



**Highlands and Islands Convergence Programmes
2007-2013
PROGRAMME MONITORING COMMITTEE**



**Minute of Meeting (Approved Draft)
Wednesday 04 June 2008
Jubilee Lodge, Ness Walk, Inverness**

Present:

Dr John Rigg (Convenor)	Scottish Government, Enterprise, Energy and Tourism Directorate
Cllr Alex MacDonald	Comhairle nan Eilean Siar
Mr John Ferguson	Scottish Council for Voluntary Organisations
Ms Morag Redwood	Highland Equality Forum
Cllr Alastair Cooper	Shetland Islands Council (by Video Conference from Shetland)
Mrs Linda Stewart	University of the Highlands & Islands Millennium Institute

European Commission Advisors

Mr David Yormesor	European Commission (DG Regional Policy)
Mr Marc Vermyle	European Commission (DG Employment and Social Affairs)

In Attendance

Mr Dennis Malone	Intermediate Administrative Body
Ms Louise Donnelly	Scottish Government, Rural Affairs (by Video Conference from Shetland)
Mr Jim Millard	Scottish Government, Enterprise, Energy and Tourism Directorate

Convenor's Introduction

Action

1. Dr Rigg welcomed members to the third meeting of the Committee. He thanked members for their understanding following travel difficulties of the previous evening, preventing travel to Shetland. He thanked the Programme Management Executive for providing the location and facilities at short notice.
2. Dr Rigg apologised to Cllr Cooper on V.C. (Video Conference) for not getting to Shetland and promised a return at a future date. He also expressed his admiration at the efforts made by Cllr Walsh in getting to Shetland and having to return south immediately.
3. He welcomed David Yormesor (DG Regio) to his first meeting and Louise Donnelly from Rural Affairs, attending by V.C. from Shetland.

Apologies

4. Apologies were received from:
Mr Iain Duff – Scottish Council for Development and Industry
Ms Susan Davies – Scottish Natural Heritage
Ms Lynn Hamilton – VisitScotland
Cllr Sandy Park – The Highland Council
Cllr Stephen Hagan – Orkney Islands Council
Cllr Dick Walsh – Argyll & Bute Council
Ms Kristi Kiitsak - European Commission (DG Fisheries)
Ms Rosemary Thompson – North Highland Council
Mr Stephen Boyd – Scottish Trades Union Congress
Mr Alex Paterson – Highlands and Islands Enterprise
Ms Yvonne Summers – Scottish Government Rural Affairs
Mr William Roe - Highlands and Islands Enterprise



Action

Minutes of Previous Meeting 22 January 2008

5. At Para. 12.2 in respect of the discussion on the UHI Millennium Institute SDB proposals Mr Vermyle requested that the following be added to the Minute:
“Mr Vermyle expressed concern over the high percentage of curriculum development and did not expect to see this exceed 20% over the lifetime of the Operational Programme”.

Subject to the above, the Minute was agreed as an accurate record.

6. Matters Arising

The following Matters were raised:

- (i) Para 5(vii): Communications Action Plan
Mr Malone confirmed that the Action Plan was re-issued to the Commission on the CCI database.
- (ii) Para 5(ix): Technical Assistance to Community Planning Partnerships
Mr Malone confirmed that Technical Assistance would not be available to support the development of CPP plans.
- (iii) Para 13: Use of Technical Assistance
Mr Millard also confirmed that Technical Assistance will only be used for Programme administration (including publicity and costs associated with the IAB contract), evaluation and database development.
- (iv) Para 14: Strategic Delivery Body Details
Mr Malone confirmed that a Special Advisory Group met on 17 April to consider details of SDB bids and appropriate conditions. In addition to standard conditions, specific conditions relating to the following were recommended:
 - eligibility of expenditure;
 - financial profiles;
 - financial milestones;
 - horizontal themes; and
 - reporting arrangements.

