

CMSEC/APR/2011

## NORTH EAST ENGLAND COMPETITIVENESS PROGRAMME 2007-13

### MEETING OF THE PROGRAMME MONITORING COMMITTEE:

14 APRIL 2011

	Role	Sector
<b>Attendees</b>		
David Rossington	Chair	Department of Communities and Local Government (DCLG)
Lesley Calder	Member	One North East
Cllr Neil Foster	Member	Durham
Cllr Tom Brechany	Member	Northumberland
Cllr Bob Cook	Member	Tees Valley
Cllr Bryan Charlton	Member	Tyne & Wear
Ieva Zalite	Member	European Commission
Claire Hoskins	Member	DCLG
Alan Sanderson	Member	Higher Education
Kevin Rowan	Member	TUC/Equal Opportunities/ESF Link
Jo Curry	Member	Voluntary Sector
Catherine Pearson	Observer	Durham
Iain Ogilvie	Observer	Northumberland
Linda Edworthy	Observer	Tees Valley
Gordon Bell	Observer	Tyne & Wear
Iain Derrick	Secretariat	One North East
Raffaella Ebani	Secretariat	One North East
Craig Milligan (Minutes)	Secretariat	One North East
<b>Apologies</b>		
Andy Stewart	Member	BIS
Adelle Rowe	Member	Environment/Sustainability
John Cuthbert	Member	Private Sector
Tony Sarginson	Member	Private Sector (PEG Representative)
Adrian Sherwood	Member	RDPE

### AGENDA ITEM 1 - WELCOME, INTRODUCTIONS AND APOLOGIES

David Rossington, Director General (acting) Finance and Corporate Services, DCLG welcomed PMC members to the first PMC under his chairmanship. The Chair gave a brief personal introduction and thanked members for the warm welcome extended. The Chair advised PMC that he was delighted to be working with PMC members to take forward a successful and ambitious ERDF Programme.

### AGENDA ITEM 2 - DECLARATION OF INTERESTS

No declarations of interest were received.

### AGENDA ITEM 3 - MINUTES FROM PREVIOUS MEETING AND MATTERS ARISING

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

### AGENDA ITEM 4 - PROGRAMME IMPLEMENTATION PROGRESS REPORT AND RISK ASSESSMENT

The ERDF Secretariat summarised key points from the detailed Programme Implementation Report setting out an overview of progress in respect of programme performance, financial commitments, expenditure targets and performance against programme indicators.

Key issues included:

#### **Commitment levels:**

Commitment level currently stands at £214.9m, 67% of the total available resource. PMC was advised that since the writing of the report, there had been a significant increase in Project Initiation and Planning (PIP) forms received. C20 new project submissions received. The Secretariat indicated that this was attributable to projects responding to the original closing date for the current call at 31.3.11. Partners have subsequently been informed that the call is extended to end Dec 11. The Secretariat will conduct further analysis of the quality and strategic fit of these submissions, particularly within the context of proposed Programme modification. Item 3 refers.

#### **Outstanding ERDF Claims**

PMC was advised that issues regarding the quality and timeliness of ERDF claims continue to impact on performance and ability to produce up to date and accurate arrangement information.

The ERDF Secretariat has initiated a number of measures to a) encourage the timely submission of claims and b) help improve the quality of claims submitted. The measures include:

- Producing a series of ERDF Practitioner bulletins explaining the importance of timely claim submission.
- Producing 'How to' guides based on the most common errors made on claims.
- Revising the ERDF claims training programme, following discussions with Partners.
- Delivering bespoke organisational claims training on request.

PMC agreed to cascade through their own organisations and sectors the importance of timely and accurate submission of claims and ensure that all relevant staff attend the ERDF Claims Training.

PMC was reminded that the ERDF Secretariat will have less capacity to deliver training at the current levels post July 2011.

#### **Action 1**

PMC to cascade through their own organisations and sectors the importance of timely and accurate submission of claims and ensure that all relevant staff attend the ERDF Claims Training.

PMC to actively monitor claims progress where they are a recipient of ERDF

#### **Outputs**

The performance against contracted outputs and results is as previously reported. PMC was asked to note that concerns remain in respect of **delivery** against contracted targets and that due to the number of outstanding claims performance figures may be understated or overstated. This emphasised the need to improve claims submission.

#### **De-commitment**

The ERDF Secretariat continues to implement the agreed De-commitment Strategy. PMC was reminded that de-commitment of ERDF funds is considered a last resort, and when options have been appropriately explored to help the Proposer address performance issues and get projects back on track.

PMC received further details of projects potentially at risk of de commitment and was informed that the ERDF Programme Executive Group (PEG) will take forward a more detailed analysis of the projects prior to any formal de-commitment.

### **Programme Error Rate**

PMC attention was drawn to the high error rate reported for the North East Programme (5.7% against EU tolerance level of 2%). It was noted that this was attributable to one large irregularity (MAS/NEPA) as opposed to a systemic problem. Due to the high error rate DG Regio has initiated a Programme interruption.

PMC noted that without the MAS/NEPA irregularity the North East Programme error rate stands at 1.23%

PMC was advised that DCLG, on the basis that the issue is non systemic has requested that the Commission lift the interruption. DG Regio confirmed that the North East Programme is being considered on this basis.

