

Financial Management Report for the PEACE III Programme

1.0 Introduction

- 1.1 This paper sets out the current position in relation to the PEACE III Programme and its N+2 target for 2009. It outlines the expenditure targets set for 2009 and examines the progress made towards achieving them to date. The Managing Authority also examines the current forecast amounts and the expenditure recorded to date. The paper concludes with the Managing Authority's assessment that achieving N+2 for 2009 will be a significant challenge; however, the Programme is currently on track to achieve this target.

2.0 Programme Progress

- 2.1 By September 2009 a total of 266 applications had been received by the PEACE III Programme and 104 projects recommended for approval with a total value of €155.7m¹. A total of 100 Letters of Offer have been issued with a combined value of €149.6m. This progress has been outlined in detail in the Programme Progress Paper (PMC/05/01).

3.0 N+2 2009 – Expenditure Targets

- 3.1 The PEACE III Programme has an N+2 target for 2009 of €19,811,000. The Managing Authority has forecasted expenditure across the themes up to the end of September. The table below outlines the forecast and expenditure situation in the Programme as of 24 September 2009:

¹ All figures are reported at 100% funding level. Sterling expenditure is converted to euro at an agreed planning rate of 1.1

PEACE III Current Expenditure Targets for 2009

Theme	Forecast by IB (August) €	Forecast by MA (September) €	Expenditure 24/09/09 €	Achieved %
1.1 Local	4,926,415	4,500,000	291,758	6.48%
1.1 Regional	4,952,958	3,300,000	1,638,093	25.3%
1.2 The Past	4,196,964	4,000,000	1,323,146	30.77%
2.1 Shared Space	7,859,633	5,400,000	917,445	16.99%
2.2 Shared Society	253,167	0	0	0
3.1 Technical Assistance	3,000,000	3,500,000	1,536,140	43.89%
Total	24,364,138	20,700,000	5,706,582	23.35%
N+2 Target		19,811,000	5,706,582	28.8%

3.2 The Managing Authority's current assessment is that the N+2 target for 2009 will be achieved in the PEACE III Programme. However, the current expenditure levels are concerning and the Managing Authority will continue to review the situation with the responsible parties and assess the risk involved in meeting the agreed targets. To date 28.8% of the N+2 target has been achieved.

4.0 Analysis of Risks

4.1 This section examines the current situation in each of the themes and identifies the risks associated with achieving the expenditure targets identified above.

4.2 In Theme 1.1 (Local) a significant risk exists in relation to the 14 Local Authority Lead Partners implementing their PEACE III Action Plans in time to incur enough expenditure in 2009 in order to meet their N+2 targets. Progress in the implementation of the Local Plans has been slower than expected due to a number of complex legal and administrative issues.

However, progress in the last three months has been encouraging with the majority of Partnerships having staff in place and actively progressing in the delivery of the programme. The JTS will work closely with each Local Authority Lead Partner in order to ensure that the revised expenditure forecasts are indeed delivered. All Lead Partners are required to have submitted a claim for these forecast amounts by 30th September and a more complete picture will therefore be available at the Monitoring Committee meeting.

- 4.3 In Theme 1.1 (Regional) the approved projects have been active since September 2008 and are currently on track to achieve their expenditure target of €3,300,000. Current expenditure forecasts indicate that this target will be achieved and progress towards this target will be monitored closely on a weekly basis by Managing Authority staff.
- 4.4 In Theme 1.2 the target of €5,000,000 poses a significant challenge for the Consortium to achieve this year. Letters of Offer have been issued to 55 projects and the majority have submitted first claims resulting in €1,323,146 of expenditure to date. Further claims have been submitted to the Consortium and it is expected that €4m of expenditure will be incurred in this theme.
- 4.5 Theme 2.1 Creating Shared Public Space involves capital build projects that are traditionally slow to start due to fulfilling the requirements in relation to obtaining the relevant permissions and enacting the relevant tendering processes. However, it is expected that €5.4m of expenditure will be incurred in this theme over the next few weeks. ILEX has already incurred €917,445 of expenditure and this is due to rise to €4,380,200 by the end of the year. The Managing Authority and the JTS are working closely with ILEX to agree a critical path of payments with the project following planning approval in October. The Skainos project is also on course to incur over €1m of expenditure during October.
- 4.6 Theme 2.2 is at an early stage of implementation but may contribute up to €250,000 of N+2 expenditure during 2009. The Managing Authority however has not included this figure in its current forecasts.

4.7 In Priority 3 Technical Assistance the Managing Authority will meet its target of €3m expenditure. The Managing Authority is currently actively incurring further expenditure within this Priority in order to contribute to the N+2 target. It is estimated that a further €500,000 will be incurred in this Priority.

5.0 Conclusions

5.1 At this stage of the Programme current expenditure forecasts would indicate that the Programme is on track to achieve its N+2 targets for 2009, however, there is risk associated with the ILEX Bridge. The failure of the ILEX Bridge to achieve the predicted level of expenditure will impact the achievement of N+2.

6.0 Recommendations

6.1 The Monitoring Committee is requested to:

- **Note** the progress to date towards meeting the N+2 2009 target of €19,811,000;
- **Note** the risks and significant challenges identified by the Managing Authority in relation to achieving this target in particular those associated with the ILEX Bridge; and
- **Note** the steps that Managing Authority has put in place to monitor progress towards expenditure targets