIVENESS AND EMPLOYMENT
PROGRAMME MONITORING COMMITTEE
MINUTES OF THE MEETING HELD ON
21 June 2011
at
Shine Business Centre, Leeds**



PRESENT	ORGANISATION	REPRESENTING
Felicity Everiss (FE)	GOYH	Chair
Paul Stephens(PS1)	Leeds City Council	West Yorks LAs
David Dangerfield (DD)	Environment Agency	Environment
Lloyd Snelgrove (LS)	Sheffield Hallam University	Universities
Linda Sproge (LS)	DG Regio	European Commission
Judy Robinson (JR)	Involve Yorkshire	Voluntary Sector
John Mothersole (JM)	Sheffield City Council	SY PMB
Trevor Shaw (TS)	Yorkshire Forward	RDA
John Illingworth (JI)	Goodwin Development Trust	Voluntary Sector
Garry White (GW)	CLG	CLG
Chris Longley (CL)	FSB	Private sector
Martin Cantor (MC)	Barnsley Council	SY Las
Joan Palmer (JP)	NYLC	RSWP
Liz Bavidge (LB)	Bavidge Consulting	Equalities
Tim Goodship (TG)	BIS	BIS
Gary Lumby (GL)	Yorkshire Bank	Access to Finance
Colin Mellors (CM)	York University	Y&H PMB
Agnes Lindemans (AL)	DG Regio	European Commission
SECRETARIAT		
Malcolm Taylor (MT)	Yorkshire Forward	RDA
Paula Shelley (PS2)	Yorkshire Forward	RDA
Adrian Green (AG)	Yorkshire Forward	RDA
Peggy Haywood (PH)	Yorkshire Forward	RDA
Portia Forbes-Rawlins (PFR)	Yorkshire Forward	RDA
Richard Holmes (RH)	Yorkshire Forward	RDA
Eleanor Marshall (EM)	Yorkshire Forward	RDA
Lesley Calder (LC)	One North East	ERDF
Iain Derrick (ID)	One North East	ERDF
APOLOGIES		
Simon Driver	North Lincolnshire	Humber LAs
Cllr Stephen Houghton	Barnsley MBC	South Yorkshire LAs
Cllr Roger Stone	Rotherham Council	South Yorkshire LAs
Liz Towns-Andrews	Huddersfield University	Yorkshire Universities
John Lewis	TUC	Trade Union Representative
Andrew Leeming	NY Partnership Unit	North Yorks LAs
Prof. Mike Smith	Sheffield Hallam University	Universities

AGENDA ITEM 1: WELCOME & INTRODUCTIONS, APOLOGIES, AND CONFLICTS OF INTEREST

108. Felicity Everiss (FE) welcomed members to the meeting, she noted that members should have been informed about the new arrangements as Lucy Makinson was unable to take up the position. FE informed the board that she would be chairing this and the next PMC. There were no Declarations of Interest. Round table introductions were given by members as there were new members.

AGENDA ITEM 2: MINUTES OF LAST MEETING 01 MARCH & ACTIONS ARISING

109. The minutes of the meeting held on 01 March 2011 were AGREED as a true and accurate record.

Matters Arising:

110. Re point 004: MC informed the committee that the regional ESF committee had been discussed at the SY PMB on 5 May and it had been agreed that the PMB would receive reports from the regional ESF. JM the Chair of the PMB noted that the PMB were was concerned about ESF and was keen to keep some visibility of ESF and would like to receive reports at PMB level but not at PMC level. It was noted that information and intelligence would need to be received from the Department of Work and Pensions (DWP), it was noted the PMB would be unable to use the Secretariat to do this also it was noted the PMB had no authority to make any decisions regarding ESF.

AGENDA ITEM 1: Paper 11.11 LMC TOR/Membership (FE)

111. PS2 noted that the draft TOR which had been circulated to members, it was noted the TOR needed some minor amendments such as changing Deputy Chair to Deputy Chairs. There was a need to agree the TOR so the next meeting would be the first meeting of the Local Monitoring Committee (LMC). The membership also needed to be agreed so nomination letters could be written so membership could be in place for the first meeting in September. The membership had been amended due to comments received during written procedures.

