

**Lowlands and Uplands Scotland ERDF and ESF Programmes 2007 – 2013
Programme Monitoring Committee**

NOTE OF MEETING HELD ON WEDNESDAY 19 MAY 2010 AT NEW LANARK

Present:

Dr John Rigg	Scottish Government (Convener)
Riona Bell	Scottish Funding Council
Councillor David Berry	East Lothian Council
Alan Boyle	West Fife Enterprises Ltd
Professor Campbell Gemmell	SEPA
Councillor Alasdair Hutton	Scottish Borders Council
Graeme Hyslop	Langside College
Donna Mackinnon	SCVO
Dr David George McBeth	University of Strathclyde
Stephanie Young	Skills Development Scotland

Apologies:

Councillor Kate Dean	Aberdeen City Council
David Grahame	LINC Scotland
Dame Barbara Kelly	Southern Uplands Partnership
Dharmendra Khanani	Big Lottery Fund
Gordon McLaren	ESEP Ltd
Councillor David O'Neill	North Ayrshire Council
Grahame Smith	Scottish Trades Union Council
Angela Wiseman	Scottish National Rural Network

In Attendance:

Koen Delanghe	European Commission, DG Regio
Dimtcho Tourdanov	European Commission, DG Employment
Mabel Hildebrand	Scottish Government
Nigel Lindsay	Scottish Government
Hugh McAloon	Scottish Government
Graham Roy	Scottish Government
Pearce Stewart	Scottish Government
David Souter	Scottish Government
Paul Teasdale	Scottish Government
Susan Napier	ESEP Ltd (Minutes)
Susan Tamburrini	ESEP Ltd
Nigel Thomas	ESEP Ltd
Fiona Stewart	Skills Development Scotland
Brian Hermiston	Skills Development Scotland

1. Introduction

The Convener welcomed members to the meeting and made a special welcome to Stephanie Young of Skills Development Scotland. He also introduced Hugh McAloon and Pearce Stewart as observers from the Scottish Government.

The Convener highlighted the importance of this meeting which would discuss strategic issues and the way forward in disbursing the remaining Structural Funds in Lowlands and Uplands Scotland. He noted that Dr Graeme Roy from the SG's Office of the Chief Economic Adviser would be making a presentation later on the current economic situation.

The Convener thanked Councillor Hutton for organising an enjoyable and informative visit to the Corra Linn waterfall earlier in the morning.

The Convener advised members that a resignation letter had been received from Liz Connolly, who had left Scottish Enterprise. He recorded the significant contribution made to Structural Funds in Scotland by Ms Connolly, both in the 2007-13 programmes and in earlier programmes. SG officials would liaise with Scottish Enterprise on a replacement.

The Committee noted that correspondence had been tabled from Councillor David O'Neill and Grahame Smith, the content of which would be drawn upon at the relevant discussion points during the meeting.

The Convener advised that concerns had been raised regarding the scheduling of meetings on Wednesdays. He asked ESEP to contact all members on the proposed dates for 2010 and 2011 and decide whether some rescheduling might be appropriate.

2. Apologies

Apologies were received from Councillor Kate Dean, David Grahame, Dame Barbara Kelly, Dharmendra Khanani, Gordon McLaren, Councillor David O'Neill, Grahame Smith and Angela Wiseman.

3. Minutes of the Previous Meeting on 17 March 2009

A member enquired about the attribution of discussion points in the minutes. The Convener advised that, in general, the minutes would be non-attributable; however, there might be particular circumstances in which it was appropriate for individual contributions to be attributed.

Referring to the CPP extension (Item 3.1), the IAB clarified that this item referred to the provision of up to one year's additional activity, some of which required additional funding, adding that the last project would be completed by 30 September 2011.

Referring to line one on page 10, the Committee agreed that the reference to 'SCVO' be replaced with 'Saltire'.

(D Mackinnon joined the meeting)

The Convener invited the IAB to provide an update on those items which were not covered later in the agenda.

