

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

**PROGRAMME MANAGEMENT COMMITTEE**

**SCOTTISH ENTERPRISE FORTH VALLEY OFFICES, STIRLING**

**Meeting on 1 February 2002**

**Note of Meeting:**

**Present:**

|                           |                                           |
|---------------------------|-------------------------------------------|
| Mr Colin Brown (Convener) | The Scottish Executive                    |
| Mr Gordon McLaren         | Programme Management Executive            |
| Mr David Valentine        | Angus Council                             |
| Mr Alistair Cameron       | Claverhouse Group                         |
| Dr Ken Macdonald          | Clackmannanshire Council                  |
| Ms Tracey Archibald       | Scottish Enterprise Edinburgh and Lothian |
| Mr Nigel Fairhead         | The National Trust for Scotland           |
| Ms Diane Taylor           | University of Dundee                      |
| Mr David Murray           | West Lothian College                      |
| Ms Alison Spearman        | Scottish Enterprise Grampian              |
| Ms Janet Cox              | Lauder College                            |
| Mr John Withers           | Roslin Institute (Edinburgh)              |
| Mr Ian L. Young           | Midlothian Council                        |
| Mr Patrick Laughlin       | Kingdom of Fife Tourist Board             |
| Prof Philip Esler         | University of St Andrews                  |

**In Attendance:**

|                               |                                  |
|-------------------------------|----------------------------------|
| Mr Philip Smith               | The Scottish Executive           |
| Ms Elaine Sosinska            | The Scottish Executive           |
| Mr Nigel Thomas               | Programme Management Executive   |
| Ms Susan Tamburrini           | Programme Management Executive   |
| Mr Rob Gompertz (Part)        | Programme Management Executive   |
| Ms Marcella Carmichael (Part) | Scottish Enterprise Forth Valley |
| Mr Bob Mathieson (Part)       | Scottish Enterprise Forth Valley |

## 1. Convener's Introductory Remarks

- 1.1 The Convener welcomed everyone to the third meeting of the Programme Management Committee (PManC) of the 2000 - 2006 East of Scotland Objective 2 Programme. He thanked Ms Archibald, Scottish Enterprise Edinburgh & Lothian for arranging the meeting at Scottish Enterprise Forth Valley.
- 1.2 Mr Brown explained that Committee members would receive a presentation from staff of Scottish Enterprise Forth Valley on the operation of Business Gateway within Forth Valley. This presentation had been requested by Committee members at the last meeting on 28 September 2001 with a view to replicating this approach elsewhere in the Programme area.
- 1.3 The Convener reiterated the importance of achieving project expenditure in order to meet Programme Expenditure targets. He reminded members of the implications of n+2 and stressed that the onus was on individual project sponsors to ensure that project expenditure was on target.

## 2. Apologies

- 2.1 Apologies were received from Sharon Douglas, Fife Council; Joe Noble, Scottish Enterprise Fife; Liz McManus, The Moray Council; Douglas Clark, Forestry Commission; Keith Wimbles, SCVO; Carol Bartholomew, Coalfields Regeneration Trust.

## 3. Note of Second Meeting held on 10 September 2001 ES/PManC/02/1/3

- 3.1 The Committee agreed there were no points of accuracy, agreed the note and took each of the **matters arising** in turn.

## 4. Matters Arising

- 4.1 The first matter arising related to the **Programme Complement**. Mr McLaren advised the Committee that work on the Programme Complement was ongoing and it was hoped that a final version would be tabled at the Programme Monitoring Committee meeting on the 13<sup>th</sup> of February. Once agreed the revised document would be re-issued and also posted on the ESEP website. He informed the Committee that the changes to the document were mainly related to a degree of re-focussing and strengthening of the horizontal themes.
- 4.2 Another matter arising related to the **lack of completeness of applications submitted**. Mr McLaren reminded the Committee

that there were still a number of applications submitted in the first application round which had unresolved technical issues. In order to prevent this situation arising again, members had agreed at the last meeting that applicants should have 4 weeks from the date of the meeting of the Programme Management Committee to resolve technical issues. After that date the approval should be withdrawn. However, Mr McLaren explained that following the last Committee meeting there had been insufficient time to advise sponsors of the change in procedure. Therefore the subsequent written procedure to Committee members had presented a derogation from the original decision.

- 4.3 Mr McLaren proposed that the 4 week rule should now be applied in a more robust fashion. He added that the only exception to this 4 week rule should be where sponsors wrote to the Programme Executive, **in time for the Programme Management Committee meeting**, outlining the reasons for not meeting the 4 week deadline and setting out an alternative date for the resolution of outstanding issues. This request for an extension would then be considered by the Management Committee. He highlighted that the next application round was three weeks after the PManC meeting and therefore sponsors should be advised to re-submit applications into this round if it was likely that the 4 week deadline would not be met. He also reminded members that since there are currently 3 application rounds per year, sponsors should not be submitting applications with technical issues which cannot be readily resolved within the set time limit.

