

Item 1

Minutes of the West Midlands Regional ERDF Local Management Sub-Committee 2007- 2013

Date: 29th November 2011

Venue: Rooms GD/GC, 5 St Philip's Place, Birmingham

Full Members Present	Representing
Norman Price (CHAIR)	Innovation Alliance
Mark Foley	Department for Communities and Local Government (DCLG)
Anna Vinsen	DCLG
Hanne Hoeck	DCLG
Stuart Brandrick	DCLG
Thomas Blackmore	DCLG
Patrick Willcocks	The Greater Birmingham and Solihull LEP
Tony Dunn	Black Country LEP
John Latham	Coventry and Warwickshire LEP
Paula Rogers	Marches LEP
Susan Crow	Worcestershire LEP
Richard Riley	Higher Education
Pam Waddell	Innovation Alliance
Rachel Eade	Innovation Alliance
Sam Todd	Environment/sustainability sector
Kevin Postones	BIS Local
David Rhead	Homes and Communities Agency
Emma Smith	DCLG (minutes)

Deputies	Representing
Peter Henderson	Isabella Moore
Nigel Senior	Alison Knight <i>and</i> Darryl Evers

Apologies	Representing	Deputised by
Peter Shearer	Private Sector	
Isabella Moore	Private Sector	Peter Henderson
Alison Knight	Stoke and Staffordshire LEP	Nigel Senior
Darryl Evers	West Midlands Councils	Nigel Senior
Geraldine Tsakirakis	Voluntary Sector	

Item 1

Page 1 of 9

Item 1: Welcome and Introductions (Norman Price)	Action
<ol style="list-style-type: none"> 1. Norman Price welcomed members to the inaugural meeting of the West Midlands Local Management Sub-Committee. 2. Norman Price suggested that a register of interests be maintained for the Local Management Sub-Committee. Members verbally declared their interests. Mark Foley stated that a form would be circulated to members to complete and return in the near future so that a formal record could be maintained.. 	<p>1. A Declaration of Interest form to be circulated to members.</p>
Item 2: Purpose of the Group (Mark Foley)	Action
<ol style="list-style-type: none"> 3. Mark Foley outlined the reasons behind the establishment of the Local Management Sub-Committee which replaces the Priority Working Groups; primarily the move of the ERDF Programme from the RDA's to DCLG and the increased focus on partnership working that this has brought. 4. Mark Foley stated that members would be asked to make collective recommendations on the future of the Programme, including the virement of money between Priorities, the timing and specification for bidding rounds, and selection decisions regarding projects received under bidding rounds. 5. Anna Vinsen circulated a glossary of commonly used European terms to members, and reminded members of the workshop being held on Thursday 8th December which aims to improve the understanding of members new to the ERDF Programme and also summarise developments in relation to the new funding period (2014-2020). 	
Item 3: Programme Performance (Anna Vinsen)	Action
<ol style="list-style-type: none"> 6. Anna Vinsen presented a paper summarising ERDF Programme performance within the West Midlands. For detailed information on the update please refer to paper 3 and the associated annexes. 7. Anna Vinsen stated that the Programme value is awarded in euros, but all funding is made in sterling which adds a level of risk to programme management, an example of this being the current erosion of the exchange rate gains made early in the Programme period. 8. Anna Vinsen noted that whilst Priority 2 was currently over- 	