112. GL noted that a number of PMC members were already Local Enterprise Partnership (LEPs) members.

113. PS1 that he was supportive of the LEP geographic areas but felt they should also be a specific LA representative written into the TOR.

114. MC asked that a short job description be provided, so LEPS and organisations had some guidance when proposing new members for the LMC.

115. FE felt it would be useful to have one LA and other from each LEP

116. JM informed the committee that the SY PMB had already agreed to do this informally and was content that LEP would provide balanced representation would be achieved.

117. CM noted that LEPs would consider the advantages of drawing representation from different representation, he suggested that the TOR should not be too specific and noted that some LA political representatives had not been the best attendee's to the PMC.

118. GL agreed that there should if possible be private and public representatives.

119. FE noted the policy change to the Localism agenda that affected the LMC, LEPs were varied and it would be difficult to be precise regarding members but the nomination letters would encourage certain representation from the LEPs. It was noted in future that if the LMC membership was becoming unbalanced than the membership and TOR could be revised.

120. AL noted that some training should be given to new members to introduce them to the ERDF programme. FE agreed with this and noted induction had been provided for previous new members.

121. ACTION: The TOR were agreed with minor amendments and agreed the membership detailed in papers. Nomination letters would be sent so membership could be agreed by next first LMC meeting on 20 September

AGENDA ITEM 2: Programme Overview

122. Malcolm Taylor provided a programme overview to members; he gave updated figures which were slightly different to those in Paper 18.11. The N+2 target was £219 million; there was £70million still to spend and there was £84 million in the pipeline. A sensitivity and probability analysis had been applied and a shortfall of 35 million was still to be reached. The PMC were informed that this was not a good position to be in but the ERDF team was confident that this shortfall could be covered. MT informed the committee that there were a number of projects which if they came through could make the programme over target by £11 million or if not, have a shortfall of £35 million, it was noted the figures did not included the JESSICA project.

123. It was noted the match funding situation had not improved with the public sector cuts, there were a few projects which had RGF/ERDF match these projects needed to send in their OBP by 30 June for alignment with Regional Growth Fund (RGF). The PMC were informed that the Y&H programme had the second lowest error rates in the English programmes of 0.7%. Yorkshire Forward would continue to cover some services that it previously provided during the transitional period.

124. The number of staff who would transfer was now 26. MT introduced Lesley Calder (LC) who would be the new head of the Y&H ERDF Programme she also managed the ERDF programme in the North East and would split her time between the two programmes. LC gave details about herself, she had been working in ERDF Programme Management for nearly 20 years, a priority for her was achieving the N+2 target. An analysis was in process to identify projects that could be contracted in 2011 and have an impact on the N+2 target. Some projects had been identified as having 0% spend and the management team wanted to focus on these projects to get spend up in the remaining 2011. This would take collective work of the ERDF team and partners to resolve any issues to get projects spending.

125. Work was underway on a transfer of processes and data between YF and CLG, interim arrangements were be in place to manage the transfer. Y&H ERDF vacancies were advertised across the ERDF network with interviews being held on Monday 27 June, it was noted that some people were already interested in some positions also appraisal, state aid and legal advice was being brought into the region to cover gaps in the Y&H ERDF programme.

126. The transition had taken up a lot of time; there was now a need to work on the processes that would be in place after the transfer. LC would have a delegation limit of £5 million so this should help to process projects more quickly; also the PMBs would need to improve their approval process. LC didn't underestimate the challenge that the programme was facing for both partners and ERDF team.

In the discussion which followed the following comments were made:

127. GL asked if temp staff were able to be hired to cover pinch points within the ERDF team?

128. JI asked what could be done to match more ERDF projects with RGF

129. JM stated a plan was needed to look at the resourcing issue; this was concern for the SY PMB

130. MC agreed with JM, he felt there the risk of shortfall was understated and the transition has a huge detrimental effect on achieving the N+2 target. Partners and the ERDF team needed to both work on achieving the target. He was concerned about the part time management on the programme in the future and would like to see a clearer resource plan.

131. JR felt that Technical Assistance (TA) had not been used as a resource enough to combat issues within the programme.

132. FE informed the committee that there was an issue with resource but due to the way the transfer had been agreed. The issues of vacancies would be difficult due to current government rules, the team were unable to hire temps to cover positions but secondees from other teams may be a way forward in the future.

