

From: DCLG

To: Local Management Committee

Subject: MINUTES OF THE MEETING 13 May 2014

Present:

Members/Alternates

David Read (Chair)	DR	DCLG	
Sir Howard Bernstein	SHB	Deputy Chair (RLB)	Manchester City Council
Brian Bailey	BB	Lancashire (RLB)	Blackburn with Darwen BC
Cllr David Brown	DB	Cheshire (LEP)	Cheshire East
Neil Clatworthy	NC	HEI Sector	NWUEU
Flo Clucas	FC	European Affairs Advisor	Liverpool City Council
Gillian Elliott	GE	Cumbria (RLB)	Cumbria CC
Mike Emmerich	ME	Manchester (LEP)	New Economy
Martin Eyres	MEy	Liverpool LEP	Liverpool CC
Rob Johnston	RJ	Cumbria LEP	Cumbria Chamber
Val Jones	VJ	Third Sector	Social Enterprise NW
Cllr Sue Murphy	SM	Manchester (RLB)	Manchester City Council
Cllr Terry O'Neill	TO	Cheshire (RLB)	Warrington BC
Paul Roots	PR	Sustainability	Environment Agency
Cllr David Southward	DS	Cumbria (RLB)	Cumbria CC

DCLG

Mike Henesey	MH
Ruth Hollis	
Nicola Lavin	NL
Jackie McInnes	JM
Gemma Perry	
Kay Wharne	

Observers

Andy Churchill	Third Sector	Network for Europe
Mark Duncan	Manchester (RLB)	New Economy
Paul Evans	Manchester (RLB)	Manchester CC
Francis Lee	Cheshire (LEP)	Chesh West & Chester Council
Sean McGrath	Lancashire (LEP)	Lancashire CC

Guests

North West Business Finance:

Malcolm Edge	MEd
Cliff Maylor	CM
Mike Kenyon	

Philip Cox has been appointed Chief Executive Officer of Cheshire & Warrington Local Enterprise Partnership, a post he will take up on 1 July. As a result of this he has stepped down from his position of chair of the NW LMC. This and subsequent meetings will therefore be chaired by David Read (Managing Authority).

Introduction and Apologies

DR opened the meeting at **14.35**, thanking members for their attendance.

Apologies were noted from:

Kath Boullen	Merseyside (LEP)	St Helens Chamber
Louise Barry	NW E&D Group	Merseyside Disability Federation
Lynn Collins	TUC	NW TUC
Cllr Phil Davies	Merseyside (RLB)	Wirral Met. Borough Council
Guy Flament	Desk Officer	European Commission
David Higham	BIS Local	BIS Local
Deborah McLaughlin	HCA	HCA

Minutes from the Meeting 11 February 2014

The Minutes were agreed as a true record.

- i. Referring to the AOB, FC sought confirmation that DCLG will be the managing Authority of ESF for the 2014-20 ESIF Programme. DR replied the process is still going through the machinery of Government and LMC members would be notified when finalised.

Matters Arising from the Meeting 11 February 2014

- 1: *GDT to follow up with BT and partners on SFB performance at the end of March.*
- 2: *GDT to include actual SFB spend v forecast for May LMC.*
- 3: *DCLG to review presentation of NWF information in papers to show LEP splits and spend in relation to indicators (outputs and results).*
- 4: *DM to forward breakdown of UDF performance to GF.*
- 5: *GDT to provide paper for May LMC on future of sub committees for current programme and 2014-20 programme.*

All Matters Arising had been actioned, 1, 2 & 5 included in today's papers.

Item 2: JEREMIE update

MEd introduced those present from North West Business Finance, noting a comprehensive paper had been provided by DCLG, and the team would be open to questions following the presentation by CM.

CM provided members with a presentation on the North West Fund. He considered the main driver to be the legacy of the NW fund. He raised the difficulty in investing the 40% ringfenced funding for Merseyside; 2 options were provided to address this: reduce the fund, and return £5.65m ERDF at this stage, or continue to invest with the likelihood of repayment of £5.65m at the end of 2015.

- 2.1 SHB noted 4 of the sub fund investments are comparatively high whereas 2 are significantly lower. From a North West point of view, he would be keen to support Merseyside colleagues in working with NWBF towards improvement. Before taking a decision on return of funds it would be useful to see whether greater collaboration would help the investment figures.

