

**LOWLANDS AND UPLANDS SCOTLAND:
PROGRAMME MONITORING COMMITTEE – MEETING ON 27 OCTOBER 2010**

This note summarises the main points discussed at the LUPS PMC Meeting in Glasgow on 27 October 2010. The full minutes of the meeting will be published following their approval at the next PMC meeting in March 2011.

The Committee discussed a paper from the Managing Authority on the allocation of the funds available for the new Priority 5 of the European Social Fund. Members noted the principles that had been applied – and the evidence base of labour market data used - in the proposed allocation of the funds between 17 CPPs and the national bids that had been invited from the Scottish Funding Council, Skills Development Scotland, STUC and the Third Sector. There was general agreement to the proposed allocation, with recognition that the total amount of the bids had exceeded the funds available by approximately one-third.

The Committee's view was that the Managing Authority might be being too risk averse in factoring the effects of likely Programme underspends and future movements in the exchange rate into the proposed allocations. The Managing Authority agreed to re-examine the relevant assumptions with a view to finding room for (relatively modest) pro-rata increases in the sizes of the respective awards. Underspends would be either re-cycled into Priority 5 or held in reserve to assist the Scottish Government in addressing specific local economic challenges; these options would be further examined at the next PMC meeting in March 2011.

The Committee also received presentations/papers on:

- Progress to date on the implementation of the 2007-13 ERDF and ESF Programmes and the "N+2" targets (from ESEP)
- The role of the Audit Authority and the AA's Annual Report (from SG Internal Audit Services)
- Europe 2020 (from the DG Employment and DG Regional Policy desk officers)
- Progress on ERDF Priority 4: Rural Development (from ESEP and the South of Scotland Global Grants Body)
- Progress on the use of ERDF to assist Venture Capital and Loan Funds (from ESEP)

In addition, the Committee:

- Noted the progress on the development of a JESSICA fund covering the appointment of the investment board and an overview of the likely delivery model. The Committee agreed to consider the procurement documentation for the urban development fund manager by written procedure.
- Agreed to give the Managing Authority the delegated authority to vary grant awards that had previously been made, within specified limits, in response to unanticipated changes in the circumstances facing project sponsors. Committee members would be notified of such variations and a full report would be provided at each PMC meeting.
- Agreed with the recommendations of the respective Advisory Groups with regard to a total of 10 ERDF and ESF projects that had been brought forward under the Exceptional Projects procedure. 7 of these projects were recommended for support. It was noted that ESEP will give detailed feedback to each of the unsuccessful bidders to assist with the submission of improved bids.

Scottish Ministers will consider the recommendations made by the PMC and will make the appropriate announcements in due course.

**European Structural Funds Division
Scottish Government
28 October 2010**