133. JM agreed that secondees could be a way forward and had been discussed with the other PMB Chair Colin Mellors. It was offered that a matrix of expertise could be put together that may be used in the future to find secondees from Local Authorities (LA) and other partners.

134. Technical Assistance (TA) could be used by partners in different ways than they previously had done as partners may need more project development experience. It was noted match was still needed for TA projects.

135. ACTION: A transition management plan was needed to create a matrix of expertise from LA's, universities and other external partners.

136. CL offered his expertise to help and felt other partners should be helping the team with the transition.

137. FE noted that there had been previous North East/Yorkshire working and it was not unusual in government practices however it was more unusual with ERDF. FE understood the views that MC had made but there was now a new way of working and was glad to have LC's knowledge and expertise.

Match

138. It was noted that RGF Round 2 would not be able to provide much match for ERDF projects, it was hoped it would provide more in later rounds. There may be a shift towards more Capital projects to provide more match. Further work with LA and universities should happen to create more projects and have more alignment with external partners. It was noted RGF R2 would not really help towards the N+2 target this year.

139. FE informed the committee that this year there was a multi-faceted challenge which everyone was needed to help face. In the short term work would be done on the N+2 target. FE noted some projects had 0% spend and felt partners needed to recognise their role and work on getting projects to spend further.

140. The major project would be presented to the LMC at the next meeting to give information to the committee on the project.

AGENDA ITEM 3: Y&H PMB and SY PMB Updates Y&H PMB and SY PMB Updates

141. The SY PMB discussed the European Social Fund (ESF), JESSICA and approved a number of projects.

142. The Y&H PMB discussed the balance of projects and upcoming transition, the Chair wanted to note Capitol Park Goole project which was approved at the PMB, this was a complicated project which had some issues which were noted to the project manager and in the endorsement letter to the project.

143. The Chair informed the Committee that there were 3 main issues facing the programme

1. Resilience and skills- this was due to a loss of expertise to the scheme

2. There were previous delays- there was a need for sharper process to get projects through and to get better at the ERDF project process.

3. Support was needed for development in the programme – due to changes there was less of a role in the team for project development to the programme, this had previously been done by the team but after the transfer there would be less of a role. A shift from endorsement to monitoring, the A13 was a good process but there was a need to become more robust with projects to get them moving and producing more outputs.

144. PS2 informed the committee that there would be a change in the role of the PMBs after transfer; this would be to comply with Annex 12, rules and regulations. With the loss of YF there would be no internal panel to review projects as a result all projects would be presented to the PMBs to either be endorsed or deferred. This was a change to the role of the PMBs.

145. TS noted that the resource to run the ERDF programme had been cut and there was a need for some realism about the ERDF team's capability to administer the programme. There was a need for external partners to be more supportive of the team.

AGENDA ITEM 3.1: Paper 12.11 Evaluation Steering Group

146. The PMC were informed that the last meeting was a working group and not a formal steering group meeting. The mid-term impact report would be completed by September 2011 and reported back to the LMC at the September meeting.

147. The impact report was useful up to this point but it did not have a complete final beneficiary report, the report had noted that spend was a problem. There was not enough impetus to deliver spend wisely, PS went through the different priorities and noted the suggestions the evaluators had made,

148. A decision needed to be made on Priority 2 Capital projects, as there were a large number of capital projects which had match but this affected the outputs of the project. Priority 3 and Priority 4 were over committed, in Priority 3 there were still some gaps which allowed for some projects but the whole of Priority 4 was overcommitted.

149. MC noted he felt evaluations were generally underused by the programme and the evaluators should have an in-depth look and work closely with the ESG.

150. PS2 replied that it was planned to have a stakeholder event for external partners and the next ESG meeting in July would discuss the event, invites to partners would probably be sent to partners after this meeting.

151. It was noted the Chair was keen to have this event before the next LMC meeting in September as it would be useful to bring comments to the meeting and not have a lengthy presentation from the evaluators.

152. PS1 noted some of the final conclusions and felt there needed to be a lengthy discussion on how large authorities and partners will take on some of the roles/work which was detailed in the final conclusion.

