

From: Programme Delivery Team

To: Local Management Committee

Subject: MINUTES OF THE MEETING 30 April 2012

Present:

Members/Alternates

Philip Cox (Chair)	Director	CLG
Sir Howard Bernstein	SHB Regional Leaders Board	Manchester City Council
Jackie Arnold	JA Cumbria (LEP)	Cumbria Chamber
Kath Boullen	KBo Merseyside (LEP)	NW CCI
Cllr David Brown	DB Cheshire (LEP)	Cheshire East
Keith Burnley	KBu HEI Sector	NWUA
Cllr Flo Clucas	FC 4NW	Liverpool City Council
Nicola Daley	ND Equality & Diversity	Expanding Horizons
Bill Darbyshire	BD Sustainability	Environment Agency
Mike Emmerich	ME Manchester (LEP)	New Economy
Guy Flament	GF Desk Officer	European Commission
David Higham	DH BIS Local	BIS Local
Val Jones	VJ Third Sector	Merseyside Network
Cllr Herbert Manley	HM Cheshire (RLB)	Chesh West & Chester
Alan Manning	AM TUC	NW TUC
Cllr Tony Markley	TM Cumbria (RLB)	Cumbria CC
Dennis Mendoros	DM Lancashire (LEP)	Private Sector
Cllr Sue Murphy	SM Manchester (RLB)	Manchester City Council
Cllr Michael Ranson	MR Lancashire (RLB)	Ribble Valley CC

Programme Delivery Team

David Read	DR	Director, European Programme
Ruth Hollis		Committee Support Officer
Nicola Lavin	NL	ERDF Head of Projects

Observers/Guests

Eleanor Carter	Halton (RLB)	Halton BC
Andy Churchill	Third Sector	Merseyside Network
Paul Dickson	Merseyside (RLB)	TMP
Paul Evans	Manchester (RLB)	AGMA
Francis Lee	Cheshire (LEP)	Chesh West & Chester Council
Kevin Little	Cumbria (LEP)	Cumbria
Sean McGrath	Lancashire (LEP)	Lancashire CC
Deborah McLaughlin	Homes & Communities Agency	
Paul Roots	Sustainability	Environment Agency
Shabana Patel	Lancs (RLB)	Lancashire CC

Introduction and Apologies

The Chair opened the meeting at 14.08.

Apologies were noted from:

Louise Barry	Equality & Diversity	Merseyside Disability Federation
Steve Moore	Sustainability	Environment Agency
Cllr Phil Davies	Merseyside (RLB)	Wirral Met. Borough Council
Cllr Terry O'Neill	Cheshire (RLB)	Warrington BC

Minutes of the Meeting 7 December 2011

- i. The minutes of the last meeting were agreed as a true record.

Matters Arising from 7 December 2011

Item 1: Programme Update

Action: PDT to report back to LMC on re-quantification progress.

Action: Programme update to include analysis by priority, cross cutting themes and actual spend details.

Item 2: Update on JEREMIE – The North West Fund (NWF)

Action: Independent Assessment to be carried out on the NWF prior to March LMC.

Action: LMC to be updated on NWF position, and paper to be brought back to March LMC.

Item 3: Update on JESSICA

Action: The applicant (HCA) to clarify the role/accountability of the investment committee.

Action: PDT to provide list of JESSICA projects ready for investment and evidence of cross cutting theme inclusion.

- ii. All above points are all covered in the agenda for this meeting.

Action:

Merseyside and Rest of North West UDFs to present at March LMC.

- iii. Due to the full agenda, and the scheduled, presentation by Deborah McLaughlin, these presentations have been postponed.

Declarations of Interest

No Declarations of Interest were received prior to or at the meeting.

Item 1: Programme Update

DR introduced the paper, raising members' awareness that the standardisation process implemented by DCLG across all PDTs became operational on 1 April, and includes the use of new forms.

- 1.1 VJ queried MCIS reporting of CCT details, hitherto not possible. DR responded this is one of the MCIS modifications currently being undertaken and once enabled, data will be brought across from the start of the programme to provide a complete record.

Item 1a: Programme Budget

DR introduced the paper. A paper will be submitted to DCLG recommending adoption of HM Treasury's Forward Planning Exchange Rates to stabilise the exchange rate at the current rate of €0.858, equating to £648m for the NWOP budget.