3.1 Financial and Physical Progress Report on the Implementation of the Programmes, including N+2

The Commission had raised concerns regarding the accuracy and reliability of some of the reported outcomes against all four ERDF Priorities. The IAB reported that a separate exercise would be conducted by way of validating the data provided by project sponsors, particularly for those reported outputs and results which are showing substantial over-performance.

3.2 The Scottish Further and Higher Education Funding Council, the College Sector: Investing in Recovery

An action from the last PMC was that consideration be given to the Funding Council being designated an Intermediate Administration Body. The Funding Council were approached, but advised that, as the funding is for one year only, they would not be willing to be re-designated at this time and are happy to continue on the current basis.

3.3 JESSICA Fund for Scotland – Investment Strategy

Due to time constraints at the March meeting, this paper was issued to members via the Written Procedure arrangements on 26 March 2010 and was subsequently approved by Committee.

3.4 Rural Development Scoping Workshop

Further focus group meetings were held in late April/early May exploring the 3 priority themes of rural town centres, sector priorities and supply chain linkages, and rural knowledge exchange and knowledge transfer. Progress is being achieved in identifying a number of strategic collaborative projects, although the timescale for their submission is not yet clear. However, it is anticipated that these projects could be fast-tracked upon submission.

3.5 Participation in Cross-Border Programmes

It was suggested that a presentation on the Cross-Border and Transnational Programmes would be an appropriate agenda item for a future Committee meeting, either in October or March.

(D McBeth joined the meeting)

In commenting on this update, the representative for COSLA, Councillor David Berry, requested that the following comments were noted specifically by him:

- he felt it was unacceptable to issue important documents such as the previous JESSICA paper by Written Procedure, as it was more appropriate to discuss business with colleagues during allocated meeting time.
- similarly, regarding the JESSICA item on the current agenda, he was not happy that a paper had not been issued.

The Convener agreed that, in general, it was preferable for important Committee business to be discussed in the meetings with reference to background papers. However, in the case of JESSICA, the situation was fast-moving and it had been decided not to issue a paper which would have been obsolete by the meeting date; rather, it was better to have the SG provide a fully up-to-date oral presentation on the day.

4. Update on the Scottish Economy – Presentation by Dr Graeme Roy, Office of the Chief Economic Adviser, Scottish Government

Dr Roy provided a comprehensive presentation on the current economic situation and short/medium term forecasts. It was noted that:

- the Eurozone was growing slower than other regional economies;
- there were grounds for optimism in the Scottish economy, with a modest recovery in prospect over the next 6-9 months;
- regarding the labour market, Scotland was faring well in comparison to other countries: for example, USA, Spain. The current employment losses were not as significant as the output losses;
- unemployment in 16-24 year olds was currently 17%, in comparison to 15% pre-recession. Current activity based on school leavers indicated that fewer young people were heading into employment and more moving into further and higher education;
- the Government Economic Strategy identified a number of targeted sectors, including those based around the new industries and green energy;

In summary, Mr Roy advised that, whilst a tumultuous downturn had been experienced, a modest growth and way forward was identified, with the economy making a slow recovery.

Mr Roy responded to a number of comments and queries from members:

- Based on the previous recession, it could take 3-5 years to return to pre-recession employment figures;
- There was a risk of a 'W' shaped recession, given the required adjustments to public sector expenditure and the expectation of sluggish spending by households. However, there were more favourable prospects for the export sector;
- The new UK Government would announce the details of its Spending Review in October with the SG's expenditure reductions taking effect in 2011/12. Draft projections for the Scottish budget had been reached for 2011/12-2014/15 with average cuts of 3% per annum. It was anticipated that it would take approximately 15 years before the Scottish budget would return to its pre-recession level.
- Commenting on the deferred cuts for Scotland, members enquired what value was to be gained by this. Mr Roy advised that the budgets had been set for 2010/11 which made implementation of cuts difficult; however, it was acknowledged that this would have a knock-on effect for 2011/12.
- Referring to the school leavers destination chart, members enquired why this has been shown as flat. It was noted that the figures shown related to 2008/09 and that they could well pick up for 2009/10.

