



SKSEC/OCT/08

# **NORTH EAST ENGLAND COMPETITIVENESS PROGRAMME 2007-13**

## **MEETING OF THE PROGRAMME MONITORING COMMITTEE:**

**22 OCTOBER 2008**

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

## **AGENDA ITEM 1. WELCOME AND APOLOGIES**

The Chair welcomed members to the third meeting of the Programme Monitoring Committee and advised members of apologies received from:

- Helen Pickering (Higher Education) – Laura Woods deputised.
- Ranjana Bell (Equality and Diversity) – No substitute.

- Jo Curry (Voluntary Sector) - No substitute.
- Adelle Rowe (Environment/sustainability) – No substitute

The Chair welcomed and introduced Claire Hoskins who is the new DCLG lead officer for the North East England ERDF Programme.

## **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. REGIONAL FUNDING ALLOCATION (RFA)<sup>1</sup>**

The Secretariat presented a report to inform members of the inclusion of ERDF within the Regional Funding Allocation advice and how the Secretariat proposes to engage partners in contributing to the advice from an ERDF perspective.

This is the first time that ERDF has been included in RFA and provides an opportunity to restate the significance of the identified priorities for investment as set out in the ERDF Operational Programme and restate the significance of ERDF as a vital investment for the region.

PMC noted and supported PEG concern that any potential reductions in RDA funding may impact on the availability for match funding for the ERDF Programme, particularly in respect of capital expenditure.

It was agreed that RFA presented a helpful opportunity to restate this concern to Central Government. Partners undertook to support this position through other and existing relationships with government.

**Action Point 1:** Secretariat to present the ERDF element of the RFA advice at the next meeting.

## **AGENDA ITEM 4. COMMUNICATION UPDATE<sup>2</sup>**

The Secretariat presented a report to update the PMC on communications activity initiated since its last meeting on 19 June 2008.

The Secretariat reiterated its commitment to use the Communication Strategy as a way of supporting and reinforcing key programme implementation messages. For example, e-bulletins will continue to be

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<sup>1</sup> Innovation Connectors Presentation was listed as Item 3 on the agenda but was moved to Item 6.

<sup>2</sup> Programme Implementation Progress Report was listed as Item 9 on the agenda but was moved to Item 7.

used to highlight the priority attached to the achievement of n+2, what is expected of partners and to reinforce the importance of compliance and document retention.

The TUC representative confirmed the value and usefulness of the e-bulletin; the TUC forward the bulletin to 15,000 members.

The publicity toolkit clearly sets out EU publicity requirements and provides examples of best practice. The ERDF plaque is now available and will be issued to each project.

Website activity continues to increase, peaking at the time of an e-bulletin release.

The Secretariat is exploring the development of an ERDF Practitioner Network to provide formal and less formal opportunities for networking including workshops, events and visits. PMC expressed strong support for this proposal and were keen to take an active role in activities such as official openings.

#### **AGENDA ITEM 5. RDA AS FINAL BENEFICIARY<sup>3</sup>**

In accordance with agreed process set out in the ERDF Delivery Framework the Secretariat will inform PMC of projects at selection and approval stage where One North East will act as a Final Beneficiary of ERDF investment. Currently these are:

- Design Centre for the North;
- Flexible Families;
- Manufacturing Advisory Service/North East Productivity Alliance (MAS/NEPA).

The PMC noted that whilst there are no formal or informal ceilings on the proportion of the Programme where the RDA is a final beneficiary, it was aware that this was subject to national and EU level discussions.

The PMC noted that in the current economic climate and taking into account the risks associated with achieving n+2 targets, the focus of the PMC should be to prioritise robust and quality projects and spend rather than the source of match funding. Where the RDA is best placed to coordinate and develop activity and to closely align ERDF investment with Single Programme, the PMC advised that the RDA should not be constrained by informal ceilings from acting as final beneficiary.

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<sup>3</sup> RDA as Final Beneficiary was listed as Agenda Item 10 but was moved to Item 5.

## **AGENDA ITEM 6. INNOVATION CONNECTORS PRESENTATION<sup>4</sup>**

The Programme Monitoring Committee received a presentation from Chris Pywell, Head of Strategic Economic Change, One North East, on the development of Innovation Connectors in North East England.

