

North West ERDF Operational Programme

From: Programme Delivery Team

To: Merseyside Phasing In Sub Committee

Subject: MINUTES FROM THE MEETING 9 February 2012

Present:

MPISC Members & Alternates

Cllr Phil Davies (Chair)	LMC	Wirral BC
Kath Boullen KB	LMC	NWCCI
Andy Churchill AC	Voluntary Sector	Network for Europe
Cllr Flo Clucas FC	Cttee of the Regions	
Martin Eyres ME	LEP	Liverpool City Council
Val Jones VJ	LMC	SENW

Observers/Guests

Eleanor Carter		Halton BC
Paul Dickson PDi		TMP
Valerie Lane		HEI

PDT representatives

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

Apologies

Jim Barclay	Merseytravel	
Cllr Dave Cargill	LMC	Halton BC
Graham Helling	Private Sector	Liverpool Chamber
Alison Thornber	HEI	LJMU
Nigel Weatherill	HEI	LJMU

Apologies were noted as on Page 1.

Matters Arising from 12 December 2011:

Action:

ME/TMP to discuss holding a Merseyside Venture Capital Workshop in January 2012.

- i. ME reported this will not be organised until the independent review of the North West Fund has been completed and reviewed by the EESG (European Economic Strategy Group). DR noted the A2F service has moved to Manchester and covers all sub regions; 2 officers are allocated to Merseyside. Part of the North West Fund / Access to Finance agreement is to run workshops, which may be appropriate for venture capital but might not address other issues. The evaluation of NWF being carried out by Ekos may provide some useful information.
- ii. ME felt the Access to Finance team and the LA business support team should meet at the workshop to focus ideas.
- iii. KB suggested such cooperation already takes place informally with St Helens Chamber. Solutions could vary across the sub regions; there may be collective ways to help businesses.

Action:

ME to provide information on potential JESSICA pipeline for members.

- iv. PDi noted the pipeline had been circulated to the Technical Group. The Chair asked that it be circulated to MPISC members.

Action:

PDi to provide information on potential JESSICA pipeline for members.

Action:

Merseyside ERDF Technical Group to circulate report from the Merseyside Business Support Workshop on 8 December 2011.

- v. This has been implemented.

Action:

Merseyside ERDF Technical Group to consider options of match funding for Access to Finance .

- vi. This was discussed in Point i.

Action:

Merseyside ERDF Technical Group to discuss Merseyside Food & Drink sector requirements.

- vii. ME felt not much progress had been made. LA match was put into other Action Areas. There are some proposals, but we are not as far on as was hoped.

Declarations of Interest

The Chair declared his position as a Board member of TMP.

VJ and AC declared an interest as they are located in the LCVS building (Item 3).

ME & FC declared an interest in the BioInnovation Centre project as LCC is the accountable body (Item 4).

PDi and AC declared an interest in Technical Assistance projects.

Item 1: Programme Performance

DR outlined the paper. Under Standardisation process in the future applicants will be required to submit claims for existing and new projects directly onto the MCIS system, online; this has been tested by other PDTs. We are awaiting detail on proposed timescales for implementation. There will be training for applicants and the PDT will provide further information on process when known.

The current TA projects close at the end of March 2012. A call has been issued to cover the period 1 April 2012 – 31 December 2014. The services will differ from the current projects, aiming to support LEPs and inform future strategy. There will be elements of helping to develop projects, supporting business growth and preparing the ground for the post 2014-20 programme.

- 1.1 FC asked if it would be possible to use TA to develop projects which may not fit the current programme, but possibly the next? DR responded the EESG have been asked to provide a wish list towards the next programme.
- 1.2 FC asked if a proposed large scale development of wind turbines along the coastal strip would be eligible. DR felt this may be Research & Development, which has cluster support. FC added, following a meeting in Brussels, there would be a series of conferences to clarify possibilities, and if it were possible to put together a small technical group to help with secretarial issues this could prove helpful. She offered to provide a summary note of suggestions for clarity.
- 1.3 Re-quantification: DR explained that now it is clearer what will be delivered we need to understand what can be funded from the remaining money. Original output targets are unrealistic and a request for reconsideration will be presented to the Commission. Anomalies arise in some areas such as brownfield site issues. The enhanced Article 13 visits have been carried out by Moore Stephens and the final report will be brought to MPISC. No systemic issues arose; the main concerns are around procurement, eligibility and publicity. There has been a shift of emphasis within PDT to enable close monitoring and management. The error rate overall is 2.3%. PDT are starting to address irregularity issues.