On behalf of the Committee, the Convener thanked Mr Roy for his informative and interesting presentation.

5. Draft Annual Implementation Reports 2009 – ESF and ERDF Operational Programmes

The Convener referred to the regulatory requirement for the PMC to approve the content of the AIRs.

Nigel Thomas apologised for the delay in issue of the draft reports; this was in order to ensure that members had the most up-to-date figures available. The reports circulated were close to final draft. The reports would move to final draft in the following weeks following the presentation to Committee today and taking into account any concerns and additional feedback from members.

Referring to ERDF, the IAB advised that the figures quoted were almost final. There were only a number of small issues to be resolved.

With regard to ESF, the IAB referred members to Page 9 of the report and advised that further work needed to be undertaken on the presentation of the school leavers data.

The following points were covered in discussion:

- Concern was raised regarding the reference to the level of Global Grants being lower than expected, as this did not take into account the length of time the Global Grants Body had been established. The IAB agreed to review the report accordingly.
- Referring to the expenditure declared against what was committed for Priority 2 (page 69), it was asked whether these were comparable. The IAB advised that declared expenditure had been aligned with what the Certifying Authority at the SG had declared to the Commission.
- A query was raised about the Progress Against Indicators (page 93). The IAB advised that this section would be fully completed in the final version of the report.

The Convener thanked Mr Thomas for his presentation and invited members to submit comment to the IAB by 1 June 2010. This would allow time for incorporation of any changes and the final version to be submitted to the Commission by the deadline of end June.

The Committee approved the AIRs, subject to the incorporation of some further detailed information in the final drafts.

6. Europe 2020 – Presentation by Dimtcho Tourdanov, European Commission, Employment and Social Affairs

The Convener advised that this presentation would be deferred to the October meeting. It was expected that Member States would approve the EU2020 Strategy at the June meeting of the European Council.

The Commission advised that a number of flagship initiatives would be launched with EU2020, some of which would be of relevance to the Structural Funds programmes in Scotland.

7. **Exceptional Projects Procedure – Consideration of ESF Strategic Projects**

The Convener advised that projects for consideration had been submitted by Skills Development Scotland (SDS) and Glasgow City Council. He invited Susan Tamburrini to present the outcomes of the Advisory Group process.

Glasgow City Council - Commonwealth Games Apprenticeship Initiative

This application was seeking grant funding of £2.79m. The Advisory Group had concerns relating to the low scoring of this project, poor value for money and duplication with SDS's sector training. The project was not recommended for approval.

Committee were referred to the correspondence from Councillor O'Neill, where it was highlighted that this project had not had the opportunity to present to the Advisory Group. On Committee's approval, GCC would be invited to present to the Advisory Group after which this application would return to the PMC for consideration.

The Committee agreed that the Advisory Group revisit this application, after which it would return to the PMC for consideration.

Skills Development Scotland – Supporting Business Through Recovery

The Convener welcomed Fiona Stewart and Brian Hermiston from SDS to make a brief presentation to the Committee. It was noted that the Committee representative from SDS would leave the room, following the presentation, for the members' discussion of the proposal.

SDS reported that:

- the initiative would support small to medium size enterprises across Scotland by developing upon the skills already within the workforce. A £1-2k bonus had been offered to businesses as an incentive to employ young people including those from a care or young offenders background. The incentive had appealed to a number of new employers.
- evaluation and feedback to date on the project had proved positive, and it was noted that Northern Ireland had taken an interest in adopting the SDS template.
- 32 local authorities had bought in to the initiative, with an action plan developed to ensure that value for money was achieved. Work was also currently underway with the CPPs on a pipeline of learning i.e. training for work and thereafter into employment. Work development plans had been established to assist in identifying target areas for the initiative. Steps had been taken to ensure that the proposal could be achieved with no duplication with other projects, or double counting.

