

**EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000 - 2006**

**PROGRAMME MANAGEMENT COMMITTEE**

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

**Meeting on 31 January 2003**

**Note of Meeting:**

**Present:**

Mr Nigel Lindsay (Convener)	The Scottish Executive
Mr David Valentine	Angus Council
Mr Ian Young	Midlothian Council
Dr Ken Macdonald	Clackmannanshire Council
Ms Alison Spearman	Scottish Enterprise Grampian
Mr Patrick Laughlin	Kingdom of Fife Tourist Board
Ms Carol Bartholomew	Coalfields Regeneration Trust
Ms Janet Cox	Lauder College
Ms Tracey Archibald	Scottish Enterprise Edinburgh & Lothians
Mr John Withers	Roslin Institute
Prof Philip Esler	University of St Andrews
Ms Diane Taylor	University of Dundee
Mr David McAllister	National Trust for Scotland
Mr Gordon McLaren	Programme Executive

**In attendance:**

Mr Philip Smith	The Scottish Executive
Mr Nigel Thomas	Programme Executive
Mr Stuart Borrowman	Programme Executive

**1. Convener's Introductory Remarks**

- 1.1 The Convener welcomed everyone to the sixth meeting of the Programme Management Committee (PManC) for the period 2000 - 2006.
- 1.2 He thanked Philip Smith for his convenership of recent meetings.

**2. Apologies**

- 2.1 Apologies were received from Mr Murray (West Lothian College); Ms McManus (The Moray Council); Mr Wimbles (SCVO); Mr Cameron (Claverhouse Group); and Ms Douglas (Fife Council).

**3. Note of the fifth meeting held on 4 October 2002 ES/PManC/02/3/3**

- 3.1 The Committee agreed the note as an accurate account of the last meeting and took each of the matters arising in turn.

**4. Matters Arising**

- 4.1 The item on **benchmarking employment support initiatives** had been reported back to the Priority 3 Advisory Group. It had been agreed not to proceed.
- 4.2 Work on the **business process review** is continuing. The East of Scotland Programme is due to go live with the new system in time for the 12<sup>th</sup> June 2003 application deadline.
- 4.3 Mr McLaren noted that it is hoped that the new streamlined system will offer significant benefits, especially in respect of claim processing. Some partners have already been involved in testing the system.
- 4.4 The consultant's report on **training infrastructure** had been submitted to the Programme Monitoring Committee in October. The principal findings point to there being good overall provision in the East of Scotland and to caution on ERDF support for new infrastructure, especially of a "bespoke" rather than generic – and hence flexible – space.
- 4.5 The report also highlighted poor record keeping by some further education colleges that made it difficult to identify SMEs benefiting from ERDF support. Also identified were a number of pointers towards generic and specific skill needs in strategic sectors.

- 4.6 The **Programme Complement** has not yet been issued on CD. Adjustments to the content have had to be made due to the virement of resources within Priority 2. The work will be completed by the end of February and the CD issued to the Partnership.
- 4.7 There has been limited progress to date on **publicity plaques**. A “mock up” is awaited from the supplier.
- 4.8 Discussion among Committee members focused on whether plaques should be issued on request or automatically, say on receipt of a final claim; and whether the price – based on cost recovery – could be added to the management fee.
- 4.9 Mr Smith explained that adding the cost of the plaque to the management fee may be in breach of the Regulations. Mr. McLaren also emphasised that the existing arrangement of offering plaques to sponsors and billing for supply had been agreed by the Board.
- 4.10 Mr. Thomas reported that the exercise on **final audit claim fees** was now complete.
- 4.11 Mr. McLaren reported on progress on the **Mid-term Evaluation**. The consultation with strategic partners is now complete and a 500-person e-mail questionnaire survey of sponsors, promoters and managers is about to begin.
- 4.12 Initial feedback is overwhelmingly positive on the management of the Programme. A number of specific issues have arisen, including adjustments to Strategic Sectors and Strategic Locations; the need to ensure effective exit strategies for ERDF support for Transition areas; and a call for greater robustness in promoting the Horizontal Themes. The Steering Group meets next on 7<sup>th</sup> February and an interim report is expected in mid-March.

- 4.13 Formal representations are now being received from partners on amendments to the Programme. The Steering Group will act as a “proxy plan team” and will consider submissions and make recommendations to the Programme Monitoring Committee. Any changes need to be rooted in the original defining criteria.
- 4.14 Mr. McLaren had issued a note of guidance to partners in October 2002 and will communicate further with specific partners.