- 2.2 FC raised 4 points:
- Lack of promotion of Merseyside investments
 - NWBF state they are keen to meet their targets however the current proposal appears to be somewhat risk averse, which defeats the object of the fund;
 - The fund was set up it was in the full knowledge that the business base in Merseyside is not as it should be but was to be created by the NWF;
 - SHB's suggestion of collaboration between Merseyside and RONW is a good one and there are organisations represented around the table which could help to invest the money.
- 2.3 MEd responded for the last 2 years tremendous pressure has been put on the fund managers to improve Merseyside performance and EV have recently opened an office in Liverpool.
- 2.4 MEm advised, for Merseyside colleagues, GM have been using all the available sources of funding to mix and match and improve investment rates. If this is not happening in Merseyside we should ask why, as it is important to know how to handle this situation for the next programme. An all-out push is needed to spend the remainder of the money in the current programme.
- 2.5 MEd noted the Merseyside allocation is top of the agenda at all NWBF meetings.
- 2.6 MEy noted the Merseyside target figure of £61.3m includes Halton, which is not included in Merseyside according to the NWOP. DR advised DCLG have requested NWBF and the sub fund managers make a case to include Halton investments within the Merseyside phasing-in area.
- 2.7 DR considered the biggest challenge will be how to avoid a hiatus in funding for the RONW. A number of funds are approaching full investment/allocation for RONW. It is critical not to have a gap between programmes and to maintain the availability of access to finance.
- 2.8 VJ suggested NWBF have a conversation with SENW to explore the possibility of investment into their 150 new Merseyside businesses.

NWBF then left the meeting.

- 2.9 DR expressed the concern that in the 2 years since the Merseyside position was highlighted NWBF appear not to have improved the investment rate as promised.

<p>Action: GDT to coordinate meetings with NWBF/partners to discuss the position further.</p>

Item 1: Programme Update

DR briefly outlined the paper, noting that critical areas are covered by other agenda items.

Item 3: Superfast Broadband update

JM introduced the paper and provided a presentation. BT are still resistant to undertaking monthly reporting as requested in November 2013.

- 3.1 DR advised all Local Authorities are encountering the same problems when trying to get accurate performance and forecasts information for the quarter from BT.
- 3.2 MEm suggested there was little confidence that BT can deliver across the North West within the timescales (June 2015).
- 3.3 GE added the way to bring BT back to account will be to work together as separately the sub regions are each given a different story. JM noted cross-project meetings have been very useful, also BDUK are in regular contact and seem to be starting to understand the constraints of N+2 for the NW.
- 3.4 DR advised it would be in no-one's interest to try to vary LA/BT contracts at this stage, but because of the level of slippage it is important to find solutions to the expected shortfall in forecasted expenditure this year. This in part relates to the activity undertaken and the LA being able to claim within the timescale.
- 3.5 JM advised as performances may vary it would be helpful to revisit the position at the end of July. The current £5m cap should be retained but should exclude Cheshire as they are currently on track and Merseyside as separate ring-fenced pot.
- 3.6 DR thanked JM for the detailed paper. The 2014-20 programme will not support this type of infrastructure activity, so this is the last chance to make it work.

Conclusion:

Members agreed to retain the £5m cap on Lancashire, Cumbria and Greater Manchester SFB projects.

Item 4: NWOP N+2 2014 Decommitment

NL introduced the paper and provided a presentation. The paper reflects the concerns of the GDT that it will be a struggle to reach the N+2 2014 target, the actual cut-off point for claims being the end of September. There are two potential new projects which could contribute spend in time and would help the programme to achieve N+2.

- 4.1 DR advised the N+2 issue is being flagged early due to a number of requests being submitted for spend slippage to 2015. The GDT propose not to undertake any change controls for project wanting to move expenditure into 2015. The GDT will write to all projects advising that if they do not

submit claims to profile and the programme does not achieve N+2 they may be liable to a reduction in grant as a proportion of any underspend.

