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09th April

Bridging NewcastleGateshead
Sen. To: AM, Z, Z
14 APR 2009
Action

Dear Anne

As we start the 09/10 financial year, I felt it would be helpful to set out a number of issues relating to mutual expectations and communications between Pathfinders and the HCA Investment and Renewal Directorate. Over the coming year we will continue to work with our HCA regional colleagues to strengthen their oversight of Pathfinder performance, and HCA regions should be your first point of contact for project and scheme issues.

(1) Pathfinders have noted to us (a) their interest in moving away from annual Deeds of Variation, and adopting a model based on the Funding Agreements we hold with West Lakes Renaissance and Tees Valley Living; and (b) their frustration at the delay that has sometimes occurred in signing Deeds of Variation.

We are discussing with our internal legal team the consequences of moving away from Deeds of Variation, and will come back to Pathfinders if we are able to develop concrete proposals. Unfortunately, we definitely will not be in a position to do this for 09/10. However, we will aim to make the end of May our back-stop for completing the HCA's work on Deeds of Variation for each Pathfinder.

(2) Completion of the Deeds of Variation will require agreement of 09/10 output targets. We are currently in discussion with CLG colleagues on how output targets can be adjusted to help assessment of performance in relation to future funding (as set out in Sir Bob Kerslake's letter to chairs of 10 March) whilst keeping reporting burdens to a minimum. As far as possible we also want to integrate output target reporting with data collection for the outcome indicators proposed by Pathfinder strategy leads. We aim to write to you shortly with proposals.

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(3) For 09/10 we want to address some of the weaknesses in current processes which have become apparent since the HCA commenced programme management in December 09.

(a) Six monthly reporting of output targets has meant gaps in information available for Ministers and stakeholders. As this information is collected by Pathfinders on a continuing basis, we think it should be possible to submit this to the HCA on a more regular basis without undue additional burdens. We will make proposals as part of the Deed of Variation agreement process.

(b) Programme expenditure in 08/09 was significantly back loaded in the agreed profiles at the beginning of the year, and this was exacerbated by in year slippage (March 09 expenditure was 15.9% of the full year in initial profiles and 18.3% following February claims.) We request that Pathfinders aim to avoid significant late expenditure in constructing profiles, and we will look to renegotiate profiles which are strongly backended. We will continue the process of allowing Pathfinders to slip up to 10% of monthly expenditure without explanation, but will restrict this to a single consecutive month and will design a pro forma for completion when slippage is beyond 10%.

(4) Yvonne Taylor has written to you separately about the Audit Commissions work programme. We believe this reflects comments made to us about integrating different elements of the Commission's work to help Pathfinders manage the requirements.

(5) Agreement on the 09/10 work programme with the Audit Commission means that we can now provide Pathfinders with base allocations for 09/10 adjusted for Audit Commission costs (as indicated in Sir Bob Kerslake's letter of 10 March). For Bridging NewcastleGateshead this is as follows:

2009/10 Total Allocation	Less Audit Commission	Remaining Total Allocation	Less Revenue Allocation	Capital Allocation
£ 28,800,000.00	£ 44,000.00	£ 28,756,000.00	£ 2,610,000.00	£ 26,146,000.00

We now need your detailed expenditure profiles for 09/10, noting the points above on avoiding a back-loaded proposal. Please return these to Mike Seager by close of play on 28th April.

Yours sincerely



Michael Clegg