### **ERDF End to End Audit**

PMC was advised that the North East programme has recently been subject to a detailed 'End to End Audit' testing all aspects of ERDF system and process. The Audit Authority report has been received and Unqualified Opinion secured. The report indicates that *"One North East has a commitment to control that goes significantly beyond EC and MA requirements"*.

The report recommends that elements of good practice be considered by the Managing Authority in formulating its unified structure and systems post July 11. These include:

- Effective utilisation of MCIS
- Project track record tested at appraisal
- Financial appraisal undertaken on private sector applicants
- Extensive and user friendly guidance model developed
- ERDF Practitioner Network delivering training and information regularly
- Document retention tools developed

Suggested improvements arising from the audit are currently being implemented.

### **AGENDA ITEM 5 - MID TERM EVALUATION UPDATE**

PMC members received a presentation on the findings of the Mid Term Evaluation and proposed next steps.

It was agreed that the Secretariat takes forward action to;

- Enter a formal process of Operational Programme modification.
- Develop the evidence base to support the re-profile of existing output, results and impact targets across Priority 1 and Priority 2 to reflect changes to the socio-economic context and delivery infrastructure linked in particular to more realistic and achievable targets.
- Strengthen the capital focus of the programme by widening scope for investment in economic infrastructure in support of innovation, unlocking the growth potential of key economic sectors (e.g. low carbon, offshore wind) and regionally significant strategic sites/premises and employment creation. This to be achieved by increased provision and flexibility within the two existing priorities and Fields of Action.

- Rebalance the **indicative** revenue/capital allocations to take account of increased capital requirement.
- Address any points of clarity within the Operational Programme in the light of operational experience.

#### **Action 2**

The ERDF Secretariat to take forward the formal process of Operational Programme modification incorporating the endorsed PMC recommendations.

### **AGENDA ITEM 6 - ERDF GOVERNANCE: FROM PMC TO LMC**

PMC Members were asked to consider:

- Structure and levels of representation of the new Local Management Committee (LMC) , including appropriate representation from Local Enterprise Partnerships;
- Representation from additional organisations for example BIS Local, Homes and Communities Agency (HCA) and Technology Strategy Board (or others) to seek alignment with policy and investment in regeneration and business growth;
- Role of the Deputy Chair and process for nomination and appointment.

PMC was strongly supportive of current arrangements and structure – validated by the independent evaluation. It agreed that PMC should evolve to fully take account of the new landscape but not at the cost of existing experience and strengths, or to create a structure too large as to impede its effectiveness. In respect of the new LMC It agreed;

- The number of members should not greatly increase, as this would constrain the effectiveness of the LMC;
- Local Authority membership at the current levels was appropriate, including the role and participation of Local Authority officers as observers;
- Local Enterprise Partnerships should have a place on LMC in addition to Local Authority membership;
- The composition of PMC remains appropriate – the mix of organisations and sectors representative and in line with the nature of the programme;
- Homes and Communities Agency would be an appropriate member of LMC given its pivotal role in regeneration;
- BIS local representation to be considered further (observer status or via sub groups).

PMC discussed the role of Deputy Chair, acknowledging the demands on the post holder in terms of time/capacity.

Local Authority members indicated willingness to nominate a sector representative for Deputy Chair. PMC Chair asked that further consideration be given to the process of seeking and confirming nominations, where possible PMC members to reach consensus before the next meeting of the PMC 22<sup>nd</sup> June.

The ERDF Secretariat was mandated to take forward a series of actions:

#### **Action 3**

ERDF Secretariat, liaising with DCLG and EC to produce and circulate draft proposals on future LMC Governance by 13 May 2011, to incorporate:

- LMC role, membership and responsibilities
- Deputy Chair Job Description including estimate of time commitments
- Proposals in respect of ERDF sub group structures.

#### **Action 4**

Secretariat to meet and discuss proposals with all PMC members prior to issue of final paper for PMC consideration 22<sup>nd</sup> June.

**Action 5**

ERDF Secretariat to invite BIS to next meeting of PMC to provide an update on Post 2013 Programme arrangements/negotiations.

**AGENDA ITEM 7 - RDA AS FINAL BENEFICIARY**

PMC was presented with an update on project activity where One North East acts as the Final Beneficiary of ERDF investment.

PMC was asked to note PEG agreement to extend the MAS NE Resource Efficiency project by 9 months to 31 December 2011 in order to maximise the capture of outputs and results.

**AGENDA ITEM 8 - COMMUNICATIONS UPDATE**

The ERDF Secretariat presented a report updating PMC on communications activity initiated since the last meeting of the PMC.

PMC recorded thanks to Northumberland for hosting the recent visit by Baroness Hanham.

The ERDF Secretariat announced plans to hold 'ERDF Month' during July as part of an EC regulatory obligation to promote ERDF investment. Further information will follow in due course.

**AGENDA ITEM 9 - ANY OTHER BUSINESS**

**Next Meeting**

The date of the next scheduled meeting is 22 June 2011, 10.00 – 12.00 venue TBC.

**Minutes end**