## Local Management Committee (LMC)

## Draft Minutes of meeting held at West Suffolk House, Bury St Edmunds 21 October 2011

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| Chair: | Neil O'Connor | DCLG |
| Members: | | |
| | David Morrall | DCLG |
| | Liz Wade | SEM LEP |
| | Angela Rowney | Luton CFO |
| | Merja Toikka | EC DG Regio |
| | Andrea Stark | Arts Council |
| | Nichola Cowell | Local Skills Council |
| | Tim Hutchings | Herts Chamber of Commerce |
| | Zoe Manning | Essex University |
| | George Kieffer | Deputy Chair LMC |
| | Laurie Heseldon | TUC |
| | Ian Gregory | BIS Local |
| | Neville Reyner, CBE DL | GCGP LEP |
| | David Lloyd | Hertfordshire LEP |
| | Kathy Pollard | Liberal Democrat deputy leader of Suffolk CC |
| Officers: | Alastair Rhind | DCLG |
| | Nina Cunningham | DCLG |
| | Tom Davies | DCLG |
| Observers: | | |
| | Sarah Murray | East of England Brussels Office |
| | David Sillett | Rural Development Programme |
| | Caroline Ricketts | Office of Geoffrey Van Orden MEP |
| | Tim Huggan | Office of Andrew Duff MEP |
| | Ellie Haag | Office of Andrew Duff MEP |
| | Guy Mills | Cambs CC (for EPs) |
| Guests: | Frances Bedding | Suffolk CC |
| Apologies: | Cllr Graham Butland | EELGA (Con) |
| | Robert Blake | Summit skills |
| | Robert Sturdy | MEP |

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| Andy Wood | Adnams |
| Richard Howitt | MEP |
| Paula Greyson | Equality & Diversity chair |

**Item 1 Introduction and apologies**

1. Neil O'Connor opened the meeting and confirmed that the meeting was quorate. Neil explained his role for chairing LMC and introduced the newly appointed Deputy Chairman of LMC – George Kieffer.

**Item 2 Minutes of the LMC meeting on 1 June 2011, paper 1**

2. A number of issues were raised in relation to the draft minutes by Merja Toikka including point 28,35, 39, 42 and 50 in the minutes. It was agreed that she would address this through the ERDF secretariat .In future LMC Members would be asked to submit any comments on draft minutes prior to the meeting. On the proviso that Merja's amendments were considered, it was agreed that these minutes would be approved.

**Item 3 Matters arising**

3. Since the last meeting in June, Neil O'Connor confirmed that a Deputy Chair has been appointed, and the new Terms of Reference drafted, which reflect the updated membership as agreed at the last meeting.
Neil relayed to the committee that although the LMC were due to receive a presentation about the Cradle to Cradle initiative, as the LMC had been re-scheduled to a later date the call has been approved in the interim. Guy Mills raised his concerns about the progress of the Sustainable Green Tourism to David Sillett and it was agreed that they would have a discussion about this outside of the meeting.

**Item 4 LMC governance, paper 2**

4. David Morrall gave a verbal update outlining the strategic role of LMC, its role and responsibilities and how the sub groups of the LMC operate. David confirmed that operational issues of the ERDF Programme fall outside the scope of LMC.

5. The Terms of Reference for LMC summarises the range of issues to be covered, the membership of LMC, how it will run, why the committee is being reconfigured. The new representation of LMC reflects the reconfigured environment, the focus on localism, and the inclusion of Local Enterprise Partnerships. Operational works are delegated from the LMC to a number of subgroups, in particular the Competitiveness Delivery Group for decisions on investments. David confirmed that the new Deputy Chair of the LMC, George Kieffer will chair the CDG meetings which the ERDF team offers secretariat support.

6. Angela Rowney stated that she was pleased that the LMC membership includes Europeans Social Fund representation and continues to provide an opportunity to update LMC members on any relevant issues.

7. David Lloyd expressed concern about the length of the LMC papers and suggested that the inclusion of weblinks may help in this regards. He considered that there was a danger of information overload and too many acronyms. David Morrall confirmed that while a certain level of detail was required for the Commission, The ERDF Secretariat would endeavour to provide summaries to papers wherever possible to do so.

9. Sarah Murray considered that the language used within ToR in relation to the Programmes Communication activity (section of 1.3) was rather passive and should be more pro active.

10. Andrea Stark agreed with the principle of LMC discussing strategic ideas to shape and integrate ERDF funding with other activities and funding streams.