In summary, SDS stated that this project would ensure quality investment and make a significant contribution to the Programme targets for Scotland.

The Convener thanked SDS for the presentation and invited questions from the Committee. The following issues were covered:

- It was noted that care leavers, ex-offenders and those in the 'get ready for work' programme were not normally considered for Modern Apprenticeships as they were considered to be too difficult to manage. However, it was hoped that the financial incentive offered may go some way to making such persons more appealing within a buddy/mentor work setting.

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- Referring to the financial incentive, members enquired about the conditions attached. In response, SDS noted that employers were expected to retain the individual for the duration of the project (pending no exigent circumstances). Clawback would be applied to any organisation in breach of the contract.
- In response to a query about the proportion of the work undertaken by SDS outwith cities and the central belt, SDS advised that agreements had been signed with the Western Isles and contact had been established with a number of rural local authorities, although the driving force in these areas was generally the colleges. For example, Inverness College was an established champion which encouraged attendance from as far away as Stranraer and a digital training course had been established in the Borders. Best efforts were being made to ensure a fair geographical spread. 20% of current delivery was being undertaken in the Highlands. Members noted that more detailed statistics could be made available if required.
- SDS Confirmed that, if ESF funding was not secured, it would not be possible to deliver this project.

The Committee member for SDS and colleagues left the meeting.

The Convener invited the IAB to report on the Advisory Group recommendations pertaining to this application. The IAB advised that following discussion, and provision of additional information by Written Procedure, the Advisory Group were happy to recommend this application for approval. The SG added that this application was a strategic fit with Priority 2 and welcomed this major bid and the geographical cover which it anticipated.

The Convener invited comments from the Committee. The following points were covered:

- Members hoped this initiative would integrate with local economic partnerships across the board, and enquired regarding the change in funding request. Scottish Government advised that £22.3m ESF was requested enabling a total project fund of £49.6m.
- Members also enquired regarding the sustainability of the project. The SG advised that the project related to existing businesses with existing jobs available in full-time employment.
- A concern was raised regarding the lack of statistical support for the project within the presentation, particularly information on potential outcomes. It was agreed that it would be of interest to ascertain the potential future destinations of those undertaking the qualifications.

The SG advised that the project intentions were to provide 26,000 individuals with Vocational Qualifications within a 2 year period. These qualifications would be to a reasonably high standard with some applicants achieving level 3 and above. The qualifications achieved would be transferable and relevant to future employers. However, it was acknowledged that this project would require to be closely monitored.

The Convener suggested that, pending approval by Committee, a progress update be requested in 12 months. In addition, given the size of the project, a formal evaluation would be undertaken at a later date.

- Members recognised that the proposal would address a current training gap, though there was some disappointment that the application had not scored higher with the Advisory Group.
- Members noted the positive impact that this application would have on Priority 2.

The Committee agreed to approve this project, subject to the establishment of robust monitoring and evaluation arrangements.

The Committee representative from SDS rejoined the meeting.

The Convener recorded his thanks to the Advisory Groups for scoring the ESF projects.

8. Exceptional Projects Procedure – Consideration of ERDF Strategic Projects

Susan Tamburrini advised that the following two applications had been rejected in the third round, but re-submitted and appraised under the exceptional projects procedure.

Fife Council – Cardenden Heat and Power

This application was seeking £2.5m ERDF funding. The Advisory Group considered this a strong application which aimed to provide biomass-fuelled combined heat and power and also included non-housing within the energy load e.g. swimming pools. Pending the resolution of State Aid and revenue generation issues, the Advisory Group recommended this project for approval.

Cube Housing Association Ltd – Maryhill Heat and Power

This application was seeking £5.6m ERDF funding. The Advisory Group had some reservations regarding the proposed fuel source and suspected that the application may have been submitted before all issues had been resolved. It was also noted that the application did not appear to result in the creation of any jobs.

