

WEST MIDLANDS ERDF PROGRAMME TECHNICAL ASSISTANCE STRATEGY

1. Summary

This document is the third version of the Technical Assistance (TA) Strategy for managing the TA (budget) allocation within the West Midlands European Regional Development Fund (ERDF) Programme 2007-13. It is the first revision to be published since the transfer of the Programme to CLG from Advantage West Midlands and shall apply from July 1st 2011.

Version 2 of the TA Strategy was approved by the PMC in June 2010, under which all of the TA allocation had been earmarked for specific purposes. The transfer of the Programme to CLG management and the closure of organisations such as Advantage West Midlands and the Regional Observatory has substantially changed the basis upon which that document was approved.

The €12 million TA allocation is provided under Priority Axis 5 of the Programme. This TA Strategy is delivered through an Investment Framework for that Priority Axis.

TA funding is provided to finance the preparatory, management, monitoring, evaluation, and information and control activities of the programme, together with activities to reinforce the administrative capacity for implementing the Funds.

2. Purpose

The purpose of this document is to update and define the principles and basis upon which the TA budget allocation is governed.

In the context of Articles 63-65 of Council Regulation (EC) No. 1082/2006, and as per the guidance issued by the Managing Authority (MA), the strategy for TA must be approved by the Local Management Committee (LMC) prior to its implementation.

3. Governing Documentation

The governing documentation which defines the eligible use of TA and with which this document is in accordance are:

- European Commission Regulation (EC) No. 1083/2006;
- Communities & Local Government (CLG) ERDF User Manual (Chapter 12); and
- West Midlands ERDF Operational Programme Document 2007-13.

4. Strategic Principles

All activities part financed by TA will be within the activities described in the Operational Programme document and in accordance with one or more of the following portfolios of activity:

- Programme Management;
- Programme Development and Capacity Building (including support for the 3rd Sector);
- Research, Analysis, Monitoring and Evaluation; and

- Information and Publicity.

The following strategic principles will be maintained for managing TA:

4.1 General

- Voluntary contributions will not be sought from either partner organisations or applicants for ERDF funding as a source of match funds. Neither will a 'match pool' be established.
- The contribution rate will generally be set at 50% and only varied in exceptional circumstances.
- With reduced resources available, and in keeping with the wider strategic aspiration of the programme, the available TA funding will remain aligned to a relatively small and focused suite of projects, maximising the impact of the assistance to the region.
- The interest accruing to the Programme advance payment is an eligible source of public match funding for ERDF. As of July 1st 2011, these funds will be administered by CLG as the Managing Authority and will be used to support the delivery of the TA Strategy. In accordance with Article 83 of 1083/2006, the value of the interest generated and its use within the Programme will be reported to the Commission on an annual basis. Used on an exceptional basis, as necessary and appropriate, these funds will be used exclusively for -
 - expert and/or additional support for Programme administration; and
 - Programme evaluation costs.

4.2 Programme Management

The MA will utilise TA to part fund staff costs for programme management (full time, temporary or seconded) to ensure there is adequate administrative capacity. The basis upon which eligible expenditure has been determined in this regard, and as approved by the PMC in the first version of this Strategy, and is set out in Appendix 1. A further application to approve funding for programme management post-transfer will be submitted early in 2012, to be backdated to July 1st 2011, the date from which the Programme moved from AWM to CLG.

4.3 Programme Development and Capacity Building

TA allocated to programme development and capacity building will be aligned to supporting programme delivery and activities funded under each of the priority axes. This will include support for implementing the Cross Cutting Themes of environmental sustainability and equality of opportunity.

Previously the TA strategy included the following provisions, which fully allocated the funds available for Programme Development and Capacity Building -

- EU Connects will be funded to provide coordination and further development of transnational partnerships and activity. Primarily, EU Connects will act as the lead organisation for raising partner's engagement beyond the Structural Funds.
- Funds to help ensure informed engagement with the 3rd sector will continue to be provided by the West Midlands European Network (WMEN).

Following the decision to close Advantage West Midlands and transfer the Programme back to CLG this position has now changed.

It was agreed at the LMC meeting of September 2011 that activity in respect of programme development and capacity building (as outlined in the Operational Programme) be opened up to bids from external applicants. ERDF funding for approved applications would come from unallocated TA funds. All applicants submitting bids will contribute an equal amount of match funding when seeking these TA funds.

4.4 Research, Analysis, Monitoring and Evaluation

Provision of support for activity associated with programme related research and analysis. This will include activity such as acquiring the necessary regional intelligence to measure programme level performance and economic impact, programme evaluation and activity to inform future programmes.

Support required for programme evaluation and programme level assessments will be procured directly by the PDT.

4.5 Information and Publicity

The PDT will manage the Information and Publicity related activity for the Programme. TA will be used to fund the preparation, implementation and monitoring of the ERDF Programme Communications Plan and to meet other requirements set out in the regulations.