**5. Update Report on Project Commitments ES/PManC/02/3/5  
Approved at Previous Management Committee  
Meetings**

- 5.1 Mr. Thomas gave an update on **projects still awaiting final approval.**
- 5.2 Mr. Thomas then gave a full presentation on the pattern of **commitments and declared expenditure.** Where appropriate, meetings will be held with specific partners to discuss the issues and be reported in an updated version to the Programme Monitoring Committee.
- 5.3 In **Priority 1**, all measures are performing poorly and there would appear to be insufficient co-finance for partners to bring forward supportable projects. There are a number of projects that will deliver expenditure only late in the life of the Programme.
- 5.4 Professor Esler noted that, at the low point in the economic cycle, a lack of co-finance may be expected and Mr. Thomas also felt that the lack of clarity over the use of overheads in constructing applications had acted as a discouragement.
- 5.5 Mr. McLaren gave an update on negotiations over the Scottish Enterprise co-investment fund and noted that it is possible that expenditure may be able to be declared this year.
- 5.6 Development work is being undertaken to promote projects and action is being taken also to limit average grant rates to obviate the need for more radical action later in the Programme.

- 5.7 In **Priority 2**, both Measures are performing well in commitments and certified payments although the focus is in Transition areas. Revenue projects in Transition areas have benefited from virement already undertaken and further transfer of resources may be occasioned by the Mid-term Evaluation.
- 5.8 Low intervention rates in Measure 2.2 projects have helped achieve activity targets in terms of the Programme Reserve but higher intervention rates in some Measures will be needed to drive up expenditure.
- 5.9 A number of capital projects have stalled as capital and development markets have become much more cautious. The PManC is showing faith with these projects in order to assist their prospects.
- 5.10 In **Priority 3**, commitments are very low in Measure 3.1 and there are options to seek virement to other Measures or to try to stimulate activity.
- 5.11 Measure 3.2 is picking up but bids are often very small. More development work is needed, especially outside older established CED areas with Transition status. Committed intervention rates are too high, especially in capital schemes.
- 5.12 In Measure 3.3, a slow start has also been noted with high intervention rates in current projects.
- 5.13 Development actions are being taken to promote applications.
- 5.14 Mr Thomas gave an assessment of progress towards the targets in the **Performance Reserve** and had circulated a copy of the N+2 Action Plan for information. This was noted.
- 5.15 **ESE/ERDF/01/22/0027 BioManufacturing Campus.** Adjustment to targets on area of land agreed.
- 5.16 **ESE/ERDF/01/13/0005 and EST/ERDF/01/13/005 Small Company Innovation Scheme (SCIS).** Extension of physical completion date to 31<sup>st</sup> March 2005 and financial completion by 31<sup>st</sup> December 2006 agreed.

- 5.17 **ESE/ERDF/01/11/0023 and EST/ERDF/01/11/0023 Business Gateway Smarter Business Programme.** Due to variations in performance between Eligible and Transition areas, changes in grant have been requested. In the eligible areas a new ERDF total of £374,791 and a decrease of £278,655 was agreed. For Transition, a new ERDF total of £483,601 and an increase of £163,810, was agreed.
- 5.18 **ESE/ERDF/02/0062 Kirkcaldy Merchant's House Restoration.** The Committee was asked to approve the mix of users that has been finalised for the Merchant's House. This includes the organisation, Kirkcaldy Renaissance, the Tourist Information Centre and SMEs from the creative Industries sector. The proposal was agreed.
- 5.19 **ESE/ERDF/01/22/0051 Lauder E-commerce Centre and ESE/ERDF/01/22/0052 Lauder Campus Infrastructure.** Difficulties with co-finance have resulted in these inter-related projects seeking an extension to the date by which funding is confirmed, until summer 2003. Committee agreed to this extension.
- 5.20 **ESE/ERDF/01/22/0040 Moray Local Access Strategy.** An adjustment to the project's targets for lengths of path made accessible to some 63km was approved.
- 5.21 **ESE/ERDF/02/32/0045 Falkirk Council Routes to Employment.** Falkirk Council has requested that coverage of this project be extended to other CED areas in Falkirk without increase in costs. Adjustment agreed.

## **6. Advisory Group Report and Recommendations ES/PManC/02/3/6**

- 6.1 Mr. Thomas informed the Committee that a total of 59 project application forms had been received in the sixth application round, 33 of which were for eligible areas and 26 for transition areas.

