

EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000 - 2006

MONITORING COMMITTEE

**PROGRAMME EXECUTIVE OFFICES, ENTERPRISE WAY, CARNEGIE CAMPUS
SOUTH, DUNFERMLINE**

10 SEPTEMBER 2001

Note of Meeting:

Present:

Colin Brown (Convener)	Scottish Executive
Alan Boyle	West Fife Enterprises
Lorna Jack	Scottish Enterprise Forth Valley
Joyce Johnston	Fife College
Graham McKee	Scottish Enterprise Tayside
Julia Palmer	SCVO
Rhona Grant	Scottish Fishmerchants Federation
Sue Pinder	Scottish University for Industry
Bob Smailes	University of Edinburgh
George Thomson	STUC
Gordon McLaren	Programme Management Executive (PME)

In Attendance:

Diane McLafferty	Scottish Executive
Philip Smith	Scottish Executive
Nigel Thomas	Programme Management Executive
Susan Tamburrini	Programme Management Executive
John Firn (part)	Firn Crichton Roberts
Marion Firn (part)	Firn Crichton Roberts

1. Introduction

- 1.1 The Convener welcomed everyone to the third meeting of the East of Scotland Programme Monitoring Committee for the period 2000 - 2006. He introduced Diane McLafferty who is taking over from Colin Imrie at the Scottish Executive and will convene future Committee meetings. The Convener also informed the Committee that there was a temporary desk officer in DG Regional Policy, Eileen Kelly. However the new desk officer, Rachel Lancry, would be taking up her new post in the next couple of weeks.

2. Apologies

- 2.1 Apologies were received from Amanda Harvie (Aberdeen and Grampian Chamber of Commerce), Robert Sargent (SEPA), Cllr Raymond Bisset (Aberdeenshire Council), Cllr David Hamilton (Midlothian Council), Cllr Linda Gow (Falkirk Council), Eileen Kelly (European Commission, DG Regional Policy), Selma Rahman (Fife Racial Equality Council) and Colin Smith (Angus & City of Dundee Tourist Board).

3. Minutes of the last meeting on 5 March 2001 ES/PMonC/01/2/2

- 3.1 The Convener introduced the paper and highlighted that a revised copy of the minutes was being tabled at the meeting as the version sent to members was missing a page.

Committee Decision: The Committee agreed the note as an accurate account of the last meeting.

4. Matters Arising

- 4.1 Gordon McLaren briefly outlined the action points from the note of the last meeting which had now been actioned and explained that many of these would be dealt with during the course of the meeting as they were items on the agenda. The Convener confirmed that the Fish Processing Action Plan had been forwarded to the Scottish Executive. The main focus of the document was on primary production, and it was unlikely that many of the activities could attract Structural Funds.
- 4.2 The Convener gave Committee members an update regarding the State Aids position with Scottish Enterprise. He highlighted that Scottish Enterprise now had clearance for some of their

activities. However, Committee members noted that this State Aids cover is not as comprehensive as what was previously in place and does not allow Scottish Enterprise to carry out the same range of activities as before.

- 4.3 Gordon McLaren, highlighted an outstanding action point from the last meeting. Information regarding the nominations received, and selection process for, the Programme Management Committee and Advisory Groups had not been sent to Committee members. He informed the Committee that this information would be forthcoming.
- 4.4 The Convener informed Committee members that the Scottish Executive intends to set up a Business Process Review. It was hoped that following this review the administrative burden of the application and claim forms would be reduced.
- 4.5 Members of the Committee highlighted that Objective 2/3 Coordination should have been an item on the agenda for this meeting as agreed at the last meeting. It was agreed that this subject should be discussed at the next meeting.

Action Point: PME to forward information to Committee members regarding nominations received and selection process for Programme Management Committee and Advisory Groups.

Committee Decision: The Committee agreed to discuss Objective 2/3 Coordination at the next meeting.