- 4.4 Members agreed to the approach outlined and stressed that sponsors should only be allowed to exceed the 4 week deadline in exceptional circumstances and with the prior agreement of the Committee. Members were also satisfied that project sponsors with applications in the current round had already been informed of the timescale for resolving technical issues.

**Action Point : For projects with outstanding technical issues, the PME must write to the Chief Executive (or equivalent) of the organisation advising them of the status of the project and the strict time limitation applying to the conditional approval.**

- 4.5 Another matter arising related to an issue with the **Further Education Funding Council**. Mr Brown highlighted that, following the powerful message conveyed at the last meeting, the European Structural Funds Division of the Scottish Executive was making progress in increasing policy coherence

with other divisions e.g. Further Education. Committee members enquired about the progress regarding the Lauder College project discussed at the last meeting i.e. ESE/ERDF/01/22/0036 – The Microelectronics Skills Development Centre. Mr Thomas advised Committee members that Lauder College was proceeding with the application from their own resources as SHEFC was no longer a funding partner.

4.6 Mr McLaren advised that it had not been possible to take further action regarding consultancy work on **Benchmarking Employment Support Initiatives** across the Programme area. However there should be something to report on at the next meeting.

4.7 Mr Brown informed Committee members of progress regarding the **Business Process Review**. Mr Brown highlighted that this process was ongoing and a positive development had been the review of the application and claim forms. He highlighted that the aim was to rationalise the information requested and to lighten the burden for applicants. He also informed Committee members of a new appointment within the Scottish Executive, Cathy Watkins, who would be responsible for implementation of IT systems.

4.8 The final matter arising related to **State Aids and Public Procurement**. Mr Brown informed Committee members of the seminars currently being held by the Scottish Executive to promote a better understanding of these issues. He advised that the PMEs were actively involved in disseminating this information to partners.

## 5. **Presentation by Scottish Enterprise Forth Valley on the development of Business Gateway in Forth Valley**

5.1 Committee members received a presentation from Marcella Carmichael and Bob Mathieson of Scottish Enterprise Forth Valley on Business Gateway in Forth Valley. The presentation outlined the background to developing Business Gateway and the positive responses from local businesses to the streamlined approach. The presentation was well received and members asked a number of questions regarding the delivery mechanism and the interface with the Local Economic Forum. Ms Carmichael informed members that the Forth Valley Local Economic Forum is actively involved in the management and delivery of Business Gateway. She also highlighted that 8 other Local Economic Forums in Scotland are considering

adopting the Business Gateway approach to delivery of business support services.

- 5.2 Mr Brown thanked Ms Carmichael and Mr Mathieson for their presentation.

**6. Update Report on Project Commitments Approved at ES/PManC/02/1/6 Previous Management Committee Meetings**

- 6.1 Mr Thomas introduced the paper and drew the Committee's attention to Annexes 1 & 2, which detailed the financial performance of the Programme to date. He advised the Committee that in respect of project commitments the Programme was performing well. He highlighted a couple of exceptions i.e. activity under Measure 1.2: Access to Risk Capital has been delayed due to the study of Risk Capital Funds being undertaken. Also, under Measure 3.3: CED Implementation – Thematic Activity, there had been little activity. However, in respect of project spend the picture was not as positive. The Committee discussed the reasons for the low levels of spend and members supported the PME's current approach to providing one-to-one support to sponsors experiencing difficulty in completing claim forms. The Committee was also encouraged to hear that the revised claim form should significantly reduce the workload for sponsors submitting claims. Mr Brown reiterated the importance of meeting Programme expenditure targets and reminded members of the significance of the Performance Reserve and n + 2.

- 6.2 Committee members were updated on the projects with outstanding issues which had been discussed at the previous meeting, detailed at Annex 3.

- 6.3 **ESE/ERDF/01/22/0043, Clackmannanshire Innovation: Centre for Creative Industries and Enterprise sponsored by Clackmannanshire Council.** The Committee was advised that a technically complete application form had now been received and approval can be issued.

**Action Point: PME to issue approval documentation.**

- 6.4 **EST/ERDF/01/22/0022, Bioforth Manufacturing Park – Phase 1 sponsored by Scottish Enterprise Forth Valley.** The Committee was informed that a revised application form had not yet been received from Scottish Enterprise Forth Valley.

**Action Point: Applicant to resolve this technical issue within 4 weeks of the meeting. If this was not possible the application should be re-submitted to the 22<sup>nd</sup> of February deadline.**

- 6.5 **ESE/ERDF/01/32/0030, Clackmannanshire Innovation: Centre for Social and Entrepreneurial Activity sponsored by Clackmannanshire Council.** The Committee was advised that a technically complete application form had now been received from Clackmannanshire Council.