- 4.2 To proceed with the two projects and extension the GDT will request DCLG Central Board to raise commitment to 103% to enable these projects to be approved to contribute to N+2.
- 4.3 Members agreed the approach of not progressing the slippage requests.
- 4.4 MEy felt, in light of the fact the NWF may return some funding for which there are insufficient projects on the reserve list, a call should be opened on Merseyside.
- 4.5 DR responded that preference was not to issue a further call this late on in the programme. The GDT will work with Merseyside partners on identifying reserve list including possibility of further Chrysalis funding.
- 4.6 FC asked if commissioning projects would be possible, rather than a call. NL replied extension of current performing projects is the preferred route.
- 4.7 DR suggested the discussion would be taken offline with Merseyside partners.

At this point DR gave his apologies and left the meeting to travel to Berlin for an FEI seminar. Sir Howard Bernstein took the chair for the remainder of the meeting.

- 4.7 SHB asked members to agree that the Managing Authority be delegated to make the decisions on this subject, including any project call or extensions. Members agreed to this request.

Conclusion:

Managing Authority to make decisions regarding commitment of remaining funds in 2007-13 ERDF Programme.

Item 5: JESSICA update

Apologies having been received from HCA, MH outlined the position for Chrysalis and Evergreen. Evergreen are performing to plan and Chrysalis have made up ground and have two significant potential projects. More will be learnt on 14 May at the Holding Fund Investment Board meeting with both funds. At this point any return of funds from Chrysalis is not envisaged.

Item 6: Report from Sub Committees

SHB outlined the paper, which members noted.

Item 6b: Future Role of Sub Committees

NL introduced the paper. As the 2007-13 programme is in the final stages, the roles of the sub committees are being reviewed. It is suggested that the Performance Monitoring Sub Committee (PMSC) and the Merseyside Phasing In Sub Committee (MPISC) be disbanded and their functions reallocated to a revised European Economic Strategy Group (EESG).

Discussion ensued.

- 6b.1 MEy advised that Liverpool City Region (LCR) has set up a shadow committee for the 2014-20 programme, which will logically also cater for the closure of the 2007-13 programme. This group may not have the same formality as MPISC, but would perform the same function.
- 6b.2 SHB felt this to be a sensible approach, and suggested that the EESG be maintained and asked to take on the monitoring role of PMSC.
- 6b.3 The following recommendations for the 2007-13 Sub Committees were accepted by members:
1. EESG to take on the role of endorsing projects up to £10m;
 2. PMSC to be disbanded;
 3. MPISC to be disbanded;
 4. Terms of Reference for the EESG to be reviewed to reflect monitoring duties and endorsement delegation;
 5. EESG membership to be reviewed to reflect LMC membership structure, to follow Equality & Diversity principles.
- 6b.4 EESG duties would include monitoring the North West Fund. Membership of the group would also be reviewed to reflect LMC membership structure.

Conclusions:

1. **EESG to take on the role of endorsing projects up to £10m;**
2. **PMSC to be disbanded;**
3. **MPISC to be disbanded;**
4. **Terms of Reference for the EESG to be reviewed to reflect monitoring duties and endorsement delegation;**
5. **EESG membership to be reviewed to reflect LMC membership structure, to follow Equality & Diversity principles.**

Item 7: Annual Implementation Report

NL introduced the paper.

- 7.1 SM requested, in view of the late receipt of the papers (*issues with DCLG emails a contributory factor*), that members be granted further time to review the report. NL agreed a further 2 weeks for comments to be returned (no comment to be seen as endorsed); submission of the report to the EC is due by 30 June.

Item 8: 2014-20 European Structural Funds Programme update (verbal)

MH updated members on progress of the 2014-20 programme. Government have issued the ERDF Operational Plan (OP) Consultation Document. The OP is to be submitted to EC by 17 July.

Members expressed concern that the document provided was not the full OP but a summary.

Discussions continued on TA and Retrospection. MH advised a workshop has taken place to discuss the above. The LEP Sounding Board meetings continue. It is important that LEPs respond to the Consultation. The OP sign off by EC is likely to be December 2014 with a start date of January 2015.

GDT continue to work with LEPs in making final adjustments to the ESIF strategies.

Item 9: AOB

There being no other business, Sir Howard Bernstein closed the meeting at **16.13**.

Minutes agreed by LMC.

Signed **David Read**
DCLG
(Chair)

Date