<p>programmed experience shows that this will be resolved during the development of the pipeline projects because many will reduce in value or be withdrawn.</p> <p>9. Anna Vinsen noted that whilst the N+2 target for 2011 had been achieved claims were still being processed to ensure that any irregularities discovered did not push the Programme below the N+2 level. Projects were asked to continue making claims to assist with this process. Norman Price noted that not every English Programme had achieved N+2.</p> <p>10. Members were cautioned that alongside spend and output targets the Programme also had to fulfil a strict compliance target; if this was exceeded then the Commission could suspend payments to the Programme. The West Midlands programme was one of two not suspended early in 2011. Anna Vinsen advised that the target was for no more than 2% irregularities to be made across the Programme value and at present the West Midlands are below this rate; however there are three projects being challenged nationally following Article 16 audits – if concluded as irregularities it would increase the rate to 10% due to their value. Mark Foley added that these were national issues which have been identified within West Midlands' projects not the result of negligence on behalf of the PDT or the applicant, and that these findings were being strongly challenged.</p> <p>11. Peter Henderson asked whether it was possible for the management information to show geographical information for new jobs created. Anna Vinsen stated that projects were not currently being asked to report the location of jobs created. The LMC Subcommittee agreed that it would overly burdensome to ask projects to retrospectively report the geographical location of outputs reported thus far, but asked the Team to explore if changes could be made for future reporting, The PDT agreed that this could be explored as part of the national standardisation work being undertaken– this will be post April 2012. Anna also agreed to amend the investment frameworks to show the geographical coverage of projects to help the LMC Subcommittee in their work.</p> <p>12. Mark Foley noted that the PDT were planning to produce a document for businesses to show what support was available in which areas through ERDF projects This would also help LEPs to understand what was being provided to identify gaps , so that a more joined up working approach could be adopted. Nigel Senior welcomed this, stating that whilst LEP's were aware of RGF opportunities it was difficult to know which local</p>	<p>2. The inclusion of geographical data within the Management Information to be explored post-April.</p> <p>3. The geographical range of projects to be added to Investment Frameworks in the future.</p>
---	--

<p>geographies were benefiting from ERDF. Pam Waddell cautioned that ERDF was designed as a regional programme and a split between localities was not intended, so any data produced must be viewed with this in mind. Mark Foley offered to attend any LEP funding board to discuss ERDF opportunities if desired.</p> <p>13. Mark Foley stated that during the recent Priority 1 and 2 open bidding round, a bid had been received to extend the provision of the national Manufacturing Advisory Service in the West Midlands. The bid had been parked as the national service was still out for tender at the time. Mark noted that the preferred bidder for the national tender had now been identified, and that it was not the organisation which had bid for ERDF under the recent call. However, he asked members to consider inviting a bid via non-competitive selection from the preferred bidder of the national service to look to expand its delivery in the West Midlands through ERDF. He did note that such an invitation would be dependent on the successful resolution of audit discussions regarding the use of national funding as match for ERDF. This should be known by the end of December, so any formal invitation to bid could not be made until January.</p> <p>14. Rachel Eade stated that the preferred bidder was the Manufacturing Advisory Consortium, made up of MAS West Midlands, MAS East Midlands, MAS London (Grant Thornton), and MAS South West. Members endorsed the proposal for an invitation to be made on the above basis.</p> <p>15. Members endorsed the Priority 3 Investment Framework.</p>	
Item 4: Operational Programme Modifications (Mark Foley)	Action
<p>16. Mark Foley presented a paper regarding the proposed Operational Programme Modifications. For more information please refer to paper 4 and the associated annexes.</p> <p>17. Mark Foley noted that following the LMC endorsement of the recommendations made in the Mid-Term Evaluation, an initial meeting had been held with the Commission to discuss the proposed Operational Programme modifications. All changes are detailed within annex 1 of paper 4.</p> <p>18. Patrick Willcocks asked whether the change to the definition of 'businesses assisted' would be applied retrospectively, and how the CO2 target was being measured. Anna Vinsen stated that 'businesses assisted' was incorrectly defined within the</p>	