5. Programme Complement – Ex-ante Evaluation ES/PMonC/01/2/4

- 5.1 Gordon McLaren gave Committee members the background to this paper. He explained that an ex-ante evaluation of the full SPD had previously been undertaken. As the Plan embodied many elements of the Programme Complement, it had been understood that no further evaluation was required. However, the Commission have clarified that the regulations clearly set out the requirement for the Programme Complement to be the subject of an ex-ante evaluation and have issued separate guidance. In order to meet these requirements the Scottish Executive contracted with Fraser Associates, the ex-ante evaluators of the Plan, to undertake the evaluation. The draft report contains the proposed changes to the Programme Complement. The covering paper identifies the key areas where amendments are

recommended by the ex-ante evaluator and the proposed response. Once these changes have been incorporated the Programme Complement must be formally accepted by the Commission.

Committee Decision: The Committee noted the findings and recommendations of the ex-ante evaluator and the proposed way forward and delegated authority to the PME and the Scottish Executive to amend the Programme Complement as necessary.

6. Annual Implementation Report and Annual Review ES/PMonC/01/2/5 Document

- 6.1 Gordon McLaren introduced the paper and explained that the Annual Implementation Report (AIR) and Annual Review Document (ARD) had been prepared at short notice, as it had previously been understood that there was no requirement to prepare these documents for 2000. Subsequently the Commission had confirmed that there was a requirement to submit these documents by 30 June 2001 and therefore there was insufficient time to seek Committee approval. The Convener stressed that the Policy Statement by the Minister for Finance and Local Government underlined the approach being taken.
- 6.2 Committee members asked for a number of points of clarification regarding the content of the documents. One query was regarding the relevance of Annex C to the AIR. Gordon McLaren explained that in future this Annex would report financial progress, as reported by project sponsors through the claims process, against the overall annual financial allocation for each Measure for the relevant year. He confirmed that there were no actual figures presented in Annex C since at the time of submission to the Commission there had been no project approvals in the new Programme.
- 6.3 Responding to a query regarding the Minister's Policy Statement, the Convener emphasised the importance of area based strategies. However, he highlighted that there was still work to be done in this area. Gordon McLaren reiterated that area based strategies were important for all three Priorities in the Programme not just Priority 3: Community Economic Development.

Committee Decision: The Committee agreed the AIR and ARD for 2000 as retrospective documents. They also noted the submission date for the

AIR and ARD for 2001 and the contents of the Policy Statement by the Minister for Finance and Local Government.

7. Financial and Physical Progress Report on ES/PMonC/01/2/6 Expenditure and Commitment, and agreed Programme targets 2000 - 2006

- 7.1 Nigel Thomas introduced the paper and explained that this would be a standard paper for all future Committee meetings. He informed the Committee that as the Programme progresses the information contained within this paper would be built up. Future versions would begin to highlight any areas of the Programme where special attention was required, for example areas where financial commitment was high or areas of the Programme which were not performing well. He highlighted that the information detailed in the paper and various annexes was based on project commitments to date and not project spend, as claims had not yet been received. However, by the time of the next Committee meeting in April there would be more substantive information to report.
- 7.2 The Convener stated that it was important that project sponsors incurred expenditure on approved projects as soon as possible to ensure that the Programme was not disadvantaged by N+2.
- 7.3 The Committee discussed the content of the paper and annexes. They noted that the Programme target for 'Number of training/learning facilities constructed/upgraded' under Measure 2.2 had already been exceeded. Committee members were informed that the reason for this was that Further Education Colleges now had access to capital funds, which had not previously been available, which could be used for match funding such initiatives. Gordon McLaren emphasised the important linkages that these learning establishments had with SMEs and also the coherence of this particular target with the Objective 3 Programme. However, he added that this situation should be reviewed at a later stage.

Committee Decision: The Committee noted the current position regarding financial and physical implementation of the East of Scotland Objective 2 Programme 2000 – 2006 as detailed in Annexes 1 and 2 respectively.

