



SKSEC/OCT/2009

NORTH EAST ENGLAND COMPETITIVENESS PROGRAMME 2007-13

MEETING OF THE PROGRAMME MONITORING COMMITTEE:

22 OCTOBER 2009

Attendees	Role	Sector
Jonathan Blackie	Chair	Government Office North East
Malcolm Page	Member	One North East
Cllr Bryan Charlton	Member	Tyne & Wear
Cllr Bob Cook	Member	Tees Valley
John Cuthbert	Member	Private Sector
Alan Sanderson	Member	Higher Education
Ieva Zalite	Member	European Commission
Claire Hoskins	Member	CLG
Catherine Pearson	Observer	Durham
Dan Monnery	Observer	GONE
Steve Revell	Observer	Northumberland
Pam Hogg	Observer	Tees Valley
Gordon Bell	Observer	Tyne & Wear
Chris Kirby	Observer	BIS
Dan Smith	Observer	CLG
Kim Wong	Observer	One North East
Lesley Calder	Secretariat	One North East
Raffaella Ebani	Secretariat	One North East
Wendy Wills	Secretariat	One North East
Susan Kennedy	Secretariat	One North East
Jackie Law	Secretariat	One North East
Apologies		
Mark Thrumble	Member	Further Education
Kevin Rowan	Member	TUC
Jo Wilkes	Member	Environment/Sustainability
Jo Curry	Member	Third Sector
Cllr Jim Smith	Member	Northumberland
Cllr Neil Foster	Member	Durham
Adrian Sherwood	Observer	One North East (RDPE Link)

AGENDA ITEM 1. WELCOME AND APOLOGIES

The Chair welcomed members to the sixth meeting of the Programme Monitoring Committee held at NETPark.

AGENDA ITEM 2. DECLARATION OF INTEREST

No interests were declared.

AGENDA ITEM 3. MINUTES FROM PREVIOUS MEETING

The minutes of the previous meeting were formally approved by the committee. The Secretariat reported progress against the action points identified within the minutes; the Committee noted that all action points are complete or underway.

The Secretariat presented a letter from the European Commission providing clarity on the use of ERDF funding to support ESF type activity. The Secretariat thanked the European Commission representative for her support and assistance in the negotiations. This was strongly endorsed by the PMC Chair.

AGENDA ITEM 4. PROGRESS ON FINANCIAL ENGINEERING INSTRUMENTS (FEIs)

PMC received a presentation from Malcolm Page, Deputy Chief Executive, One North East. (Presentation attached at annex 1).

PMC was informed that this is the largest and most significant project One North East has developed, resulting in £125m available for investment over 5 years in over 850 businesses. The fund is on target to start investing in January 2010.

PMC questioned the degree to which EIB may invest further into legacy funding arrangements. MP could not give a definitive view on behalf of EIB, but was cautiously optimistic that JEREMIE signalled the start of a long term and mutually beneficial relationship between the region and the EIB.

The EU Commission representative queried the approach to idle funds and pointed out that this had been a major issue on the audit of previous funds.

MP reassured PMC that an idle funds policy was in place and that appropriate monitoring procedures would be adopted.

PMC requested that it receive regular progress reports on JEREMIE.

Action 1: Secretariat to ensure regular and appropriate reporting to PMC on JEREMIE progress.

AGENDA ITEM 5. INNOVATION CONNECTOR UPDATE NETPARK

PMC received a presentation from Catherine Johns, Director of Innovation, County Durham Development Company. (Presentation attached at annex 2).

PMC welcomed the presentation and supported the vision that NETPark has the potential to be transformational for the region. The role of ERDF was acknowledged as a key contributor to realising the NETPark vision.

AGENDA ITEM 6. ROLE OF ERDF IN NEW INDUSTRY NEW JOBS/INDUSTRIAL ACTIVISM

PMC received a presentation from Mark Pearson, Innovation and Business Development Manager, One North East, providing an overview of the New Industry New Jobs policy context and the implications for ERDF (Presentation attached at annex 3).