153. The PMC noted the report

AGENDA ITEM 3.2: Paper 13.11 Cross Cutting Themes (CCTs)

154. EM gave the committee a CCT update, CCTs had a number of targets and areas which were working well and some were not working well. It felt the targets should be monitored by the PMS and ESG. The PMB should receive a quarterly report to look at how the CCT targets are operating and the embeddedness within projects.

155. The PMC were asked to agree to the dissolution of the CCT S/c as it was felt the work of the CCT could be taken up by PMB/ESG and any issues could be dealt with by an ad hoc Task & Finish group.

156. JR wanted to note her concern about the monitoring of CCT targets after the transfer and note the loss of the Green House Gas (GHG) Toolkit for projects. She felt this was detrimental for the region and projects, it would not be used by projects post transition due to technical issues.

157. The GHG Toolkit was unable to be hosted on the CLG website, it was felt a potential way to get around this was by a partner agreeing to host the toolkit.

158. The PMC agreed to the dissolution of the CCT S/c and asked for proactive and proper monitoring of the CCT targets by the PMBs. Also a Task and Finish group would be set up as and when needed.

AGENDA ITEM 3.3: Paper 14.11 Access to Finance

159. PS gave a brief update to the committee. The Seedcorn fund was a little behind target but FY was confident of reaching the predicted target. The Business Loan Fund was going well and was slightly ahead of the forecasted target. There was some concern over the Equity fund, it was noted the EIB had requested a large equity stake to get the large investment returns from deals. With the next quarterly return it would be a critical time for information on the Equity fund and a point to decide the future progress of the fund. The A2F had agreed to a plan from September if the fund was still not performing to expectations, they would have a look at why it was not hitting milestones. GL noted that the private sector was in the same position; it was felt if the fund did not improve then there would need to be an independent review of the Equity fund.

160. The Chair noted an independent review may require permission from the LMC. The PMC were asked if it was content for the A2F to commission an independent review of the Equity Fund.

161. The PMC agreed for an independent review if needed.

162. GL noted the Equity fund targets may be unrealistic due to the environment when FY was set up.

163. JM noted there were a number of issues that could be looked at with an independent review.

164. FY had formally asked to extend the project which would be match with RGF, they had asked for £8, 5 million and were informed that an OBP needed to be submitted by 30 June.

165. CDFI was now contracted

166. Micro Finance Early Stage growth Fund was deferred due to a number of issues and FY would prefer their own extension went ahead as there was some duplication with the fund.

AGENDA ITEM 4: Paper 15.11 Creative Yorkshire Content Fund

167. This was an FEI project and as such needed to be endorsed by the PMC as novel and contentious it would also have to go to CLG for approval. This was a co-investment fund which would capture match as it progressed. The project would not just appeal to the film and TV but gaming and the internet industries also.

168. The applicant was Screen Yorkshire and some background was given on the applicant due to changes with its funding it was important that this project go ahead, it was noted that other similar funds operated in other parts of the UK.

169. The investment was £7.5million of ERDF and the A2F S/c would oversee the fund.

170. JI asked if systems were in place to manage the fund properly.

171. PS2 responded that FY had been asked to take on more of a role within the management of the fund and potentially had a place on the investment advisory panel also.

172. CL noted the £2 million legacy return seemed a little small; PS replied that this was a cautious estimate.

173. The PMC endorsed the project

AGENDA ITEM 5: Paper 16.11 Annual Implementation Report

174. PS2 introduced the Annual Implementation Report (AIR); formal approval of the AIR was needed from the PMC. It was noted that if there were any comments from members please could they send them to Richard Holmes as soon as possible.

175. The PMC approved the AIR

AGENDA ITEM 6: Paper 17.11: Priority Prospectus

176. PS2 introduced this item, the PMC needed to approve the annual Call for Proposals, the call closed on 30 June. It was noted that it was difficult this year to introduce a new call as the Mid-Term Evaluation Report Phase 3 was due in September 2011 and the report could produce changes to the Call. An interim Call was therefore suggested to the PMC, the interim Call would be reviewed in September and formally approved in December 2011. There were some issues to not in the Call, this was the over commitment in Priorities 3 and 4. A pause had been written in the interim call for certain activities in Priority 3 and the whole of Priority 4. The activities which had been paused would still receive expressions of interest and respond to them but the focus would be on the projects to check their progress and if they had any match issues. It was hoped that the landscape would be clearer by the LMC meeting in September.