## 6.2 **Priority 1: Strategic Economic Development**

6.2.1 Mr. Thomas outlined the main issues raised by the Advisory Group, including the seminar on Horizontal Themes by Mr. Tim Birley. He also noted discussion on the need for web design projects to identify the benefits for SMEs and welcomed the emergence of projects in investor-ready support.

6.2.2 The Committee discussed the application **ESE/ERDF/03/11/0058 Dundee Public Art Programme** which had been recommended for rejection. It was agreed that the project contained the germ of an attractive idea and should be revisited.

**Decision: The Committee agreed to the project recommendations for Measures 1.1, 1.2 and 1.3 as detailed in the report.**

## 6.3 **Priority 2: Strategic Locations and Sectors**

6.3.1 Mr. McLaren advised the committee of the Advisory Group's discussions on a number of issues. These included the issue of support for childcare, prompted by deliberations over the application by the Roslin Institute. A paper had been circulated intended to establish the basis on which such projects would be supported. Following discussion and suggested amendments, the Committee agreed to adopt and circulate the paper.

6.3.2 The approval of £5.6m ERDF towards the costs of the Edinburgh Biomedical Research Institute had been announced by Andy Kerr, MSP, Minister for Public Finance and Local Government on 28<sup>th</sup> January 2003.

6.3.3 Mr. Nigel Lindsay thanked all those involved in making the arrangements for a successful event.

6.3.4 The approval of the ATLAS project submitted by Scottish Enterprise was noted as being conditional on approval of the applications to the West of Scotland Programme. Approval has already been granted by the South of Scotland Programme.

- 6.3.5 The applications at the Bush Estate (Edinburgh Technopole) were also highlighted, making an important contribution to the development of the Midlothian science cluster.
- 6.3.6 Updates were provided on two applications. First, the application **EST/ERDF/03/0029 and EST/ERDF/03/22/0091 Cairngorm Moorland**. Amendments to the application and additional information had been circulated to the Advisory Group but had not enabled the Advisory Group to recommend approval. The applications were thus deferred by the Committee.
- 6.3.7 Additional information had been received in respect of application **ESE/ERDF/03/02/0096 Scottish Dance Theatre** more recently. Subject to consultation with the Advisory Group, it was agreed to delegate the decision to the Programme Management Executive.
- 6.3.8 Ms. Archibald requested an extension to the normal completion deadline for application **EST/ERDF/03/22/0101 Scottish Optoelectronics Packaging Centre**. This was agreed.

**Decision: The Committee agreed to the project recommendations for Measures 2.1 and 2.2 as detailed in the report.**

#### 6.4 **Priority 3: Community Economic Development**

- 6.4.1 Mr. Thomas outlined the issues raised by the Advisory Group, which included the need for phase 2 continuation projects to clarify the success of first phases.
- 6.4.2 Overheads included in applications must be made clear at the outset and capital build projects in CED must set out how much of the building will be used for target groups and target activities.
- 6.4.3 Committee noted that the application **EST/ERDF/03/32/0087 at Rattray Cross** had been withdrawn.



- 6.4.4 Mr Thomas welcomed the applications made for transport projects on the model of Banffshire and Fife. A short extension to the four-week period is needed for the Banffshire application **ESE/ERDF/03/32/0076**. Committee agreed.
- 6.4.5 Mr Thomas discussed the application by CVS Esnet which had been rejected. Although positive about Esnet, applications must identify the specific additional role they will perform locally and work with local partners. Dr. MacDonald spoke in support of this position.
- 6.4.6 A similar position obtained with the McSense application for all East of Scotland CED areas. Applications must be based on local needs and local CED plans.
- 6.4.7 It was recommended not to proceed with the Intermediate Labour Market Feasibility work. Committee agreed.
- 6.4.8 Mr Thomas noted the need for capping intervention rates in some projects due to the need for those in Transition areas not to exceed those in Eligible areas. Dr. MacDonald requested that the Programme Management Executive issues guidance on intervention rates before the next application deadline. Committee agreed to this request.

**Decision: The Committee agreed to the project recommendations for Measures 3.1, 3.2 and 3.3 as detailed in the report.**

## **7. Any Other Business**

- 7.1 None.

**8. Date of Next Meeting**

- 8.1 The next meeting will be held on 23<sup>rd</sup> May 2003 at 10.30am at the PME office in Dunfermline.

**PROGRAMME MANAGEMENT EXECUTIVE  
EAST OF SCOTLAND EUROPEAN PARTNERSHIP  
FEBRUARY 2003**