11. Merja said that she concurred that section 1 of the ToR needed more active language in its content. Merja advised that some re wording within pt 3.1 was needed to clarify that LMC would be delegating some tasks to sub-groups but the LMC's responsibilities would not be delegated to these sub-groups.

12. Angela Rowney highlighted that the LMC membership list within the Terms of Reference needs to include the Arts Council.

13. Neil O'Connor concluded that the LMC group were content with the Terms of Reference paper subject to the points (above) and ensuring E&D issues were included and agreed as per the recommendation within Paper 2. Neil also stated that once agreed, the Terms of Reference will be published on the DCLG website for the East of England including the details of member organisations and names.

**Item 5 presentation by Suffolk County Council**

15. Frances Bedding (External funding Manager, Suffolk County Council) delivered a powerpoint presentation about ERDF projects in Suffolk which raised a number of queries from LMC members. George Kieffer highlighted the potential benefits to SMEs of the recently approved Low Carbon Freight Dividend project. Andrea Stark asked whether any consideration had been given to replicating the Low Carbon champions projects elsewhere. Alastair Rhind confirmed that this project is required to undertake an evaluation to determine if it could be rolled out elsewhere.

16. Kathy Pollard said that she was impressed by the good work in Suffolk. She asked the question of why for the Business Smiles project had not had a better 'take up' of the offer. Frances Bedding said that she would respond to Kathy Pollard and LMC with a detailed answer. For housing demonstrator projects, Kathy queried how to incentivise private landlords to consider reftrofitting for housing demonstrator projects? Frances conceded that this

does pose a challenge to the project but that all you can do is reinforce the renewable message through the project.

17. Sarah Murray agreed that there are many ERDF ‘success stories’ within the region, emphasising that the ERDF communications budget activity should be used to highlight this.

18. On the issue of Housing, Laurie Heselden asked the ERDF secretariat about the Passivhaus project. Alastair Rhind responded that PassivHaus received £4 million of ERDF funding for private and social housing (on the proviso that the occupier is in receipt of benefits). Laurie Heselden also sought clarification on whether the Low Carbon Market Towns project was about upgrading homes or focused on new build? Frances Bedding responded that the purpose of the project was for behaviour change and that there are no capital elements at present.

19. Tim Hutchings expressed concern that any funding for housing projects should have a wider end project benefit – i.e. housing demonstrators are all very well but how does ERDF ensure that these are taken forward and replicated by house builders.

20. Drawing this discussion to an end Neville Reyner commented that the low carbon sector is a component of the clean technology sector. For Cambridge and Peterborough, he considered that the sector has huge potential for growth and the creation of jobs. Neville confirmed that the Local Enterprise Partnerships within the East of England are working together on joint initiatives to support the clean technology sector. Neville stated that the LMC is likely to be helpful to facilitate greater partnerships working between LEPs on this agenda.

**Item 6 Local economic update, paper 3**

21. David Morrall introduced this paper by confirming that while that Insight East (now managed by Essex County council) has limited capacity to provide some regional intelligence data, agreement from LMC regarding what type of data would be most useful to inform this group going forward.
David asked the committee whether the Local Enterprise Partnerships could offer economic information about the economic performance of their localities for future LMC meetings. David Lloyd suggested that high level data would be helpful, providing it had local context.

22. Ian Gregory stated that the Department of Business Innovation and Skills will produce the monthly ‘English Business survey’ which offers key business data by sector from 3,000 businesses selected nationwide. The first report is due to be ready in January 2012. Ian confirmed that BIS aim to circulate this in time for the next LMC meeting in January and quarterly from here on.

23. Sarah Murray commented on the value that good local economic intelligence data and data interrogation would bring to these meetings and the

usefulness of Insight East (when managed by EEDA) was to the programme. Sarah queried whether the ERDF secretariat could commission some data or search and analyse the data themselves. David Morrall responded that although the ERDF team are capable of providing this information, he could not offer any staff resource to undertake this activity. He also said that commissioning can not be offered as the Technical Assistance budget is very tight.

24. David Lloyd commented that LMC should not lose its focus and recreate a Regional Development Agency approach as people living in local areas are not necessarily concerned about people living in other areas of the region. David Lloyd went on to say that in relation to economic intelligence, high level regional data is useful as a backdrop. Laurie Heselden agreed and considered that while LMC members bring knowledge about the sectors that they represent to the LMC meetings, they also need to know about those sectors which are unfamiliar to them to avoid the problem of 'silo thinking'. Laurie stated that his TUC contacts and regional agents can offer macro economic data and information on Labour market to the ERDF secretariat. He also recommended capturing updates provided by Local Authority economic development units.