Mindful of the remaining funds in ERDF Priority 3, the Advisory Group agreed to recommend this application for approval to the PMC, with the caveat that the Cardenden application is viewed as the higher priority.

The SG noted that this type of activity could be resourced through a JESSICA type fund; however, it was acknowledged that these applications were a good fit with the Scottish Government low carbon policy.

The Convener invited comment from Committee members. A general declaration of interest was noted from the representative from SEPA.

The following points were covered in discussion:

- Both applications seemed generic in nature.
- Referring to the Cardenden application, the Commission considered the revenue generation issue highlighted to be a technical issue which could be resolved. The IAB added that a business plan and cashflow forecast had been submitted for the Cardenden project; further discussions would follow.
- The Commission commented that the Maryhill application referred to gas as the energy source. As this is not a form of renewable energy, it was not suitable under

Priority 3. The Commission were therefore reluctant to approve this application prior to resolution of the issues highlighted.

The representative from SEPA indicated his support for this type of initiative and, whilst acknowledging the issues with the Maryhill project, would be keen to discuss a separate way forward for this application. Scottish Government supported this action.

The Committee agreed to support the Cardenden application, subject to work on the revenue generation aspect and further discussions with the State Aid unit. However this application should be twin-tracked with the JESSICA Fund as this may be a more suitable funding route.

The Committee agreed that the Maryhill application should not be supported in its current form. However, Scottish Government and SEPA would discuss a potential way forward for this project.

The Convener thanked the ERDF Advisory Group for their scoring and consideration of these projects.

9. A JESSICA Fund for Scotland – Progress Report

The Convener invited David Souter to provide an oral report to Committee.

Mr Souter noted that Committee had agreed the JESSICA investment strategy by Written Procedure, but noted the earlier comments made by the representative of COSLA in this regard.

Mr Souter reported that:

- Scottish Government Finance colleagues were now satisfied with the arrangements for the JESSICA fund.
- A pre-call procedure had now been finalised with input from the key stakeholders, ESEC and WSEC.
- The European Investment Bank (EIB) would move to procure Urban Development Fund Managers.
- Progress was being made by SG Regeneration Policy colleagues on the establishment of the JESSICA Investment Board.
- It was anticipated that Scottish Government Ministers would sign-off the project shortly. Discussions were underway regarding a formal launch

Mr Souter said that the PMC would be updated as further progress was made. Members were not required to approve the JESSICA Investment Board.

In discussion, a member referred to the issues Scottish Government Finance had raised initially regarding the JESSICA account. Mr Souter advised that these had been resolved.

The Committee noted the progress being made with the JESSICA Fund in Scotland

10. Allocation of Remaining Funds in ESF Programmes

The Convener invited Mabel Hildebrand to introduce this item.

Mrs Hildebrand advised that in 2007 the ESF funding pot stood at £242m. Pending today's decision, this now stood at less than £60m. An action from the previous PMC meeting had been to establish a way forward for the remaining funds and submit a paper for consideration at this meeting. Following consideration, the suggested way forward would be to vire all remaining funds from Priorities 1, 2 and 3 into a newly created Priority 5 which would fund the development of transferable skills.

Scottish Government would be looking to partners to deliver relevant skills enabling individuals to access and retain jobs for the future. There would be no overlap with current provision. Applications for funding were expected from CPPs, STUC, SDS and the Scottish Funding Council.

The Convener invited comments from Committee members. The following points were covered in discussion:

- Referring to the notification that there would be no further Challenge Fund bids, it was suggested that caveats be developed for the CPPs, as they often did not address the needs of communities at the lower levels. One suggestion would be to hold discussions with CPPs to raise awareness of current Challenge Fund bids in their areas and how they could provide assistance in future.

The Scottish Government added that the proposal for the new Priority 5 would require local authorities submitting new plans to include proposals for the role of the Third Sector and also take into account current Challenge Fund bids in their areas.