8. Risk Capital Funds – Study Report on findings and ES/PMonC/01/2/7

recommendations (Presentation by Consultant)

- 8.1 John and Marion Firn (Firn Crichton Roberts) presented the findings and recommendations of "The Evaluation of the Effectiveness of Risk Capital Funds in the East of Scotland".
- 8.2 The Study Report and presentation was generally well received by Committee members. The subsequent discussion focussed mainly on the possibility of setting up a Lowland Scotland Risk Capital Fund, given the implications of the study report findings on both the West of Scotland and South of Scotland Objective 2 Programme areas. Gordon McLaren informed Committee members that the Royal Bank of Scotland (given their considerable involvement in Eastern Scotland Investments and Strathclyde Investment Fund) had already expressed an interest in such a fund and possibly the other Scottish clearing banks would also be interested. The possibility of setting up such a fund without ERDF support was also discussed as this would avoid many of the constraints which had inhibited the dealflow of Eastern Scotland Investments (ESI).
- 8.3 Committee members also discussed the issue of "Investor-readiness" which had been highlighted in the report as a major weakness. They agreed that, although this was an issue in which the LEC network had the primary interest, it would probably require initial ERDF input to set up an appropriate model which could become self-sustaining over time. Committee members were also mindful of the danger of duplicating existing structures and discussed at length the various funds and support currently available.
- 8.4 As the report raised a number of important issues of a complex nature, it was agreed that a small Working Group should be formed. It was agreed that the Group should include the original Steering Group members; two nominated individuals from the Scottish Enterprise network; Ian Howie (Business Growth and Innovation Division at the Scottish Executive); representatives from the West and South of Scotland Partnerships; and have the possibility of co-opting additional members from other interested agencies, including representatives from the risk capital industry. It was also agreed that the group should be set a time-scale of three months to come forward with proposals of how to take this important issue forward. The Working Group would report back to the Committee and as the Committee is not due to meet until April it was agreed that a special meeting should be convened.

Action Point: Scottish Enterprise Network to nominate two appropriate individuals to join the Working Group.

Committee Decision: The Committee agreed in broad terms that the report met the objectives of the brief. They also agreed that a small Working Group should be formed with a remit and membership as outlined above.

9. Sustainable Development – Mainstreaming Action ES/PMonC/01/2/8 Plan

9.1 Gordon McLaren outlined that the East of Scotland was slightly behind other Programme areas in terms of submitting the Mainstreaming Action Plan. However, he stressed that it had been important to ensure that the Action Plan was appropriate to the new Programme and to allow the new Policy Group to comment on the document.

9.2 The Convener praised the holistic approach taken by the East of Scotland in terms of mainstreaming Sustainable Development and noted the experience and reputation that had been built up in the East. Gordon McLaren informed the Committee that funding from SNH and SEPA was currently being sought to fund a resource to take forward many of the activities detailed in the action plan. However, a formal decision had not yet been made.

Committee Decision: The Committee approved the Sustainable Development Action Plan and agreed the activities arising from the plan.

10. Mainstreaming Equal Opportunities – Proposed ES/PMonC/01/2/9 way forward.

10.1 Gordon McLaren introduced the paper and explained the background to the proposed approach to mainstreaming Equal Opportunities. He highlighted that there were many common areas in terms of mainstreaming Sustainable Development and Equal Opportunities and the importance of taking an integrated approach.

10.2 Gordon McLaren also drew the Committee's attention to the Equal Opportunities survey of project applicants and the initial analysis. The survey had been undertaken by Cedric Daumas, a postgraduate student from the University of Aix en Provence, who was with the PME on a temporary basis whilst pursuing his research project. He highlighted that responses were still coming in and to date there had been a 36% response rate. He informed

the Committee that Cedric's final dissertation would be circulated to the Committee for information.

- 10.3 The Convener emphasised to the Committee that the mainstreaming of the horizontal themes was an incremental approach and that results would not be apparent in the short term.

Committee Decision: The Committee endorsed the way forward for Mainstreaming Equal Opportunities in the East of Scotland Objective 2 Programme 2000 - 2006.