Through discussion PMC:

- Noted the close alignment of NINJ to the ERDF Operational Programme and the RES;
- Welcomed the opportunity to focus ERDF in support of regional NINJ priorities.

PMC agreed that in its current form the Operational Programme could deliver on the priorities set out in NINJ but would review where appropriate to ensure future alignment, considering programme modifications where necessary.

The Secretariat agreed that it would ensure PMC was kept updated on key developments.

AGENDA ITEM 7. PROGRAMME IMPLEMENTATION PROGRESS REPORT

The Secretariat presented a report to update the PMC on progress in Programme performance, progress towards achievement of the 2009 N+2 target and progress of key projects.

Current Position Towards Achievement of 2009 N+2

PMC was asked to note that good progress continues to be made towards achievement of the 2009 N+2 target. The Secretariat presented the current figures, updated since the issue of the Programme Implementation report. Claims received has increased to £14.9 m and claims paid to £11.5m against a target of £20.3m.

The Secretariat emphasised that One North East continued to adopt a prudent approach to risk management and is maintaining its approach to risk/confidence adjustment of partner spend projects.

One North East was able to report projected achievement of the N+2 target on the basis of risk adjusted figures.

Further key actions include a move to monthly claims for over 30 projects, accelerated spend of £3.3m undertaken by 3 large projects and contingency plans established within One North East to ensure staff capacity is in place to deal with the increased volumes of claims approvals and payment.

The representative from Durham pointed out that partners have been working together to meet the N+2 targets and projects need to be mindful of compliance issues when accelerating the rate of claims but considered

that the balance between compliance and increased claims is currently being met.

Priority 1 Performance Overview (Innovation)

PMC was informed that approvals have increased from c£26.7m to £41.5m which represents c23% of the total Priority resource. Currently 59% of the total value of the Priority is either committed or under appraisal. PMC was asked to note that performance in relation to the achievement of outputs indicates a shortfall in respect of the SMEs assisted.

A detailed review of outputs and results forecast is currently underway.

Innovation Connectors

There are currently 28 active Innovation Connector projects seeking c£62m in line with agreed over-programming levels. Under the 2009 Open Call for Priority 1 four new projects have been submitted under the auspices of the New Industries New Jobs agenda.

ERDF approved has increased to £29m from the £19m reported to the June PMC.

Priority 2 Performance Overview (Enterprise and Business Support)

The Secretariat reported that currently the total commitment of resources against Priority 2 is 31%. In line with the capital/revenue levels anticipated within the Operational Programme this is heavily biased towards revenue supported activity, but this will be reviewed as part of the revision to the Priority 2 Commissioning Document.

Commitment Levels

PMC was informed that the total value of approved projects represents 26% of the Programme value. The potential overall commitment levels rise to c62% when taking into account projects under appraisal and development.

There are indications of potential gaps in the achievement of programme targets in respect of outputs and results. A detailed review of progress against programme target indicators is currently underway. The outcome of the review will be presented to PMC at its first meeting in 2010.

Action 2: Secretariat to present the outcome of the detailed review of progress against programme indicators at the next PMC meeting in February 2010.

Business Enterprise North East (BENE)

PMC was informed that BENE is making reasonable progress in the delivery of business support outputs. The Secretariat is currently considering a request by BENE for additional investment of £1,479,790 to support investments by the North East England Investment Centre (NEEIC) with corresponding additional SMEs assisted. The extra funds will increase the total ERDF for phase 1 to £10,529,790.

It is anticipated that BENE will request £18m ERDF for Phase 2 to cover the next 2 year delivery period from 2010-2012. This will be matched with Single Programme funds and SMEs contributions.

Technical Assistance

There have been 6 projects submitted for Technical Assistance funding with a value of £1,998,775 and one further project seeking £105,833 is under consideration. PMC was asked to note that this represents only 15% of the overall Priority resource committed which reflects a low take up compared to the 26% committed at Programme level. The position will be reviewed by the Technical Assistance Sub Group.