177. It was noted that there was a huge time-lag on flood projects which had applied to ERDF these projects now planned to start in 2013. It was thought a pause on these projects should also be put in place.

178. The PMC were informed that at the next LMC information would be given on a potential major project in the Humber area, the project was called Hull Energy from Waste. There were some potential issues with the project although it was felt the project fitted well into the ERDF programme. Energy generation can not be funded and also activity generating low carbon must respect state aid restrictions.

In the discussion that followed the following comments were made:

179. PS2 noted the concern over flood risk projects.

180. CL noted his concern that the wording of the TA was not strong enough. He was informed that

181. GW was revising the national TA strategy and would check the wording with GW before going ahead.

182. GL noted his concern over the Priority 3 pause.

183. The Chair clarified the reason the pause, which was to see how the pipeline cleared, this pause was reviewed in September, and the pause was in effect for a maximum of 6 months.

184. MC noted his concern over the pause, he asked for a recommendation that the Call be ended on 30 September instead of 31 December.

185. MC was informed that the way the programme was governed that PMC agreement was needed and needed to be discussed at the next PMC so the earliest the Call could finish was December 2011.

186. JI asked what was the risk of projects in the priorities 3 & 4 going ahead, which would over commit the priorities. Priority 3 was 80% and Priority 4 was 100%. It was noted that EOIs could still be received for the overcommitted priorities in case funding became available.

187. CM stated that a clear message should be sent that just certain parts of the programme were paused and were not closed.

188. The Chair noted the concerns and stated the pause would be reviewed in September.

189. The PMC endorsed the Call for Proposal and New Priority Prospectus

AGENDA ITEM 7: Paper 18.11 Programme Performance and Risk

190. AG presented this item; he gave a brief programme overview detailing the different priorities which were given in the paper. It was noted that the contracted profile had increased from 40 to 62%; this was related to the resolution of issues with A13/A16 visits. The ERDF team were now focussing on projects which had low contracted spend to profile. It was stated this needed to be raised to contribute to the N+2 target.

191. The programme performance paper was noted by the committee.

192. The Committee were informed that there would be a change to the way information was presented due to the ERDF transition in the CLG.

AGENDA ITEM 8: Paper 19.11 JESSICA Update

193. PH gave an update to the committee on the JESSICA project; local partners were supportive of a JESSICA. Local partners had been informed of the change regarding facilitating match, which was no longer an option due to European Commission rules. At a meeting on 8 June partners had been asked what they could definitely commit to a JESSICA, 4 LA's had responded to the request, a further meeting would be held and the new information would be brought to the LMC in September. Finance Yorkshire would be officially invited to become the holding fund manager of JESSICA. There was a need for partners to work with FY to bring essential match to the project to bring it to fruition subject to LMC approval.

194. JM noted that the LA were in charge of there own timescales

195. PH informed the committee that she would be trying to get JESSICA approved at the next LMC meeting in September.

AGENDA ITEM 9: Paper 20.11 Forward Work Plan/AOB

AOB

196. The Committee were informed that the next meeting may need to be longer due to the items scheduled for the meeting, major project, evaluation and JESSICA.

197. With the major project, Hull Energy from Waste, the Y&H PMB would need to be presented with the information; the LMC would also need an information presentation and hopefully have formal approval at the December LMC meeting. The major issues so far was the large revenue it would generate, the project needed to demonstrate need as the applicants were not able to raise finance and potential planning difficulties.

198. There was also a potential project in South Yorkshire with Sheffield Works/Innovation Cluster, this bid had been recently put in and would be submitting an OBP by 30 June as they were also applying for the Regional Growth Fund, and the project was approximately £100 million in total.

199. The PMC noted the forward work plan.

200. The Chair wanted to officially thank the ERDF colleagues who would be leaving the ERDF, there contribution had been greatly welcomed and she thanked them for there hard work. They were Paula Shelley, Adrian Green, Malcolm Taylor, Eleanor Marshall, James Margerrison, Alison Childs, Zoe Spink, Graham Lynch, David Nicol, Gerri Kostrzewa, Liz West and Gill Browning. She especially wanted to thank Paula Shelley for her work and contribution to the programme.

201. Meeting Close

202. The next LMC meeting would be 20 September at Innovation Hub, Science City York