The PMC welcomed and strongly supported the ambitious and transformative potential of Innovation Connector investment to the region and endorsed the Innovation Connectors as key investment priorities for the Operational Programme.

The PMC and partners were keen to offer support to ensure that the potential impact of ERDF is fully realised. Partners raised the need for key strategic agencies, including the Learning and Skills Council and the Department of Work and Pensions, to be fully engaged and to align mainstream investment in support of Innovation Connectors, helping to deliver on their full potential to integrate learning and employment opportunities. PMC partners undertook to push this agenda in their mainstream dealings with Government Departments and Agencies.

## **AGENDA ITEM 7. PROGRAMME IMPLEMENTATION PROGRESS REPORT<sup>5</sup>**

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

### **Project Commissioning/Calls Update**

PMC welcomed the progress that has been made across the three commissioning routes of non-competitive selection, limited bidding and open call whilst recognising the ongoing challenge of meeting n+2 targets.

### **Open Call for Urgent and Retrospective Projects**

The Secretariat alerted the PMC to the lack of progress being made in converting Expressions of Interest to robust PIPs and Business Case and asked PMC to exert any influence they have with project sponsors to expedite this process.

Partners acknowledged the need to ensure that momentum in progressing applications into concrete project approvals was critical. In this regard PMC welcomed the agreement reached that additional resources are to be placed within SRPs to expedite project development and progress towards approval and spend.

The PMC supported the need to prioritise deliverable and robust projects going forward to mitigate n+2 risks again emphasising that the need for match funding, strategic alignment and spend should take precedence

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<sup>4</sup> Innovation Connectors Presentation was listed as Agenda Item 3 but was moved to Item 6.

<sup>5</sup> Programme Implementation Progress Report was listed as Agenda Item 4 but was moved to Item 7.

over the source of spend. This point was welcomed and endorsed by the Secretariat and PMC partners.

The EU Commission noted that it was important to maintain the quality of projects in addition to achieving N+2 targets. This point was acknowledged by the Secretariat and PMC partners.

### **Innovation Connectors Limited Call**

The Innovation Connectors Limited Call for Investment Plans closed on 30 September 2008. The Investment Plans and associated Expressions of Interest are now subject to assessment. The outcome of the assessment process will be referred to PEG at its meeting on 10 November 2008.

PMC was asked to note the effort of key partners in working to tight deadlines in the development and submission of the Innovation Connector Investment Plans.

### **Future Calls**

PMC supported the intent to ensure that future calls for ERDF projects are focused on deliverable, strategically sound interventions and do not encourage broad speculative bidding.

### **Venture Capital Loan Funds**

PMC were asked to note that the activity formerly referred to as Financial Instruments will be referred to in future as Venture Capital Loan Funds (VCLF).

Reasonable progress is being made in the development of the JEREMIE approach to VCLF, however there is still a lack of clarity over some details, including the proposed application process and the potentially complex and protracted approval process at national and EU level.

PMC welcomed the progress which has been made but emphasised the importance of maintaining momentum towards agreement on the establishment of the JEREMIE initiative. The PMC recognised that the current economic climate underlines the importance of ensuring that access to finance is available to regional SMEs.

Partners urged the Secretariat to respond quickly and flexibly in supporting this and other activity aimed at mitigating the fall out from the current economic crisis.

### **Programme Executive Group**

PEG continues to meet monthly supporting and challenging the work of the Secretariat.

### **Programme Performance Reporting**

PMC received a template for the proposed programme performance reporting structure and format.

The PMC welcomed the inclusion of High Level Programme Risks and noted the danger that delays in clear eligibility guidance at national level

could potentially result in problems. The Secretariat was asked to raise the issue with CLG at future Programme Implementation Groups and report back to PMC at the next meeting in February 2009.

**Action Point 2:** Secretariat to raise the issue of delays in clear eligibility guidance at future Programme Implementation Groups and report back to PMC at the next meeting in February 2009.

## **AGENDA ITEM 8. DEVELOPMENT OF AN EVALUATION STRATEGY <sup>6</sup>**

The Secretariat presented a report on the status of current work to develop an evaluation strategy for the Programme.

There is no longer a statutory requirement to adopt a mid term evaluation. However during negotiations with DG Regio, partners agreed that this could be a factor in the effective delivery of the Programme, particularly with respect to programme delivery mechanisms, impact and relationship with emerging policy developments such as the Sub National Review.