Action: PDT to provide final Moore Stephens report (enhanced Article 13 visits).

Item 2: FEI Update – JESSICA/JEREMIE

JEREMIE

- 2.1 DR reported the independent evaluation of the North West Fund, indicated by EC Desk Officer Guy Flament at the LMC in December, is being carried out by Ekos. It is very important that stakeholders respond to their questions. The final report is anticipated by March and will be brought to LMC.
- 2.2 FC, as chair of the FEISC, updated members on the last meeting of that body. YFM and Spark Impact had given contrasting presentations; YFM (Development Capital) were not performing to expectations, whereas Spark Impact (Biomedical) were exceeding targets (NL noted Spark were very positive about opportunities in Merseyside). The FEISC were not comfortable with the fact that fund managers are paid up front, regardless of performance.
- 2.3 DR added PDT have advised NWBF that they are not happy with the YFM performance; hopefully it will improve under close scrutiny by NWBF, otherwise an element of the £45m allocation may be reallocated, within the North West Fund. The Ekos evaluation will assess the robustness of the pipeline, and demand on Merseyside. The final Ekos report will be circulated to members.
- 2.4 FC noted other funds were working well. DR advised the structure of the fund includes 50% EIB loan, and EIB would not be keen to put too much into venture capital.

JESSICA

- 2.5 The Merseyside UDF (Igloo) agreement is not yet signed, a response being awaited from HCA. The operational agreement has been signed with Igloo (branded as Chrysalis).
- 2.6 The Chair asked if there is a pipeline of projects from the LAs. PDI replied there are various projects to consider for Round 2. DR there is some pressure from CLG Central and the Commission as JESSICA has been established but there are no investments. It would be helpful to achieve some investments in the first quarter of 2012.
- 2.7 ME understood there are 3 projects ready to go, 4 which are some way behind and another 10-12 which have started the process. The first 3 are all £5-6m projects.
- 2.8 The Chair reminded members that the establishment of the NW JESSICA ensured returns from Merseyside would be re-invested in Merseyside. Another issue was the time period, which appeared to be uncertain between 2017 and 2020. DR agreed to clarify these points, and also clarified, in response to a query from ME, that the returns must be invested twice before becoming “clean”.

JEREMIE Action:
PDT to circulate final Ekos report to members.

JESSICA Action:
PDT to clarify terms of NW JESSICA establishment.

Item 3: Report on Merseyside Project Performance

NL introduced the paper.

Item 3a: TMP projects

- 3.1 NL advised concerns relating to match funding issues for TMP still needed to be clarified. PDT can fund projects to go forward if there is evidence of match secured for 12 months. Probable availability will be c£1.5m by the end of March, but, that aside, we need to look at project performance. Latest figures suggest output targets will be reached but not all the money will be spent. An extension has been requested for the three projects presented today. However, no plans have been submitted for this spend.
- 3.2 KB suggested two pertinent questions were asked of the projects: what extra will be offered in return for the extension, and are these projects still relevant?
- 3.3 The Chair noted TMP is a viable, financially sound business currently in discussions with a view to becoming the executive body for the LEP. The questions suggested by KB need clear answers to enable an informed decision on the extension request. VJ felt an email decision would be preferable to a meeting for this.

Item 3b: Boston & Empress Park

- 3.4 DR outlined the position. The developer is still looking to raise finance and negotiations with HSBC are still progressing; the views of members are sought as to how long this situation should be allowed to continue.
- 3.5 ME reported the TG opinion is that a few more weeks will not make a difference, but they have received enquiries whether money currently in P4 could be used elsewhere. There have been one or two requests for capital investment for which a review in the summer has been suggested.
- 3.6 DR felt it would be better to finalise the project position now if the money is to be reallocated. The project should have been finished in 2011.
- 3.7 FC suggested 9 March be the cut off point. ME agreed the nominal date but felt 31 March should be the actual date. NL noted a letter would be issued to this effect, adding if evidence is not provided by 31 March the

project would be closed with no further reference to the committee. Members agreed.