Creative Co-Investment Fund

The Secretariat presented an addendum to the Programme Implementation Report, to seek PMC endorsement to proceed with the approval of the Creative Content Co-Investment Fund which has been submitted to the Secretariat. The Fund will be targeted at North East SMEs developing content within the Film, TV, Interactive Media, Games and Music sectors and is seeking £2.4m of ERDF match funded with private sector funding.

PMC endorsed in principle the use of ERDF to support the establishment of the Creative Content Co Investment Fund.

AGENDA ITEM 8. EUROPEAN SOCIAL FUND FRAMEWORK UPDATE

The Secretariat presented a report to inform PMC members of the update of the regional European Social Fund (ESF) Framework.

Members were informed that the ERDF Secretariat will be involved in the process to ensure complementarity between the use of ERDF and ESF funding in the region.

AGENDA ITEM 9. ERDF MONITORING STRATEGY

PMC received a working draft of the ERDF 2007-13 Monitoring Strategy.

The Secretariat advised that the changes to the draft being considered after consultation with PEG are to make it shorter, more focussed and in plain English.

PMC requested that the Secretariat ensure that there are appropriate links between the ERDF monitoring and evaluation strategies to ensure that the impacts of the programme are appropriately captured and measured.

The PMC endorsed the approach to the Monitoring Strategy. The Chair commended the Secretariat on having robust systems in place now in preparation for the end of the Programme.

Action 3: The Secretariat to ensure that there are links between the ERDF monitoring and evaluation strategies to ensure the impacts of the Programme are captured and measured.

AGENDA ITEM 10. RDA AS FINAL BENEFICIARY

In accordance with the agreed process set out in the ERDF Delivery Framework the Secretariat informed PMC of projects at selection and approval stage where One North East acts as Final Beneficiary of ERDF investment. Currently these are:

- Flexible Families;
- Manufacturing Advisory Service/North East Productivity Alliance (MAS/NEPA);
- Design Centre for the North;
- Developing SME Expertise (formerly North East Skills Safe);
- Providing Access to Finance for SMEs;
- Horizons;
- Design Network North (DNN);
- ERDF Technical Assistance Core Application;
- Growth Logistics 2;
- The BUILD Project;
- MAS NE Resource Efficiency;
- Project Verification Service;
- Angel Facility Refurbishment;
- Blyth Master Plan-Energy Incubator Centre.

It was noted that One North East is currently the final beneficiary of approximately 5.6% of the total programme.

PMC was informed that following the recent CLG audit of One North East on separation of functions, the regular reporting of One North East Final Beneficiary projects to PMC and PEG was identified as an example of good practice.

AGENDA ITEM 11. COMMUNICATIONS UPDATE

The Secretariat presented a report to update the PMC on communications activity.

The regular communications activity has continued including:

- Five stake-holder e-bulletins;
- Publicity for project approvals;
- An average of over 1750 website 'hits' per month;
- Trinity Vision supplement;
- Internal One North East communications;
- A review of all written ERDF Guidance;
- The ERDF Practitioner Network has delivered a programme of ERDF training workshops.

The PMC Chair emphasised the importance of the ERDF Practitioner Network and welcomed further development of the Network and its activities.

AGENDA ITEM 12. ANY OTHER BUSINESS

The Chair informed the PMC that in establishing the group in February 2008 it was recognised that there would be a need to review the PMC to ensure it remains fit for purpose. PMC members confirmed that the current format and provision of information met their needs, but recognised that it was appropriate to review. The Secretariat will contact PMC members for opinions on how to improve the management of the PMC, including frequency of meetings, where to meet and agenda and discussions items.

The CLG representative commented that the review should also consider communication between meetings.

The PMC considered that the current level of communication is appropriate and the format of the meetings is helpful. Holding the meetings at project sites enables PMC members to see first hand the beneficial impact of ERDF.

The EU representative commented that it is important that PMC members continue to take a close interest in the programme. Experience has shown that the stronger the PMC partnership the better the programme.

Date of Next Meeting: 18 February 2010