11. Labour Market Information – Technical ES/PMonC/01/2/10 Specification

- 11.1 Gordon McLaren informed the Committee that it had not been possible to operate a Labour Market Information (LMI) system at a lowland Scotland level. Consequently, each region was required to tender individually for contractors to operate a Labour Market Intelligence Project (LMIP). He stressed that although LMI was not always relevant to ERDF projects it was helpful for the Partnership to have access to this type of information. He added that the project would operate for the whole of East of Scotland and not just the Programme area. Due to the uncertainty of what will be delivered by Future Skills Scotland (FSS), the project will operate for one year initially. After this time it would be appropriate to assess if there were any gaps in the provision of LMI.
- 11.2 The Committee discussed the cohesion between an East of Scotland LMIP and FSS. They concluded that the East of Scotland LMIP would not duplicate what was being delivered by FSS, and indeed FSS had been consulted to ensure that this was the case. Additionally, Committee members were keen to ensure that the information was widely available. Gordon McLaren clarified that the information would be available through the ESEP website.

Committee Decision: The Committee noted the contents of the paper and agreed the Terms of Reference and Consultants Brief for the LMIP. They also agreed that the PME should issue the brief and commission consultants through a Steering Group comprising the Scottish Executive and two representatives from the Partnership.

12. PME Progress Report ES/PMonC/01/2/11

- 12.1 Gordon McLaren introduced the paper and confirmed that the format of the report was different from that outlined at previous

meetings. He emphasised the number of stakeholders involved and therefore the differing reporting requirements which had to be taken into account. He informed Committee members that the approach taken had been developed by the East and had been broadly agreed across the PME's and the Scottish Executive.

- 12.2 Gordon McLaren drew the Committee's attention to a couple of areas where the PME's performance had not met the set targets i.e. the length of time to issue grant offer letters, and claims processing times. He informed the Committee that these issues were being addressed within the PME and many of the grant offer letters for first round projects had now been issued. Also, in future grant claim forms would be processed within 5 days of receipt. Nigel Thomas highlighted the additional complexity for sponsor organisations of dealing with two claim forms i.e. one for the 1997 – 1999 Programme and one for the current Programme. However, he added that seminars for project sponsors had been held in June 2001 to introduce the new claim forms.

Committee Decision: The Committee noted the content of the PME Progress report.

13. EU Enlargement – Twinning Covenants and ES/PMonC/01/2/12 Structural Funds

- 13.1 Diane McLafferty gave Committee members a brief description of the background to the Scottish Executive's Twinning Covenant with the Czech Republic and emphasised the importance and benefits of this arrangement.
- 13.2 Gordon McLaren provided the Committee with some detailed information regarding the PME input to the Twinning Covenant with the region of Central Moravia. In particular, he stressed the long-term benefits to the East of Scotland of undertaking these activities. He also emphasised that this support did not detract from the core activities of the PME and that in future there would be much more opportunity for partner organisations to participate.
- 13.3 The Committee discussed the content of the paper. In particular, Committee members felt that it would be beneficial to have a profile of the region, i.e. which showed the key industry sectors, Universities etc. to enable partner organisations to identify opportunities for productive linkages. Additionally, Committee members stressed that the benefits of these activities should be economic benefits for the East of Scotland.

Action Point: Scottish Executive to send profile of the region of Central Moravia to Committee members.

Committee Decision: The Committee noted the activities which are underway and that these do not detract from the core activities in relation to the East of Scotland Programme. They agreed to consider ways in which Committee members and the wider Partnership could be involved in twinning once the profile of the region had been received.

14. Planning Schedule for Programme

ES/PMonC/01/2/13

- 14.1 Nigel Thomas outlined the content of the paper and highlighted the proposed procedure for receipt of applications submitted after the agreed deadline date. He also pointed out that the next scheduled Committee meeting was 15 April 2002.

Committee Decision: The Committee agreed the recommendations detailed at 4.1.1, 4.1.2 and 4.1.3.

15. A.O.B

- 15.1 There was no other competent business to be discussed. The Convener thanked everyone for attending the meeting.

**PROGRAMME MANAGEMENT EXECUTIVE
EAST OF SCOTLAND EUROPEAN PARTNERSHIP
SEPTEMBER 2001**