PMC welcomed the development of an evaluation strategy and suggested additional areas where the strategy could usefully add value, in particular upon:

- Capacity issues;
- Alignment of ERDF with national priorities;
- Information on successful projects;
- Lessons learnt from less successful projects.

The Committee requested that the appointed consultants provide a presentation at the next PMC on the evaluation strategy.

The Secretariat will tender and commission consultants to undertake the development of an evaluation strategy and to facilitate a presentation to the next PMC.

**Action Point 3:** Secretariat to tender and commission consultants to undertake the development of an evaluation strategy.

**Action Point 4:** Consultants to supply a presentation at the next PMC meeting.

## **AGENDA ITEM 9. ADDITIONAL OUTPUTS PAPER <sup>7</sup>**

The PMC received a report updating members on preliminary discussions held with the European Commission concerning the proposed inclusion of additional outputs within the ERDF Performance Indicators and Targets Tables. The report addresses the separate but related issues of enterprise and ERDF outputs. It has been considered and endorsed by the PEG at its meeting on 22 September 2008.

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<sup>6</sup> Development of an Evaluation Strategy was listed as Agenda Item 5 but was moved to Item 8.

<sup>7</sup> Additional Outputs Paper was listed as Agenda Item 6 but was moved to Item 9.

## **Enterprise**

ERDF interventions that address the region's enterprise deficit and low entrepreneurial culture are identified as priorities in the Operational Programme and are a key feature of Priority 2. At present the full range of activity linked to enterprise & business creation is not reflected in the Operational Programme Output Tables. This is because ERDF pathway activity which is essential to business creation is currently not reflected. For example business creation is primarily recorded through Business and Enterprise North East (Business Link). However, pre-animation activity in support of enterprise, such as coaching/mentoring activity delivered by non Business Link projects, are made vulnerable in terms of appraisal and value for money. The proposal is to seek agreement on an additional output in order to more fully reflect programme activity and address appraisal issues.

## **ESF Activity**

Article 34 allows for the use of ERDF resources to fund ESF type activities up to a value of 10% in each priority. The Operational Programme allows this where projects are an integral part of a wider ERDF project, are focused on higher level skills or are linked directly to Innovation Connector projects. The Secretariat proposes that additional outputs linked to the use of ERDF for ESF activity, in line with the parameters agreed in the Operational Programme, be considered to better enable the Secretariat to monitor & track any such expenditure.

The European Commission representative pointed out that the Operational Programme is flexible to support ESF activity but that the programme imposes restraints on ESF activity which is limited to 10% of the Programme costs.

PMC endorsed the proposal to commence negotiations with the European Commission to explore the inclusion of additional outputs to the Operational Programme Financial and Outputs tables in order to better reflect the full range of enterprise activity envisaged within the programme and the use of ERDF resources in support of ESF type activities.

PMC agreed that the Secretariat engage with the European Commission and CLG to agree and, if appropriate, implement the additional outputs.

**Action Point 5:** Secretariat to engage with the European Commission and CLG to agree and, if appropriate, implement the additional outputs and will report back to PMC at future meetings.

## **AGENDA ITEM 10. DEMARCATION WITH ESF<sup>8</sup>**

In anticipation of discussions within the regional ESF Committee concerning the possible future use of ESF resources to support enterprise

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<sup>8</sup> Demarcation with ESF was listed as Agenda Item 7 but was moved to Item 10.

(currently not included in ESF co-financing plans) the Secretariat presented a paper setting out an approach to the establishment of a clear demarcation between the current ESF and ERDF programmes in respect of enterprise related activity.

Should the regional ESF Committee decide to target resources on enterprise, the proposal provides a framework to ensure that ERDF does not directly duplicate ESF funded activity and as such can provide a basis for future demarcation between ERDF and ESF. Further discussion on this subject is to be taken forward at the ESF Regional Committee.

The PMC endorsed in principle the suggested approach to demarcation between ESF and ERDF enterprise related activity. The Secretariat will update PMC on discussions at future meetings.

### **ANY OTHER BUSINESS**

PMC agreed to the proposed dates for meetings in 2009:

- 19 February 2009
- 18 June 2009
- 22 October 2009

Partners were asked to provide suggestions as to where these meetings will be held.

**Next meeting 19 February 2009**