- A member representing the Third Sector reported that some CPPs were not engaging properly with the Third Sector, raising concerns that this new proposal would in fact exclude the Third Sector. Some CPPs awaiting the payment of claims had long delays before paying partners and this was causing financial difficulty for some smaller organisations.

The IAB reported that each CPP had the opportunity to provide nil claims, followed by a third 'large' claim which would be the subject of verification checks before the SG's submission of the payment request to the Commission. It was anticipated that this would resolve any catch-up required with CPP claims and therefore ensure payments were made.

- It was suggested this could be a good opportunity to ask CPPs how they intended to factor-in and support the Third Sector in delivering projects.
- Mrs Hildebrand added that the Big Lottery were due to make funding available which it was hoped could assist the Third Sector. A Third Sector member did not feel that applying for funding to the Big Lottery instead of the Challenge Fund was an appropriate way forward for the Third Sector; this would not guarantee funding awards and separate processes would require to be followed. Mrs Hildebrand suggested that SG officials meet with the Third Sector in order to discuss this area further, given that a separate meeting had already been arranged with the Big Lottery on 21 May.

In relation to the lack of Challenge Fund monies, the Convener stated that he was keen to ensure that projects did not spend resources developing bids when there were insufficient funds to support them. The discussion concerning the Big Lottery

should be regarded as part of the wider issue of the development of exit strategies, which all current recipients of Structural Funds should be considering.

- The member of the Committee from SDS noted the change of role for SDS and suggested that this be further discussed outwith this meeting.
- It was noted that colleges would continue to be key partners at a local level.
- The SG acknowledged the potential for groupings and advised that there was still a significant element of detail to be finalised. The Committee noted that cross-local authority funding bids would be more difficult to accommodate.
- In response to a query about the potential over-commitment and redirection of underspend from the available Funds, Mrs Hildebrand stated that these issues would be addressed at the PMC in October when a fuller update would be available. The IAB added that projects currently past their completion dates were being targeted with the potential for underspends to be identified.

The Convener summarised that the Committee was in favour of the establishment of a new Priority 5 and the virement of funds from Priorities 1-3. It was acknowledged that spatial targeting would continue to apply in this Priority. There would be no further Challenge Fund rounds. More work would be required in brokering detailed arrangements with the CPPs to ensure the appropriate Third Sector involvement. The role of SDS would also require further discussion and agreement.

The Committee agreed the Recommendations

Donna MacKinnon requested that the minute reflect that whilst she did not have any objection to the creation of the new Priority 5, she did object to the proposed delivery mechanism.

11. Allocation of Remaining Funds Under Each Priority of the ERDF Programmes

The Convener invited David Souter to introduce this item.

Mr Souter advised that this paper had been developed following input from various partners and Committee members.

- Referring to Priorities 1 and 3, the proposal would be to link activity to economic development activity relating to a low carbon economy in association with Scottish Government policy and EU2020. The focus would be on low carbon outcomes, and would require a review of Advisory Group membership to ensure sufficient relevant expertise and experience.
- Regarding Priority 2, clarification was required on what could be supported and potential duplication with Business Gateway; therefore a menu of potential activity would be developed. Mr Souter acknowledged the comments made by Councillor O'Neill in his tabled correspondence and it was anticipated that the time-critical issues highlighted would be resolved.
- Outcomes for Priority 4 were currently in a state of flux pending potential activity following on from the recently held Rural Development Scoping Workshops. Whilst it was noted that there could be considerable activity, including 17 potential projects from the Global Grants Body, only projects of sufficient quality would be funded. Members noted the potential for virement in the event that insufficient projects of quality were forthcoming.