25. Neil O'Connor stated that there can be a problem of having lots of disparate sources of information and it is important to avoid information overload. George stated that any data provided must have a focus on its relevance to ERDF funding and offer an evidence base for future ERDF interventions. David Lloyd and Neville Reyner agreed that the Local Enterprise Partnerships can offer relevant economic information for future LMC meetings. Merja Toikka advised that the secretariat needs to be resourceful – there is information freely available on the internet and from organisations such as the Chambers of Commerce. Neil O'Connor concluded the discussion by giving George Kieffer a task of working on an initiative to request economic data and that the Local Enterprise Partnerships would offer 'one pagers' of such data for future LMC meetings.

**Item 9. ERDF Programme delivery update – Paper 5**

26. David Morrall summarised the ERDF Programme Delivery update paper and advised members that there is a useful summary of the paper on the first page of the paper. Three Enterprise Zones for the region had recently been announced as well as two successful Regional Growth Fund projects on bidding round 1. David explained the budget and the division between the priority axis for the programme. He highlighted that the East of England is one of 2 regions designated as being in danger of missing N+2 2011 target end of calendar year spending allocation targets. There is currently a shortfall of £14,019,677 for this calendar year.

27. David Morrall commented that as a result of new measures in place, a number of un-contracted ERDF projects are now contracted and half of the

payment claims for the 3rd quarter of the year (September) have arrived early by way of request. David expressed confidence in meeting the N+2 target but reiterated that there is a lot of work for the ERDF team to do to convert committed projects into contracts and that claims will only count when recorded by the European Commission in December 2011. David outlined some of the reasons for the N+2 problem: the East of England is the second smallest region in the UK in terms of its ERDF funding and the budget largely consists of revenue which means that quick, early spending is difficult. Due to the regions limited financial allocation, David explained that the region can not apply financial engineering instruments e.g. JESSICA that go ahead in other regions that need £50 million funding to start up. In addition, there are also contracting problems where projects do not always have the capacity to deliver and this can lead to the need for reprofiling of offer letters and subsequent delays to delivery and claims. Projects also have a tendency for optimism in their forecast project dates and delays necessitate more reprofiling. In addition, some projects have suffered from a loss of match funding and so have had to seek substitute funders.

28. On the issue of N+2, Neil O'Connor asked David how this situation differed from last year, what measures he was taking to address this and what are the consequences of failure to meet the target.

29. David responded that last years spending targets were comfortably met as the large Venture Capital Fund was successfully established. In terms of measures to address this problem, the PDT has been reconfigured whereby claims processing is the priority and identifying projects where there are opportunities to accelerate spend and considering contracting for additional eligible spend will be a key part of the teams work until December 2011. In addition, the Chief Executives of the high risk projects have been called into the ERDF office in Cambridge to accelerate spending. In exceptional cases, the ERDF team will decommit funding for certain projects where there is poor delivery performance. The consequences of failing to meet N+2 targets are that the funding is lost to the East of England and goes back to Brussels. David agreed to provide LMC with written updates on performance. He has written to LEP chairs to prompt those projects in their local areas that are underperforming. Although he considered that it is too late for LEPs to generate new activity or practically help this year, David stated that he is keen for their engagement next year. David will action an improvement plan for the next LMC meeting to address this N+2 issue for future years.

30. Liz Wade stated that while the visibility of performance and projects has improved the visibility of the ERDF programme as a whole could be better. Liz proposed a need for a greater level of coordinated support for projects which supports economic growth. George Kieffer suggested that LMC members with their thematic and geographic partners should be used to leverage support for these projects. The issue of Programme visibility was also commented upon by Andrea Stark who stated that the adverse impacts of the loss of Regional Development Agency funding and the acumen of the RDA staff for project management was a loss to the Programme in this

respect. She considered that the purpose of LMC was therefore not to berate the PDT for the performance of the ERDF programme.

31. Tim Hutchings considered that the information presented in the paper 5 was very helpful for understanding the N+2 problem and how to deal with it. Tim suggested that it would be helpful if paper also focused on future problems and how to deal with the loss of RDA funding. Kathy Pollard agreed that loss of RDA funding was a concern to the ERDF programme as there are few alternative sources of match funding and central government has given no indication that it will offer more funding to the Local Enterprise Partnerships to replace this role for economic development.