- 1.a.1 The Chair advised the key question for DCLG is the level of commitment; currently ERDF nationally is c93% committed.
- 1.a.2 FC queried the level of spending against funding committed. Might there be a danger of not being able to make committed payments? DR replied continued monitoring will give indicative suggestions.

Item 1b: Reallocation of Priority 5

As part of the re-quantification exercise the request will be made to reallocate the surplus of c£10m from Priority 5 (Technical Assistance) to Priority 3.

- 1.b.1 KBo queried the timescale for the money to become available in P3. DR replied approval is needed from DCLG and from EC, so at least two months.
- 1.b.2 The Chair asked if projects were being considered in preparation.

Item 2: Annual Implementation Report

NL introduced the paper. The AIR needs to be approved by LMC before submission to EC by 30 June.

Conclusion:
Members agreed to endorse the Annual Implementation Report 2011.

Item 3: NWOP Re-quantification & Investment Framework Revision

DR outlined the paper. All existing projects are being examined before looking at the opportunities for the remaining spend. Brownfield land and floorspace targets were designed for a different economic climate and have proved unrealistic in practice. The European Economic Strategy Group (EESG), working with LEPs, have produced a pipeline of potential projects.

- 3.1 SHB explained the EESG had spent a lot of time identifying projects which would fit the wider strategy.

- 3.2 FC felt it would be useful to differentiate between RONW and Merseyside with regard to the outputs required (currently a combined figure); and as the recession has had greater impact on female workers, this could be highlighted in the re-quantification request.
- 3.3 DB queried the suggestion in the report is that the SFB allocation is fixed at £40m, though noted this is to be discussed later on the agenda. HM requested clarification of the proposed outputs/results modification.
- 3.4 VJ suggested output recording is not possible till a business has existed for 12 months, would this be taken into consideration. DR replied it will be towards the end of the programme that detail becomes clear.
- 3.5 AM considered the figures in the proposal reflect reality and are very different from the original figures.
- 3.6 SHB added we must ensure calls attract appropriate applications. DR added calls are now targeted, unlike the open bidding at the start of the programme.
- 3.7 The Chair stressed DCLG now see the programme as being run by the LMC, and LMC set the priorities. The RDA is no longer driving the programme.
- 3.8 DR requested comments be submitted by members before the end of the month – the proposed re-quantification must be approved by DCLG before submission to the EC.

Action:

LMC members to return comments on the proposed NWOP re-quantification to PDT by 28 May 2012.

Conclusion:

Inclusive of above comments, members agreed to the proposed re-quantification request for submission to EC.

Item 4: Update on JEREMIE – report on independent evaluation

DR introduced the paper. He and GF had attended the first part of the North West Fund Presentations Day prior to LMC. While the performance of NWF had been good for the first quarter of 2012, there are issues to address following the independent evaluation carried out by Ekos, and it is proposed to hold a special LMC meeting, inviting the NWBF Board to provide a presentation. A decision on the future of the project would not be made till after that meeting. It is vital to ensure NWF is addressing market needs. It should be borne in mind the Ekos evaluation has taken place only 1 year into the 5-year investment period of a 12 year fund.

- 4.1 FC reported the FEISC have a number of concerns: less confidence in one of the funds; management fee issues and if there is to be a 12-year contract, it is vital to have the opportunity of a break clause and/or a re-

evaluation in that period. The management structure of NWF means there is no proper oversight of progress. FEISC would support the recommendation for increased presence on the Board, and improved marketing activity by NWF is key. In her view, the suggested removal of £14.8m unallocated funding is an adequate response to the situation.

- 4.2 SM considered one of the key issues is that lessons from those funds which are doing well should be translated to the under-performing funds.
- 4.3 ME felt the evaluation had been based on old data and may be better performed by a corporate finance body.
- 4.4 The Chair anticipated a clear picture would emerge at the special meeting.
- 4.5 GF was very supportive of FC's view, and felt a revised business plan should be offered at the special meeting. The Chairman and Chief Executive of NWF should be made accountable and should provide thorough progress data to enable a sound decision.
- 4.6 DR requested any comments be forwarded as soon as possible to ensure inclusion for the proposed meeting.