<p>first Operational Programme, but the error was identified early and corrected as far as projects were concerned – this modification was only to tidy up the Operational Programme and would have no impact on projects within delivery or development. Anna added that the CO2 target was being measured in tonnes of carbon, and noted that an additional amendment would be made to the Operational Programme to include this definition.</p> <p>19. Members endorsed the proposed modifications to the Operational Programme.</p>	
Item 5: Technical Assistance Open Call (Anna Vinsen)	Action
<p>20. Anna Vinsen presented a paper detailing the proposed Technical Assistance Open Call. For more information please refer to paper 5 and the associated annex.</p> <p>21. Anna Vinsen asked members to note that the bidding round timetable was tight, but that this was to enable projects to have a start date of 1st April 2012 – this is most applicable to Priority 3 Package Owners whose management and administration funding currently expires on 31st March.</p> <p>22. Anna Vinsen noted that the bidding round would be open to any eligible organisation, not just Package Owners, and that all applications received would be circulated to Local Management Sub-Committee members who would agree the bids to be selected. Pam Waddell asked whether there was any preference for Priority 3 activity over that related to Priority 1 or 2. Anna Vinsen stated that this was not the case, and applications could also be Programme wide rather than focused upon a specific Priority.</p> <p>23. Nigel Senior asked whether LEP's could apply for support through this bidding round. Anna Vinsen stated that whilst this was possible, all applications must be from legal entities and only ERDF relevant activity could be funded.</p> <p>24. Pam Waddell asked whether surgery sessions would be established for this bidding round. Anna Vinsen stated that formal surgery sessions had not been offered due to the tight application timetable, but instead potential applicants would be advised to contact Stuart Brandrick who would arrange a 1:1 meeting to discuss all proposals. The bidding round documentation will be altered to reflect this.</p> <p>25. Pam Waddell asked whether applicants could request funding</p>	<p>4. Anna Vinsen to alter the bidding round documentation to include the offer of a 1:1 meeting with potential applicants, and to make it clear that future focused activity is eligible for</p>

<p>for activity focused on the next programme period, i.e. 2014 – 2020. Mark Foley stated that this was possible. Norman Price asked that the bidding round documentation was altered to make this more explicit, as he felt it was vital to invest in this type of activity.</p>	<p>funding.</p>
<p>Item 6: Expanding Access to Priority 3 (Mark Foley)</p>	<p>Action</p>
<p>26. Tom Blackmore presented a paper regarding the proposal to expand access to Priority 3. For more information please refer to paper 6.</p> <p>27. Mark Foley stated that during recent years several requests had been made by areas outside of the Package Urban Areas to be included within Priority 3, but all had been rejected by the PMC as in relative terms, the selected areas remained the most deprived. This was examined again during the Mid-Term Evaluation, and the LMC agreed that Priority 3 could be extended to non-Package areas, specifically 'deprived areas of significant population'. Members agreed that the criteria of need used to identify the 'deprived areas of significant population' would be based on the Index of Multiple Deprivation, and would include only those super output areas identified as being within the 25% most deprived nationally .</p> <p>28. Tony Dunn stated that it was not clear from the paper presented what demand and level of need was present within these new areas, meaning that spend may not improve by expanding access to Priority 3. Mark Foley stated that demand had already been evidenced as part of the ongoing petitions received over recent years, and, as with every application received, any application under the bidding round would be thoroughly evaluated as part of the appraisal process for need and demand.</p> <p>29. Paula Rogers asked whether projects outside of the agreed wards, but supporting activity within them, could be eligible to apply on the basis of 'outside but serving'. Anna Vinsen stated that this might be considered where it could be evidenced that the opportunities offered by the project were being targeted at those from areas of need, but that it would be determined in a future Local Management Sub-Committee when the bidding round documentation and criteria was drafted.</p> <p>30. Mark Foley noted that to fund this expansion the LMC had agreed that monies from Packages which did not achieve their spend targets would be removed from the relevant Package and placed into a central bidding round fund, meaning that this</p>	

would be of restricted value. As this would not be clear until late January, the value of the bidding round fund couldn't be determined until this point meaning that it could not be launched until March but partners should be encouraged to start work on proposals immediately.