5. Budget Compilation and Rationale

A 55% reduction in available funding when compared to the 2000-06 programming period demands that the TA budget has to date been allocated with a specific focus. In the previous versions of the strategy emphasis was placed on funding activities where an infrastructure and business case was already in place to deliver activities that complement the purpose of TA funding.

Following the decision to close a number of these organisations budget allocation for the remaining funds will be taken on the following basis -

- Taking into account existing commitments and other administrative duties to be undertaken during the Programme period, it is estimated a further £4.4m will be required. This will cover the following – salaries and expenses for the Programme Delivery Team; general administrative costs for running the Programme; research and evaluation costs; publicity and communications; and existing capacity building initiatives. This expenditure will be match funded by CLG or from interest earned from pre-financing funds received from the Commission
- This leaves a potential sum of unallocated funding of c. £2.9m to be spent over the remaining period of the Programme. It has been agreed that some or all of the unallocated funds be opened up to bids from external applicants. Applicants would be expected to contribute an equal amount of match funding when seeking these funds.

6. Match Funding

Previously it was expected that the majority of match funding would come from AWM. For the remainder of the Programme, match funding will either come from CLG, as the MA, or where external applications are approved, from the applicant themselves.

7. Management and Review

7.1 CLG as the ERDF Grant Beneficiary

Implementing the Strategy and Investment Framework will result in CLG being deemed as the grant beneficiary for ERDF. Specifically, this applies to funding provided for staff costs and administration, evaluation activities and the costs associated with delivering the Communications Plan. In such instances, the LMC must be informed of projects where CLG is the beneficiary. Repeated LMC approval of this Strategy, combined with re-endorsement of the Priority Axis 5 Investment Framework will serve to satisfy this requirement.

7.2 Approach

The PDT European Programme Performance Manager is responsible for the overall coordination of the TA budget allocation. The approach to managing TA will consist of, but not be limited to:

- LMC approval of the TA Strategy and Investment Framework;
- A functionally independent appraisal of each individual funding application;
- Day to day management;
- A TA progress update as a standing item on each future PMC agenda;
- An annual review regarding the fitness for purpose and relevance of the staffing complement; and
- An annual performance review as part of compiling the Annual Implementation Report.

7.3 Performance Measurement

The effectiveness of the Strategy and Investment Framework will be assessed through:

- Progress against spend, outputs and other relevant metrics for the Priority Axis; and
- Article 13 and Article 16 inspection of TA funded projects.

7.4 Control Tolerances

With regard the management approach, the following control tolerances will be applied:

Time

The ERDF TA Strategy will be reviewed on an annual basis, to include focus upon the staffing complement to deliver the programme.

Budget

Priority Axis

A +0% and -10% tolerance will be applied to the overall budget. This means that the TA Strategy will be submitted to the LMC for re-approval if the above tolerances are forecast to be exceeded.

Portfolios of Activity

A + or – 10% tolerance on each of the activity line items referred to in Section 9 will be applied. It is acceptable to vire money across activities to ensure the funds are put to best effect. LMC approval would be required where a forecast virement exceeds this tolerance.

Individual Projects

At a project level, the Agency's existing tolerances will apply, i.e. projects may request to revise their budget by + or -10% of the contracted allocation. Any forecast changes beyond this will require that the project be re-appraised.

7.5 Risk and Issue Management

Risks associated with TA shall be accounted for within the ERDF Programme Risk Log. Issues, including any forecast overspend outside of tolerance, or actions arising from audit etc. will be managed by exception and escalated accordingly.

8. Budget Allocation

In accordance with Section 4 of this document, the Investment Framework for Priority Axis 5 sets out how the TA funds are allocated.

Appendix 1

1. Article 56 (Eligibility of Expenditure) of Commission Regulation (EC) No. 1083/2006 states that *“Expenditure, including for major projects, shall be eligible for a contribution from the Funds if it has actually been paid between the date of submission of the operational programmes to the Commission or from 1 January 2007, whichever is earlier, and 31 December 2015”*. Therefore, all TA related activity conducted previously by AWM staff from January 1 2007 to June 30th 2011, and from July 1st 2011 by CLG PDT staff is considered eligible for funding.
2. Article 15, (Additionality) of Commission Regulation (EC) No. 1083/2006 states that *“Contributions from the Structural Funds shall not replace public or equivalent structural expenditure by a Member State.”* In determining the extent of TA available to support the administration of the programme, activity is considered additional if it is greater than that incurred by the organisation in managing ERDF or ERDF related activities as at 1 January 2007.
3. Article 46, (Technical Assistance of the Member States) of Council Regulation (EC) No. 1083/2006 states that *“the Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds....”*
4. The CLG ERDF User Manual states that: *“To qualify for TA, expenditure must be additional to that normally incurred by the organisation seeking support. In determining the extent of TA available to RDAs for managing the programmes, expenditure is additional if it is greater than that defrayed by the RDA in managing ERDF supported activities under the 2000-2006 round of programmes (which were funded through the RDA Single Programme administration budget) as at 1 January 2007.”*
5. In respect of points 2, 3 and 4 above
 - a. The CLG resource settlement to part cover the administration of the Programme is an eligible source of match funding for programme management activity;
 - b. All posts created and referred to in this document, that are undertaking activity in accordance with point 3, are eligible for funding from TA; and
 - c. Should programme management requirements demand it, the MA will seek to use sufficient TA funds to match all of the core CLG resource settlement to fund programme and project management personnel.