32. David Lloyd stated that for the ERDF programme, being set spending targets in the € currency by the Commission in Brussels makes it difficult whereby fluctuating currency conversion rates leads to a greater level of uncertainty when managing a financial budget. David Lloyd queried whether other regions are in a similar position? David Morrall acknowledged that all European programmes are based on the Euro and conceded that the situation is made more difficult by fluctuating currency exchange rates which will mean that the final target amount is uncertain until the final date. David Morrall responded to David's final question by stating that one other region has also not yet achieved their 2011 spending targets.

33. Laurie Heseldon considered that at this point in the calendar year, there is little that LMC members can do to alleviate the N+2 problem and that it was rather an inauspicious start for the inaugural LMC meeting. Laurie advised that LMC members should be presented with a list of projects with red, amber and green categories to flag up issues. In response David reiterated that N+2 measures are in place including how the ERDF team are bringing forward spending for some ERDF projects by, for example, instructing these to buy land at an earlier stage than was originally forecast in the contract. He also stated that in the case of some projects, the ERDF team are considering the eligibility of spend which pre-dates the approved applicant for an ERDF grant.

34. Ian Gregory highlighted that the money from the ERDF funded Screen East project was intended to be redeployed and asked if this would help the N+2 issue by increasing expenditure. David Morrall responded that this is the case. Neil O'Connor emphasised that the Government's priority is economic growth and resources will be deployed accordingly to support this agenda. David Morrall, mentioned the MAS East project for boosting growth in manufacturing and stated that there are alternative match funding opportunities such as from the department of Business Industry and Skills. David assured the committee that although the programme is 85% committed with projects being in place, the delivery of projects combined with insufficient private match funding and, compliance issues are affecting the programmes delivery.

35. In conclusion, David Morrall considered that the low carbon theme of the East of England programme is likely to have a good fit for future European

funding programmes. He drew LMC's members attention to the recently approved ERDF projects within paper 5 and remarked that the team is benefiting from the national government approaches to governance and compliance to reduce the error rates in audits.

36. David Morrall introduced the Interim Programme Prospectus (paper 6), stating that minimum changes had been made to take account of the changes to the OP, the move to DCLG and changes to the project selection criteria. George Kieffer advised reducing the length of this document to a more manageable size. Sarah Murray advised that the ERDF secretariat should indicate what were the changes that have been made to the prospectus via using track changes on this Word document or by offering a separate brief summary of these changes.

37. For the Interim Programme Prospectus, Merja Toikka asked if the output and target figures listed in section 4 are the cumulative ones up to October 2011. Nina Cunningham confirmed that this was the case. Merja expressed concern about the slow progress for delivering overall programme targets which only show a negligible improvement since the EPSG meeting in June 2011. As this is the 4th year of programme implementation, she stated that she would have expected more cumulative outputs should have been achieved in particular for jobs created and safeguarded, for innovative initiatives in SMEs, for the number of successful business start ups and for the number of businesses integrating new products, processes or services. She acknowledged that while there were macro economic factors affecting the programmes performance it was still a poor performance. Merja asked David Morrall to inform the LMC about the concrete measures that the team are carrying out to remedy the problem.

38. David Morrall responded that if the amount of funding committed to projects is spent and the corresponding outputs and results delivered, all programme indicator targets will be delivered in the long term. The East of England ERDF programme is approximately 10% behind on indicator targets and highlighted that because of low growth in the global economy, in particular the consequences of this are that there is a European wide problem for job creation. Merja countered that if even with the revised Operational Programme Prospectus targets, she considered that there remains a large gap for the PDT to 'catch up'.

39. Merja stated that it would be helpful if the physical progress reports on outputs and results were made available to LMC quarterly. Neil O' Connor agreed that these reports will continue to be provided for future LMC meetings. Sarah Murray considered that the cumulative output performance for number of low carbon construction enterprise hubs is low. David Morrall responded that he would review progress on this output. Angela Rowney also highlighted the fact the figures may not be correct in relation to progress on jobs created and safeguarded by gender.

40. Merja asked David Morrall whether the new Regional Growth Fund work responsibilities for the Programme Delivery Team will affect their ability

to deliver their normal ERDF work. David Morrall clarified that all of the PDTs are expected to deliver some RGF Monitoring, and that the team should be provided with additional resources will be made available if needed. Nina Cunningham confirmed that time sheets are being kept for all hours spent on this activity.

41. Neil O'Connor declared that the four recommendations in paper 5 are agreed:

- LMC to note progress in delivery of the programme and the contents of the paper.
- LMC to receive written updates on N+2 progress.
- LMC to agree that the scheduled programme mid term review should be postponed until early 2012.
- To approve amendments to the Interim Prospectus and Project Selection Criteria.

