



SKSEC/FEB/2009

NORTH EAST ENGLAND COMPETITIVENESS PROGRAMME 2007-13

MEETING OF THE PROGRAMME MONITORING COMMITTEE:

19 FEBRUARY 2009

Attendees	Role	Sector
Jonathan Blackie	(Chair)	Government Office North East
Malcolm Page	(Member)	One North East
Jo Curry	(Member)	Voluntary Sector
Adelle Rowe	(Member)	Environment/Sustainability
Mark Thrumble	(Member)	Further Education
Cllr Neil Foster	(Member)	Local Authority (Durham)
Cllr Bryan Charlton	(Member)	Local Authority (Tyne & Wear)
Ieva Zalite	(Observer)	European Commission
Claire Hoskins	(Observer)	DCLG
Bob Ward	(Observer)	Local Authority (Durham)
John Lowther	(Observer)	Local Authority (Tees Valley)
Gordon Bell	(Observer)	Local Authority (Tyne & Wear)
Alan Welby	(Observer)	One North East
Lesley Calder	(Secretariat)	One North East
Iain Derrick	(Secretariat)	One North East
Kay Goodinson	(Observer)	One North East
Susan Kennedy	(Minutes)	One North East
Jackie Law	(Minutes)	One North East
Apologies		
John Cuthbert	(Member)	Private Sector
Kevin Rowan	(Member)	TUC (also observer for ESF)
Helen Pickering	(Member)	Higher Education
Cllr Ian Lindley	(Member)	Local Authority (Northumberland)
Cllr Bob Cook	(Member)	Local Authority (Tees Valley)
John Hamilton	(Observer)	Local Authority (Northumberland)
Ranjana Bell		Equality and Diversity
Adrian Sherwood		RDPE Observer

AGENDA ITEM 1. WELCOME AND APOLOGIES

The Chair welcomed members to the fourth meeting of the Programme Monitoring Committee held at the e.volve business centre. e.volve is a state of the art business centre designed specifically to meet the needs of information and communication technology based companies. The development of e.volve and the associated works on Rainton Bridge

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Agenda Item 3

Business Park benefited from c £2.25m Objective 2 ERDF investment as part of a £10m investment programme by Sunderland City Council.

Members were advised of apologies received from:

- Helen Pickering (Higher Education) –No substitute.
- Ranjana Bell (Equality and Diversity) – No substitute.
- John Cuthbert (Private Sector)- No substitute
- Kevin Rowan (TUC and observer for ESF)-No substitute
- Helen Pickering (Higher Education)-No substitute
- Cllr Ian Lindley (Local Authority-Northumberland)-No substitute
- Cllr Bob Cook (Local Authority-Tees Valley)-No substitute

The Chair welcomed and introduced Jo Curry, the new Chief Executive of VONNE and Alan Welby, the new Director of Strategy at One North East.

Declaration of Interest

No interests were declared.

AGENDA ITEM 2. 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.

AGENDA ITEM 3. PROGRAMME IMPLEMENTATION PROGRESS REPORT

The Secretariat presented a report to update the PMC on progress in taking forward the implementation of the Operational Programme.

The PMC recognised and welcomed the continued emphasis placed upon meeting the challenge of the N+2 spend target of c£37m by end of 2009. On behalf of the Committee the Chair acknowledged the senior level commitment within the Agency, and recognised that a continued effort was need by all partners to maintain momentum.

The Secretariat reported that additional resources have been invested to strengthen appraisal capacity through secondments and the buying in of specific ERDF expertise to support ERDF Technical Appraisal.

PMC was updated on the impact of recent calls/commissioning activity including;

Open Call for Urgent and Retrospective Projects May 2008

PMC was informed that the first call for urgent and retrospective projects (May-July 2008) has generated 51 Expressions of Interest across 2 priorities, of which 32 projects are currently active across the business process. 19 projects were withdrawn or rejected following a robust assessment.

Innovation Connectors Limited Call July 2008

PMC was asked to note that the pace of progress in taking green rated projects from Expression of Interest through to Project Implementation Plan (PIP) is slower than anticipated. As a result the limited call contribution to the first N+2 is assumed to be nil.

Economic Downturn Call November 2008

A Priority 2 Economic Downturn call was launched in November 2008 in response to the global economic crisis. This call closed in December 2008 and has generated 14 project PIPs (Project Implementation Plan) and c£14m demand on ERDF. Demand on ERDF has reduced to £6.06m as a result of projects which have been withdrawn or rejected on eligibility grounds.

PMC raised the issue of projects being rejected as they failed to comply with BSSP. The Secretariat was asked to consider how projects could be developed in conjunction with and commissioned through Business and Enterprise North East (BENE) to ensure compliance with BSSP.

Action 1: The Secretariat to consider how projects could be developed in conjunction with and commissioned through Business and Enterprise North East (BENE) to ensure compliance with BSSP and report to PEG.

Priority 1 and Priority 2 Open Call for Projects February 2009

PMC was informed that the ERDF Secretariat issued a new open call for project submissions on 17 February 2009 covering both priorities:

- Priority 1: Exploiting and enhancing innovation
- Priority 2: Business growth and enterprise.

The call will remain open until 18 December 2009 with key review points at end April, July and October 2009, ensuring that the calls continue to reflect the needs of the programme in terms of spend outputs and impact.

It is hoped that this 'responsive mode' approach will reduce speculative bidding and enable resources to be deployed more evenly.

Action in Support of Achievement of N+2

PMC was informed that progress to meeting the first (2009) N+2 target remains slow but will accelerate over the next few months as projects proceed through the appraisal process.

To help mitigate risk the Secretariat reported that additional resource had been secured to strengthen appraisal capacity including the appointment of external consultants to carry out technical appraisal.