Appendix 2 provides a further and more detailed breakdown of how TA funding for programme management costs will be allocated.

Appendix 2

1. Programme Management Activities and Posts to be Funded from TA as from July 1st 2011

This Appendix describes the approach to managing TA in respect of programme management staffing costs. It provides a detailed breakdown of eligible activity within the relevant Commission headings and for each of the ERDF posts identified defines the associated activities that the post holder will engage in.

Table 1 ERDF Staffing Complement, Baseline Figures

Post	No.	%ERDF	fte
Head of Programme Delivery Team	1	100%	1
European Team Leaders	2	100%	2
Technical Assurance Manager	1	100%	1
European Programme Performance Manager	1	100%	1
ERDF Priority Manager	2	100%	2
ERDF Project Sponsors	4	100%	4
ERDF Programme Coordinator	1	100%	1
Management Information Officer	1	100%	1
ERDF Reporting Accountant	1	100%	1
Project, Contract & Appraisal Manager	9	100%	9
Project Assurance Advisors	3	100%	3
Communications Manager	1	100%	1
TOTALS	27		27

Annual ERDF funding @ 50% = c.
£720k (2011-12)

2. Description of Activity

Table 2 illustrates how the Commission's headings of eligible activity i.e. preparatory, management, monitoring, evaluation, information and control activities, have been interpreted and the corresponding operational activities that are therefore considered eligible.

Table 2 Eligible Activity

Commission Reference	Corresponding AWM Programme Management Activity
1. Preparatory	<p>1.1 Preparation of the Operational Programme Document.</p> <p>1.2 Regional, National and European level consultation and negotiation on programme content and management arrangements.</p> <p>1.3 Defining and implementing the management and control system within AWM.</p>

	<p>1.4 Preparing the programme portfolio, delivery plans and necessary information for PMC approval.</p> <p>1.5 Programme launch and associated communications.</p>
2. Management	<p>2.1 Programme performance management including provision of suitable programme management information.</p> <p>2.2 Project development, working with Agency sponsors regional partners and applicants for ERDF; assist in the preparation of applications for funding and coordinating project commissioning activities.</p> <p>2.3 Project appraisal (and re-appraisal).</p> <p>2.4 Preparing/amending ERDF funding agreements.</p> <p>2.5 Project management, delivery and review including claims verification.</p> <p>2.6 Implementation of PMC and Intermediate Body (A59) decisions.</p> <p>2.7 Programme management support.</p>
3. Monitoring	<p>3.1 Pre-contract meetings/ project engagement visits.</p> <p>3.2 'Day to day' and desk top monitoring.</p> <p>3.3 Article 13 inspections: preparation, execution, follow-up and review.</p>
4. Evaluation	<p>4.1 Research that produces suitable programme baseline data in order to determine programme impact including the Cross Cutting Themes.</p> <p>4.2 Ongoing research, evaluation and review to ensure the programme remains in accordance with the socio-economic status and regional policy context.</p> <p>4.3 Production of the Annual Implementation Reports.</p> <p>4.4 Commissioning of the necessary programme evaluations as defined in the Commission Regulations and acting in accordance with the relevant findings.</p>
5. Information	<p>5.1 Production, implementation and maintenance of the Programme Communications Plan including subsequent newsletters and articles promoting the programme.</p> <p>5.2 Delivering seminars, conferences and other relevant promotional events.</p> <p>5.3 Maintenance of the ERDF content within the Agency's corporate website.</p> <p>5.4 Internal and external training, guidance and instruction on all aspects of programme management including: compliance, eligibility and good practice. This may be via seminars, information packs, training events and workshops and will incorporate the Cross Cutting Themes.</p>

	5.5 Procurement of external, independent advice.
6. Control	<p>6.1 Recording, reporting and interpreting the necessary management information in order to make decisions.</p> <p>6.2 Incorporation and maintenance of the necessary programme management requirements into AWM's management and control systems.</p> <p>6.3 Provision of suitable guidance and instruction on AWM's management and control systems.</p> <p>6.4 Implementation of any relevant recommendations arising from the Audit Authority, Agency Internal Audit, Article 13 and 16 inspections.</p>