**Action Point: PME to issue approval documentation.**

- 6.6 **ESE/ERDF/01/22/0018, Dumyat Business Park – Phase 3 sponsored by Clackmannanshire Council.** The Committee was informed that the State Aid approval had not yet been awarded. A formal notification has been lodged, however the Christmas break had delayed the process somewhat. The submission is based on previously approved schemes in England and Wales and therefore approval is expected relatively quickly.

**Action Point: Applicant to resolve this technical issue within 4 weeks of the meeting. If this was not possible the application should be re-submitted to the 22<sup>nd</sup> of February deadline.**

## **7. Advisory Group Report and Recommendations ES/PManC/02/1/7**

- 7.1 Mr Thomas informed the Committee that a total of 49 project application forms had been received, 28 of which were for eligible areas and 21 for transition areas. There were 30 of the 49 projects submitted recommended for approval in some form. The Committee noted that the number of projects submitted has significantly reduced from the first and second rounds. One reason outlined was that many of the projects submitted in the first round were for 6 years. However, if the low levels of applications submitted continues then the Programme may encounter difficulties in meeting expenditure targets.

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

7.2.1 Mr Thomas advised the Committee of the low level of applications submitted under Measure 1.3. In discussions, the Advisory Group had highlighted the difficulties for the Higher Education sector in meeting the conditions of ERDF co-finance. The Programme Executive intend to liaise with the Higher Education Sector and Scottish Enterprise to promote activity in this area.

**Action Point: PME to liaise with the Higher Education sector and Scottish Enterprise to promote activity under Measure 1.3.**

7.2.2 The Committee was informed there was an increasing number of rural diversification projects being submitted under Measure 1.1. Committee members were satisfied that projects of this nature should be funded provided that there is no duplication with SERAD schemes. Mr Thomas informed Committee members that the PME had just received notification from Scottish Enterprise Tayside of their intention to withdraw EST/ERDF/02/11/0044: Farm Business Adviser as technical issues could not be resolved by the 4 week deadline. It was likely that the application would be re-submitted in the next application round.

7.2.3 Committee members noted the importance of robust project justification particularly for innovative projects offering specialist services.

7.2.4 Mr McLaren provided Committee members with an update on the position regarding Measure 1.2: Access to Risk Capital. The working group has now concluded their deliberations and their recommendations will go to the Monitoring Committee meeting on 13<sup>th</sup> February 2002. He highlighted that the immediate priority for funding would be an investor ready support mechanism. It may also be appropriate at a later stage to invest in a new Fund.

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

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

7.3.1 Mr McLaren highlighted to the Committee that the transition allocation for Measure 2.1 was close to full commitment.

7.3.2 The Committee endorsed the Advisory Group's approach with regard to the high numbers of training infrastructure projects being submitted. The Advisory Group has now suggested the commissioning of a short consultancy study to identify the likely number of future bids, the level of demand within the Strategic Sectors and to look at issues such as value for money and complementarity with Objective 3.

**Action Point : PME to propose the commissioning of a short study on training infrastructure to the Programme Monitoring Committee.**

7.3.3 The Committee noted that the two decommitted second round projects, ESE/ERDF/01/22/0049 – Krikcaldy Merchants House sponsored by Fife Council and ESE/ERDF/01/22/0046 – Advanced Speculative Manufacturing Unit sponsored by Scottish Enterprise Edinburgh and Lothian, had been submitted for re-appraisal by the Advisory Group in the third round. These projects had been recommended for approval subject to technical issues being resolved.

7.3.4 The Committee discussed at length the Advisory Group recommendation to approve EST/ERDF/02/21/0019 – Big in Falkirk, for 2002 expenditure only. Committee members noted that the first phase of this project had already been approved in 2001 for one year on the basis of its close links with the opening of the Millennium Link in May 2001. However, the Advisory Group had not been convinced that the latest project submitted, for the period 2002-2006, was sustainable in the long term. They did however, recognise the close links to the official opening of the Millennium Wheel and therefore recommended that it should be funded for 2002 only.

7.3.5 Committee members were not convinced that ERDF was only funding events linked to the Millennium Wheel. They agreed that the basis for modulating the grant rate should be revisited to ensure that only those elements of the project which directly support and enhance the promotion of Millennium Wheel are funded.

**Action Point : PME and Scottish Executive to re-visit the basis for the modulation of grant.**



7.3.6 The Committee noted the position with regard to the three applications submitted for site and business infrastructure at Methil Dock. Members recognised the necessity of ensuring that project applicants comply with state aids and public procurement requirements.