31. John Latham asked whether the under performance on Package spend was due to poor performance on several projects because of applicant error. Mark Foley stated that under performance had been an ongoing issue within Priority 3, particularly with the continued development of ineligible projects. Mark added that the PMC had evaluated performance on several occasions, and had decided to provide the Package Owners with a funding extension to March 2012 to resolve performance issues however although the pipeline has improved, the rate of spend has not, so the issues still remain. Rachel Eade asked whether different contracting bodies could be employed as Package Owners. Mark Foley stated that this was not appropriate and would not resolve the problem; although opening up access to Priority 3 through the proposed bidding round, would bring in different contracting bodies at a project level.
32. Peter Henderson stated that as the Packages had been awarded to the most deprived areas, these would continue to be the areas most in need of funding. Mark Foley noted that the new areas would also be within the most deprived nationally, and that funding was still available to Packages albeit at a reduced value. Mark added that the driving force behind this was to ensure that all of the West Midlands ERDF allocation was spent, as any under spend would be lost to the Programme, and therefore the region, which was to be avoided at all costs.
33. Tony Dunn expressed concern over the phrase 'under performance of Priority 3', as he considered that the management information showed performance was good. Mark Foley stated that spend was the most significant measure and this had not improved – the only real improvement had been within the pipeline, but this had not been translated to spend on projects.
34. Nigel Senior asked whether partners could begin working on project applications for this bidding round immediately. Mark Foley agreed that this would be advisable as long as projects met specific Priority 3 outputs which were not being achieved. It was not an open call across all activities.

<p>35. Mark Foley asked the group to consider which areas would be able to bid against the call. There were two options: Option 1 would be to invite projects from the newly identified 'deprived areas of significant population' and from those package areas that met their spend targets. Option 2 would be to invite projects from the newly identified 'deprived areas of significant population' and all the packages, including those who have missed their spend targets. He asked members to bear in mind the arguments for each option: in support of option 1, only a small value of funding would be available under the call as it was being funded from the monies withdrawn from underperforming packages; the mid term evaluation has reinforced the need to put in place robust measures to manage under performance; and the restriction to bid, would only relate to this call. In support of option 2, underperforming packages also have projects in the pipeline.</p> <p>36. Members agreed that the bidding round would be open to the newly identified areas and the Packages which had achieved their spend targets. The ability of Packages who miss their spend targets to apply would only be considered should sufficient funds be available. This would be determined by the LMC Subcommittee in January when the amount to be withdrawn from the packages due to underperformance was known.</p> <p>37. Patrick Willcocks asked whether surgery sessions would be offered to potential applicants. Anna Vinsen stated that sessions would be held, similar to those offered for the recent Priority 1 and 2 bidding round, to manage expectations and advise on eligibility of project ideas.</p>	
Item 7: West Midlands JESSICA (Mark Foley)	Action
<p>38. Mark Foley presented a paper providing an update on JESSICA within the West Midlands. For more information please refer to paper 7 and the associated annexes.</p> <p>39. Mark Foley noted that the timescale for delivery of a West Midlands JESSICA was very tight, with the full application and Green Book appraisal required by 15th December, so that it could be presented to CPRG for approval in January 2012. The fund manager will also need to be selected by January 2012, and OJEU procurement had started. Mark added that these deadlines could not be extended as the delivery of JESSICA would already be tight within the remaining Programme timeframe; if they were missed then the money set aside for JESSICA would be vired to Priority 2, as per the LMC</p>	

<p>agreement.</p> <p>40. Paula Rogers asked which areas would benefit from this JESSICA. Mark Foley stated that whilst this was a regional project specific criteria would be put in place by the Fund Managers to choose the sites to develop; Patrick Willcocks added that as several Local Authorities were part-supporting the running costs for the project it would be reasonable to assume that focus would be mainly on these urban areas.</p> <p>41. Members endorsed the JESSICA outline proposal from Birmingham City Council (Annex 1).</p>	
Any Other Business and Close (Norman Price)	Action
<p>42. Members agreed that Local Management Sub-Committee meetings would be held bi-monthly, preceding the LMC where appropriate. Meetings will be held in January, February (exceptional meeting - TA bidding round decision panel), March, May, July, September, and November. Specific dates will be circulated once confirmed.</p> <p>43. There being no other matters of any other business, Norman Price thanked members for their attendance and contributions and closed the meeting.</p>	

Minuted by: Emma Smith, DCLG