The Secretariat informed PMC that One North east was adopting a prudent approach to monitoring contributions to N+2 and had adopted a risk adjustment and over-programming approach to ensure sufficient contingency is in place.

Venture Capital Loan Funds

PMC was advised that good progress continues to be made in the development of the JEREMIE model to regional Venture Capital Loan Funds (Financial Instruments). The North East is expected to be the first English region to secure EIB conditional support during the first quarter in 2009.

Programme Executive Group

PMC received a short update on the work of the PEG.

PEG has been instrumental in developing KPIs (Key Performance Indicators) and streamlining the appraisal process by deleting the Expression of Interest stage of the process.

High Level Risks

PMC received an updated risk register, setting out programme high level risks. The key risks were identified as compliance, MCIS and delays in the publication of the User Manual (and associated guidance on eligibility).

AGENDA ITEM 4. DEVELOPMENT OF AN EVALUATION STRATEGY

The Programme Monitoring Committee received a presentation from Alec Fraser of Fraser Associates, recently appointed to develop the Evaluation Plan for the ERDF 2007-13 Programme. (Presentation attached at Annex 1).

It was agreed that the Secretariat would establish a sub-group of the Programme Executive Group (PEG) to oversee the implementation of the Evaluation Strategy and report back to PMC on progress at a future meeting.

Action 2: The Secretariat to establish a sub-group of PEG to oversee implementation of the Evaluation Strategy and report back to PMC at a future meeting.

AGENDA ITEM 5. REGIONAL FUNDING ADVICE (RFA)

The PMC received the final draft of the Regional Funding Allocation Advice to Government.

The Programme Executive Group (PEG) has worked with the Secretariat to consider and approve the ERDF contribution to the Regional Funding Advice.

This is in the final stages and is currently being sent to council leaders for approval.

The draft regional advice reinforced the importance of the commitment entered into regarding the Operational Programme. The EU Commission view this as a 'contractual' obligation and as such RFA emphasised the need to ensure that sufficient match funding is available to facilitate implementation in the period 2007-13.

In subsequent discussion, the PMC reassured the EU Commission that there is no proposal to disrupt planned investment.

AGENDA ITEM 6. EUROPEAN ECONOMIC RECOVERY PLAN AND ERDF

The PMC received a presentation by the ERDF Secretariat on the EU Commission's proposed Economic Recovery Package. (Presentation attached at Annex 2).

Partners welcomed the Commission's efforts to achieve more simplification in the regulations, for example Denmark are requesting the N+2 target be changed to 2 years from the approval of the programme and not its introduction and initiatives such as the additional advance of 2.5%, which will count towards the achievement of N+2.

The PMC discussed the proposal to allow member states flexibility to incorporate expenditure on energy efficiency improvements and the use of renewable energy in designated low income households. PMC considered that it is early in the Programme to introduce a significant change to the focus of the ERDF 2007-13 strategy. The Secretariat will continue to keep this option under review in the future.

AGENDA ITEM 7. COMMUNICATIONS UPDATE

The Secretariat presented a report to update the PMC on communications activity initiated since its last meeting on 22 October 2008.

Partners welcomed the communication work to date, in particular the electronic communications and bulletins.

The PMC stressed the need to maintain a consistent flow of information to ensure partners are kept up to date with progress.

The Secretariat advised that in the near future a stakeholder survey will be issued. This will allow the Secretariat to ensure that internal processes are working and identify any improvements from feedback obtained from partners. PMC was asked to complete the survey and provide feedback.

The Secretariat emphasised its commitment to maintaining the flow of information and highlighted broader ongoing communications work to establish a practitioner network and organise a series of workshops and events for partners in support of programme delivery.

AGENDA ITEM 8. RDA AS FINAL BENEFICIARY

In accordance with 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;
- Design Centre for the North;
- Manufacturing Advisory Service/North East Productivity Alliance (MAS/NEPA);
- The BUILD Project;
- North East Skills Safe (now SME Expertise);
- Providing Access to Finance for SMEs;
- Horizons.

It was noted that One North East is currently the final beneficiary in approximately 3% of the total value of the Programme. In the context of current economic circumstances the PMC considered that One North East should be encouraged to take a lead role in ensuring that sufficient match funding and projects are in the pipeline to meet spend and other output targets.

AGENDA ITEM 9. ANY OTHER BUSINESS

On behalf of the private sector, the Secretariat raised questions around the press coverage on the extension to the 2000-2006 ERDF programme and potential financial correction arising from the administration of the 1997-1999 Programme.

In his response to the issues raised the Chair:

- Set out the rationale behind the national CLG and Government position on the extension. Strategically the focus of scarce public sector match funding will now be on the new programme with priorities for the region established in 2007/08. Any extension could have undermined successful closure of the 2000 Programme.
- Made clear that the issues concerning administration were confined to previous, not the current ERDF programme and were not the responsibility of the 2007-13 ERDF PMC.
- Reassured the PMC that lessons had been learned from previous programmes and that these were informing the current programme and Managing Authority and contributing to the risk management of the programme.

AGENDA ITEM 10. BUSINESS AND ENTERPRISE NORTH EAST(BENE)

The PMC received a presentation from Alistair MacColl, Chief Executive of Business and Enterprise North East (Presentation attached at Annex 3).

The presentation set out the structure of Business and Enterprise North East, progress to date and the work which has been undertaken within the organisation to establish compliant systems and processes through which BENE will manage the ERDF contract.

It was reported that a successful independent pre-assurance visit had been conducted by Mazars, which had endorsed the systems in place at BENE.

PMC welcomed the assurances provided, given the importance of the BENE projects to the successful implementation of the Programme. BENE undertook to provide further updates on progress to future meetings of the PMC.

Next PMC Meeting 10.00-12.00 18 June 2009
Venue to be confirmed.