The Convener invited comments from the Committee. The following points were covered in discussion:

- Referring to paragraph 6.6, it was suggested the word “understanding” was too flexible and should be re-considered. Referring to paragraph 7.1.4, the view was expressed that it would be premature for a paper to be submitted to the October Meeting. Mr Souter agreed to review the text highlighted and added that submission of the paper to the October meeting would be dependent upon the quality of projects received.
- It was noted that the Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead, was likely to launch the rural hubs at the forthcoming Royal Highland Show at Ingliston. Consideration should be given to how they would operate in relation to economic benefits and their potential contribution to the economy.
- The Commission advised that they were broadly in full agreement with this paper.
- More specifically, the Commission added that research and development was the core business of ERDF, but clarification was required on the scope and implementation. Regarding scope, there were a limited number of activities and consideration should be given to the potential links to the Scottish Government low carbon strategy. Mr Souter responded that a meeting would be held with Energy policy officials on the best use of the remaining Funds.
- The Commission noted that the only potential project referred to was the Scottish Green Energy Centre; Mr Souter confirmed that there were other potential projects. The representative from SEPA advised the Committee that there were 5 sectors currently working on the potential fit with a low carbon strategy, and it was hoped that further analysis to assist low carbon outcomes would be available soon.
- Referring to Priority 2, the Commission welcomed the analysis within the paper and suggested that progress now be made to increasing activity; however, clarification was requested on the menu of measures. Mr Souter advised that the menu established was not exhaustive.
- In relation to the provision of pre-startup support, the Commission sought clarification on the proposals. Mr Souter advised that this referred to activity and pointed out that it was arguable whether this was covered within the existing contract; therefore, a preliminary list had been established.
- Referring to Priority 3, the Commission enquired about the impact/emphasis on low carbon projects. Mr Souter advised that, whilst the emphasis was on low carbon projects, this would not rule out good regeneration projects. It would be important to manage the flow of applications and this could be achieved by giving strong feedback at stage 1.

In summarising, the Convener noted that the Committee agreed with the recommendations. However, a review would be undertaken of Advisory Group membership and selection criteria in relation to the new funding priorities. Any outstanding issues raised by the Commission would be addressed.

The Committee agreed the Recommendations.

12. Draft Timetable for 2010 Application Round ESF and ERDF (4th Round)

Nigel Thomas advised that some of the detail of the background paper would be changed in light of the earlier discussion on the use of the remaining ESF. Updated schedules for the next application rounds for ESF and ERDF would be placed on the ESEP website at the earliest opportunity.

13. ESF Action Plan to Meet N+2 2010

Nigel Thomas advised that this paper had been developed following concerns raised by the Commission (Georges Kintzele) at the May meeting on how N+2 would be achieved for ESF. The Commission had recommended that the IAB adopt the more pro-active approach of ensuring claims were up to date and the checks of those claims made in a timeous fashion to enable updated payments claims to be made by the SG to the Commission. Progress was being made on specific actions aimed at addressing the concerns of the Commission including verification checks underway, seminars proposed on the Management Control System and Scottish Government processes. It was anticipated that this would greatly assist the achievement of N+2.

14. Any Other Competent Business

14.1 Internal Audit Report to the Commission

David Souter reported that the PMC would be advised of the content of the SG Internal Audit Service's Annual Control Report which would be submitted to the Commission. It was noted that this was a reduced report given the low level of work undertaken in the previous year. The report would be issued to Committee members following 30 June 2010 and would be discussed at the next Committee meeting in October 2010.

The Commission added that national auditors had been appointed and would be instructed by the Commission as to the information requiring to be collated.

14.2 Visit of the European Court of Auditors

The Convener advised that the European Court of Auditors would be visiting a sample of 2007-13 ERDF projects in Scotland in June 2010. Notification would be issued to those projects identified for the visits.

14.3 16+ Learning Choices Policy

Graeme Hyslop drew the Committee's attention to the potential impact of the universal policy and implications for under 19s eligibility. Mabel Hildebrand and Hugh McAloon agreed to discuss this further with those concerned.

14.4 Summary of meeting

The Convener reported that a short note of the main decisions of the meeting and the implications for project sponsors would be placed on the ESEP website for sponsors' information. The full minute would be subject to approval by members, in the normal way, at the next meeting of the Committee.

The Convener thanked all present for their contributions and closed the meeting.