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**Item 10 Low Carbon Innovation Fund – Paper 7**

42. Alastair Rhind introduced the Low Carbon Innovation Fund financial instrument by stating that it is the only such instrument in the region. Alastair explained that this is a 'Dragon's Den' style project which offers equity to SMEs for low carbon initiatives for private sector co-investment where the level of returns will be set at market levels.
Alastair advised the group that he anticipated that the fund will make 4 more investments (£1.3 million) this year and that by the end of 2012, £7 million is forecast to be invested. While £8 million of ERDF funding was contracted in November 2009, a proposal to seek LMC approval for additional funding (£4.5m) is now being sought. In conjunction with this, the Fund Operator is proposing to finance the operating costs and management fees from the capital fund itself. Alastair presented the 2 options for creating a new venture capital fund or providing additional funding to support the current LCIF project and recommended the latter option as the first option is likely to take too long to set up. Alastair confirmed that outputs for the additional £4.5 million funding would be pro rata to address additionality for the project business case has been submitted by UEA with the aim that this is considered at the Competitiveness Delivery Group in November. To help LMC better appreciate the work of LCIF fund, Alastair proposed that the grant applicant (University of East Anglia) is invited to present the case at the next LMC meeting.

43. David Lloyd expressed concern about the size of the running costs (£2.9 million) i.e. 25% of the fund. Alastair Rhind responded that the project runs over a 6 and a half year period and that the fund operator would work on an 'at cost' basis. The main costs are for the Turquoise fund manager. Alastair reassured LMC members that this approach was within DCLG guidance and that the costs considered are reasonable for such a co-investment model.

44. Merja drew LMC members attention to previous EPSG meeting minutes where the terms of reference for this project were discussed – and

the particular approach to procure processes were agreed as being necessary for this project. She asked if this had been considered. Merja mentioned that the original Access to Finance Report for LCIF forecast higher output targets for various indicators than have been achieved. She noted that it took 18 months to set up the Fund that only yielded 2 investments so far. Merja also raised concern about the cost structure, whereby quite a lot seemed to be going to the fund managers which would result in the paid up capital of the fund being used to pay for operational costs and management fees leaving less for actual investments and thus fewer while only two small .

45. Merja stated that when the LCIF has only produced two deals so far in its present field, it seemed premature and questionable whether it could perform any better in the proposed new additional field of creative industries in low carbon. She asked what remedial actions are in place if the project milestones are not met and investments offered. Merja proposed that LMC members do not yet make a decision about the project's proposals at this meeting but that instead that the project proposal be circulated to LMC members via written procedures for performance review. Merja stressed that as from this year, the European Commission will be paying particular attention to the operation of financial instruments.

46. Andrea Stark suggested that it is important that the fund is focused on enabling additional investments to be made into creative industries because the cultural / creative sector remains a priority for economic growth in the region. She highlighted how high value SMEs in the creative sector can make a significant contribution to a local economy. Andrea asked whether this financial instrument will offer flexibility for helping small business start ups and if not, it should be for the next ERDF programme. She asked about whether there is a danger that the emphasis on ‘fast growth’ might mean a lower quality proposal. Andrea advised that the Arts Council itself can be a match funder for ERDF funding and she mentioned that the Arts Council is also considering using financial instruments.

47. Sarah Murray asked considering it costs the same amount of funding regardless off the size of the fund by East of England Programme if more ERDF money should be offered for this project. Alastair Rhind confirmed that although said funding can not be ring fenced, will there be more of an input from the creative industry experts which sit on the board.

48. Alastair Rhind responded to Merja’s queries confirming that although the project had underperformed in terms of a reduced number of investments to date, the pipeline of investments is however strong so the ERDF secretariat are confident that there are several more investments soon. To address her concerns about funding, Alastair commented that the fund is regulated by ERDF rules and the rules of the Financial Services Authority. In response to Angela’s query, Alastair advised that the Fund Operator had factored in funding for the input of creative industry experts for assessing proposals form the creative industry sector. To respond to Andrea Stark’s concern about fast growth, Alastair clarified that private sector investments would only support a robust proposal.