Action:
PDT to organise a special LMC to discuss the JEREMIE project.

Action:
LMC members to forward comments for inclusion at the above meeting to PDT by 21 May 2012

Item 5: Update on JESSICA

Deborah McLaughlin, Chief Executive of the Homes & Communities Agency, gave a presentation to update members on the JESSICA position.

The 2 UDFs, Chrysalis and Igloo, are now in place and operational, both have a project pipeline, and investment is beginning, with the first drawdowns for Igloo anticipated on 8 May and in September, and for Chrysalis, in September. Joint meeting have been held with EIB to test the pipelines, which appear strong and robust. JESSICA has taken longer to get off the ground than anticipated due to its complexity. An event has been agreed whereby Directors of Development from Local Authorities will be invited to attend presentations by the fund managers. Informal discussion supported by 1-to-1 sessions would be helpful, with detailed fund manager discussions later.

JESSICA is partly matched by land, which has been constraining abilities with match, and affecting the liquidity of the fund, so HCA have approached DCLG to convert some of the land match to cash. Evergreen presented to the Board in the previous week and suggested some changes, Chrysalis will attend the next quarterly Board meeting.

Next steps, apart from the cash realisation, will be monitoring performance by the PDT and reporting back to LMC. HCA are confident there are good opportunities for investment.

Item 6: Update on Super Fast Broadband

DR introduced the paper and advised members that all applications for funding would need to be received by 30 June. At this point, the programme could assess all applications and recommend an appropriate course of action.

- 6.1 The Chair noted two options are presented in the paper.
- 6.2 DB recommended the higher figure [£49.5m] be chosen as the budget for SFB. He did not feel the conclusions previously drawn by LMC were reflected in the paper.
- 6.3 AM recalled the £40m allocation was broad rather than scientific. There are still major issues to be resolved but the projected figures still work for the programme. More important than the figure is a clear timeline, to include State Aid issue resolution. LMC would be comfortable with up to £49.5m but must be very clear of the time line.
- 6.4 SHB considered the sum to be secondary to be presenting the best case for re-quantification. State Aid issues continue, matters will not be resolved quickly and the programme must continue to develop as previously discussed. If firm evidence is provided for higher allocation, we can accommodate it.
- 6.5 DM noted Lancashire want to move quickly forward asked if there is a need to cap the allocation at all.
- 6.6 KBU referred to the Item 3 discussion: c£50m allocated to Priority 2 included £40m for SFB with the implication that increasing SFB to £49.5m would mean no more calls under P2. It is not clear if this would be in the best interests of the programme, or for spending quickly for the remainder of the programme.
- 6.7 ME felt £40m presented sufficient risk for the programme.
- 6.8 In response to a query from VJ, the Chair explained Merseyside are not participating in the SFB call, as Phasing In parameters are different.
- 6.9 JA sought reassurance that Cumbria projects would not be delayed by prolonged discussions.
- 6.10 GF reminded members State Aid approval needs to be in place. State Aid would determine the size of the gap for public intervention. At this point it is too early to say either £40m or £50m.
- 6.11 TM echoed JA that Cumbria projects are ready to go, and would be happy to accept more than the original bid (based on BDUK allocation).

6.12 DM asked, if all the match in a project is private sector, how will the State Aid issue be affected? DR responded ERDF is public money, so State Aid rules would still apply.

6.13 The Chair added there is still a lot more to be done around State Aid.

Item 7: Feedback from Sub Committees

No additional comments were made to those in the paper.

Item 8: Post 2013 update

DR outlined the paper.

8.1 FC felt there was little sense of integration of the LEP priorities. This should be looked at in terms of strategy.

8.2 The Chair replied DCLG is looking at this, a series of hearings with Baroness Hanham are planned.

Item 9: AOB

9.1 The Chair announced this is the last meeting for Cllr Flo Clucas, who is not standing for re-election on 3 May. Cllr Clucas has been active in the region for a long time and in the last year had been very helpful to the Chair. He wished her every success for the future, which sentiment was echoed by all present.

There being no other business, the Chair closed the meeting at **15.50**.

Minutes agreed by LMC.

Signed

**Philip Cox
DCLG
(Chair)**

Date