Action:

PDT to write letter to Boston & Empress project advising they have until 9 March 2012 to provide relevant loan confirmation documentation.

Item 4: Report on Project Development

NL introduced the report.

- 4.1 ME felt merging the remaining funds under Priority 3 and issuing a call for 3.2 activity would be a way to allocate the £1.5m still available. DR advised the exchange rate influences the figures. It is important to identify projects which could progress at short notice. PDT are currently prioritising firstly the current P4 and P5 calls, followed by MAS and Business Growth under P1.
- 4.2 VJ thought stalemate had arisen for the Eldonian Hub project, as their bank will not commit until ERDF is committed. DR suggested in-principle agreement could be given, but not a firm offer without confirmed match. ME felt there was a firm offer from the bank, but NL felt this is not the case. Every effort will be made to move the project forward.
- 4.3 AC queried the current position regarding an extension for North Liverpool Managed Workspace (56 Christian Street). DR clarified a final offer had been issued for the proposal. After some discussion, the Chair established that PDT have been very fair in addressing this situation, enough time has now been spent on this project, and either the intended offer should be accepted or the applicant should withdraw the current application and submit a new one, subject to the call. Members agreed to this process.¹

Item 4a: BioInnovation Centre

DR introduced the report. The project will progress to full application stage, with a view to TA being used to support the project applicant.

- 4a.1 FC asked why this project could not be linked to Liverpool Clinical Trials. DR advised CLG central will need to consider this major project, and will ask about linkages. Other sources of funding, eg JESSICA, will also need to be explored as it will be a requirement that a number of funding elements have been considered.
- 4a.2 ME raised some points which Liverpool CC had requested, including clarity on the Green Book Appraisal (GBA). DR replied the GBA cost (c£20-50K) is paid for by the applicant, and is part of the appraisal and

¹ Following the meeting, the NW PDT re-confirmed to NLRCo the conditional offer of reduced ERDF funding, as supported by the MPISC, NLRCo responded, accepting the reduced offer of £109,653. The project will now be considered by the Programme Monitoring Sub Committee.

Investment Decision process. Stage E appraisal is ideal but Stage D is acceptable.

- 4a.3 DR advised the purpose of this paper is to highlight the complex process and show what the applicants needs to undertake to ensure the project can be delivered. All issues have now been communicated to the applicant and the project is at the D&A stage.

Item 5: Report from Technical Group

ME outlined the paper.

- 5.1 ME had been assured Enworks can deliver if the project is extended as requested. DR responded AA1.3 is virtually fully invested, but as funding has now moved up to Priority level there will possibly be a call later in the year around this type of project. ME noted the EESG has set up a post 2013 sub group which will meet on 13 February.
- 5.2 FC advised though the decision for the next programme is not expected before the end of 2013 it would be advisable to be well organised before 2014.

Item 6: Post 2013 European Funding

Post 2013 European Funding issues had already been discussed.

Item 7: AOB

- 7.1 NL circulated a letter recently received from Liverpool CC regarding a project, Duke St Liverpool. The project had been in the pipeline for some years but was removed due to lack of progress after consultation with the SRP. The letter outlines progression, and this has been brought to the attention of members.
- 7.2 ME asked if the new proposal could come under P3. DR responded there may be a limited amount of funding available in P3, and if so, a call will be issued. The applicant will be advised to put in an application if the call is issued.

Action:

PDT to confirm funding available across the whole of P3 in Merseyside and to investigate, with MPISCTG, the potential to merge P3 Action Areas and issue a call as appropriate.

There being no other business, the Chair thanked members for their attendance and closed the meeting at 15.20.

Date & venue of next meeting:

**Thurs 31 May 2012 13.30 – 15.30
WICED
54 St James St
Liverpool**

L1 0AB

Minutes agreed by MPISC.

Signed **Cllr Phil Davies**
(Chair)
Wirral Borough Council

Date