49. In response to Merja's concern about the implication of the paid up capital of the fund being used to pay for operational costs and management fees Alastair confirmed that the revised guidance from the Commission ruled that the interest generated from LCIF counts as ERDF and cannot be treated as match funding to be used alongside ERDF. Therefore due to the macro economic environment, there is little alternative to scoping the project as it has been presented within the LMC paper. David Morrall advised that this approach of using the capital of the fund to pay for operational costs mirrors the approach that has been widely adopted for funding across the rest of the PDT's. Alastair Rhind added that although the paper did not include an update on the revised outputs, he informed the committee that the business case provides a robust proposal of the future benefits yielded from the proposed additional ERDF investment. David Morrall reflected that the 2 investments to date should actually be regarded as quite a good performance.

50. In response to the performance of LCIF, Merja stated that the pipeline of 22 pipeline applications being considered by the investment committee has remained the same figure since the last PMC meeting 6 months ago. Merja had concerns that the operating costs and management fees will proportionately go up if more investment deals are not rapidly colntracted. She advised that David Morrall (who attends the LCIF Board meetings) to pay careful attention to costs when these are disclosed at these Board meetings. Merja requested a copy of the business case for the revised application for ERDF funding. David Morrall responded that this was not possible due to reasons of commercial confidentiality.

51. Neil O' Connor concluded the discussion by declaring that LMC 'approved' for the 4 recommendations in Paper 7 and also accepted Alastair Rhind's proposal that the Panel Fund Operator (i.e. a representative from the University of East Anglia) should attend the next LMC meeting to present the LCIF operations.

**Item 11 Communications update - paper 8 and 9**

52. Nina Cunningham provided a brief overview of paper 8 and 9 to LMC. Sarah Murray expressed concern about the DCLG marketing budget freeze and that the DCLG website for the East of England does not feature the 'low carbon economic growth in the East of England' logo. She also expressed the view that it was difficult to find contact details for the facilitators on the DCLG website. Sarah highlighted the fact that the Low Carbon Innovation Fund opportunity should be communicated widely but due to the lack of budget for e.g. leaflets to promote the fund is a big problem. She highlighted that the lack of communications budget for the ERDF programme should be a concern for the European Commission. Merja had given her comments on the papers prior to the LMC meeting, with a view to be taken into account in a revised communications plan to be sent for EC approval.

53. George Kieffer raised the issue that for the launch of the Low Carbon Freight Dividend project in July, attended by a government minister, should have had a greater level of public relations. Andrea Stark pointed out the fact

that organisational leaders at LMC, such as herself, would expect to be used to launch and promote projects.

54. Neil O' Connor emphasised that there is a general constraint on public spending and also issues relating to the transition from operating management from EEDA to DCLG which explains the restrictions on budgets. He advised the PDT to work with LMC partners to build capacity for communications work.

55. Merja advised that the Local Enterprise Partnerships in the region could be used more for free communication purposes about the ERDF OP and how targeted business circles could benefit from the OP to increase their competitiveness and that of the region. She considered that the DCLG website address for the East of England is too long and should be shortened to become more user friendly and remembered.

56. The recommendation to agree the interim communications plan was agreed.

**Item 13 Cohesion report**

57. Sarah Murray delivered a presentation on the subject of EU Cohesion Policy 2014-2020 - Proposals from the European Commission.

58. David Morrall provided a brief summary about the sectoral focus and rules of the next ERDF programme beyond 2013. David stated that the East of England region and the UK are likely to be considered to be one of the 'more developed' regions and states. 80% of funding is earmarked and 20% flexible. Partnership contracts will be between the member states and Commission. Please see the guidance on this website: http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/questions_answers.pdf. Merja Toikka advised that if a member state has implementation problems for the next programme period, its funding could be stopped by the Commission which will be adopting a stronger approach in the 2014-2020 period.

59. Neil O'Connor invited LMC members to read paper 12 outside of the meeting as there was insufficient time to review it in the meeting. He queried whether such a paper was useful for LMC meetings in the future.

60. For paper 10, Nina Cunningham advised that the recommendations for incorporating Public Sector Duties in the paper should be included in the Terms of Reference (paper 2, discussed earlier in the meeting).

**Item 14 AOB**

61. David Sillett summarised recent changes for the Rural Development Programme in England. Government ministers are looking for more national

consistency in the programme. David advised the committee that a new RDPE grant scheme focused on farming and forestry is to be launched soon.

62. Merja Toikka commented that she had some useful visits to projects the previous day and requested that where physical EU logos are displayed are updated ( no more EEDA but ERDF) and that these need to be compliant in size.

63. The meeting finished at 2.25pm. The next meeting takes place on 20$^{th}$ January – location to be confirmed.

ERDF Secretariat
Oct 2011