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

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

7.4.1 Mr Thomas highlighted the low level of applications submitted under Measure 3.1. However, the Advisory Group are keen to support the principle that an individual CED area could develop text within the existing CED plan from the local authority level to produce a document that reflected the situation at a very local level i.e. neighbourhood plans. It was thought that this may result in more Measure 3.1 applications being submitted. However, the Advisory Group had recommended the Crieff and Strathearn Initiative Trust project, EST/ERDF/02/31/0019 – Strathearn Community Economic Development Plan should be rejected. The Group had a number of fundamental concerns related to the project which could not be resolved during the appraisal process.

7.4.2 The Committee was informed that the outstanding co-finance from the Scottish Executive's Rural Community Transport Initiative had not been approved for the Angus Transport Forum project, EST/ERDF/02/32/0042 – Demand Responsive Rural Transport Scheme (DARTS). The meeting where the decision had been taken regarding the co-finance had just been held the day before. The Committee discussed the project at length and agreed that the sponsor should still be given the standard four weeks to resolve the co-finance and other technical issues. However, it was noted that if the application changed significantly i.e. the ERDF grant intervention rate changed, then it would have to be deferred and re-appraised in the next application round.

**Decision: Project sponsor to resolve co-finance and other technical issues within 4 weeks of the meeting. However, any fundamental change to the project would result in the project being deferred and re-appraised in the next application round.**

- 7.4.3 The Committee noted and endorsed the CED Advisory Group's position regarding learning centres and the need for such centres to offer learning leading to employment opportunities. Also, the Committee agreed that a project described as a learning centre should be in accordance with the Learndirect Scotland branding initiative.
- 7.4.4 The Committee discussed the Clackmannanshire Council project, ESE/ERDF/02/32/0044 – The Hope Bakery. Members endorsed the approach of the Advisory Group with regard to not directly providing ERDF grant for capital investment in Community Enterprises or Social Firms as this would be equivalent to directly supporting an SME.
- 7.4.5 The Committee noted the CED Advisory Group's frustration at the time spent assessing applications which were premature in submission and still required considerable development work. Members of the Committee agreed to communicate to constituents the requirement for projects to be properly researched and in a complete state when submitted.
- 7.4.6 The Committee endorsed the Advisory Group's position with regard to rejecting projects which have little fit with the measure and may be appropriately funded elsewhere i.e. ESE/ERDF/02/32/0049 – Dawson Alcohol and Drugs project.
- 7.4.7 The Committee noted that EST/ERDF/02/32/0042 – CEP The Business Link, has been deferred and the Advisory Group recommended that the project is re-submitted under Measure 3.3: CED - Thematic Activity. Business-Community Connections, the project sponsor, is currently in discussions with partners in Midlothian and East Lothian regarding submission in the next round.
- 7.4.8 The Committee approved the Advisory Group's approach in deferring the Stirling Council project, EST/ERDF/02/32/0051 – Raploch Regeneration Community Advice and Information Project. The Group had recommended this project for deferral as there has been a distinct lack of activity on previously approved CED projects within Stirling. They also authorised the Group to extend this approach to other CED areas where there is a distinct lack of progress.

7.4.9 The Committee noted that the Hawkhill Community Centre sponsored by Hawkhill Community Association, which had been formally de-committed by this Committee by written procedure, had been re-appraised by the CED Advisory Group. The Committee agreed with the Advisory Group's recommendation that the project should be supported.

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

7.5 The Committee reviewed Annex 3 of the paper detailing the financial commitment implications of their decisions. The Committee noted that if these commitments translate into spend then that will be beneficial to the Programme and impact positively on n+2. The message from the Committee to the Partnership to be reinforced is that they must spend to profile and claim regularly.

7.6 Mr. Brown outlined to the Committee the next stages in the formal approval process and reminded the Committee that no publicity regarding decisions could be undertaken until the formal announcement of approvals by the Minister on 11 February 2002.

## **8. Any Other Business**

8.1 Committee members requested that the PME produce standard publicity plaques. Whilst recognising that the costs of publicity were to be borne by the project sponsor they agreed that economies of scale could be achieved if the plaques were produced in bulk. Mr McLaren agreed to this proposal and highlighted that the plaques would be sold to applicants at cost.

**Action Point: PME to make arrangements for the production of standard publicity plaques.**

8.2 Mr Brown reminded members of the mid-term review of the Programme which would take place in 2003. He informed the Committee that in line with Commission guidance preparation for the review was already underway.

## **9. Date of Next Meeting**

- 9.1 The date for the next meeting was scheduled for 31<sup>st</sup> May 2002. However, members highlighted that this was a public holiday in some regions. Therefore it was agreed that the meeting should be held on 30<sup>th</sup> May 2002. The venue for the next meeting would be Dunfermline.

**PROGRAMME MANAGEMENT EXECUTIVE  
EAST OF SCOTLAND EUROPEAN PARTNERSHIP  
FEBRUARY 2002**