Details were issued to the Monitoring Committee and approved by Written Procedure.

- (v) Para. 16: Strategic Issues
Paper prepared by Scottish Government and tabled under Item 6 of the Agenda.
- (vi) Para 19: Equal Opportunities
Mr Malone confirmed (in response to a query from Ms Redwood) that the IAB had obtained satisfactory details of Equal Opportunity arrangements on a number of projects prior to the issue of Letters of Offer.
- (vii) Para 24(i): Positive Steps to Employment
Following further deliberations and discussions with the Department of Work and Pensions, the “additional” activity on the project was clarified. The



application was amended and added to the list of approvals.

Action

(viii) Para 25: STUC

To confirm two meetings with the STUC resulting in the submission of a revised application.

(ix) Para 26: Food and Forestry Sector

Mr Millard explained that the Scottish Government was in the process of submitting a reasoned case for inclusion of the food and forestry sector in the ESF programme – effectively re-establishing the sector's eligibility from the previous programme. He was grateful to the Commission for their informal support. The PMC agreed that these adjustments were desirable and remitted the Scottish Government as Managing Authority to pursue appropriate adjustments to the OP.

(x) Para 12.1/12.2: Strategic Delivery Bodies (SDB)

Following consideration of the Equal Opportunities theme, it was agreed that Ms Redwood would receive the full UHI Millennium Institute and Highlands and Islands Enterprise SDB bids in order to undertake an assessment of the Equal Opportunities elements.

In addition Mr Millard confirmed that the Highlands and Islands Enterprise SDB bid did not contain any element of the proposed Business Gateway activity.

7. Strategic Overview

In a brief presentation, Mr Malone highlighted some of the key features of the Transitional Programme, to provide context for the new Programmes, most notably:

- the distribution of funds across the sector;
- the £120 million gross expenditure on transport infrastructure;
- the success of targeting with over 80% of expenditure outwith the Moray Firth area; and
- the volume of expenditure going on emerging strengths, consistent with the new Scottish Government Economic Strategy.

8. In respect of the new Programmes;

- the rate of implementation is slower than anticipated;
- the SDBs are about to start spending and claiming;
- the Committee has already been active in "shaping" the Programme, particularly Priority 3;
- in terms of N + 2 the first target (18 months) is £30 million, commitment to date on ERDF is £6 million with no spend. Equally only £30k has been paid out on ESF. Huge challenges ahead; and
- need to take up opportunities of the new Programmes, as different from Transition and Objective 1.

9. In addition Mr Millard expressed the view that a different message has to be delivered to Partners relating more directly to economic development and jobs – building on previous investments and strengths – and how the Programmes have to reflect a more structured and strategic approach.



Action

10. This perspective was reinforced by Dr Rigg who referred in particular to:
- quality bids;
 - horizontal themes; and
 - the need to get audit and compliance correct.
11. Mrs Stewart detailed how the UHI Millennium Institute bid addressed the need to be more strategic and structured, offering access to skills and progression aimed at getting people back in to the learning system. She also emphasised the role of the ESF in developing opportunities in research and the roll out to commercialisation. In addition the following points were made:
- (Ms Redwood) Thinking is still in “old Programme” mode and that the Scottish Government and the Intermediate Administrative Body need to be more proactive and challenging.
 - (Mr Ferguson) Need to raise aspirations in workshops, building on what has been done in a way that is sustainable and affordable. He added the need to encourage work-based degrees as an innovative option.
 - Cllr Cooper had three points:-
 - we need to be harder at workshops so that we get projects that can proceed and can spend;
 - we need to keep pressure on the SDBs to achieve spend; and
 - there is still a “perceived” confusion between what the UHI SDB bid does and what colleges can do.
- [Mrs Stewart clarified that colleges can have their own plans separate from the UHI.]
12. Mr Vermyle requested clarification on the issue of employability (the focus for Priority 1 of ESF). In response Dr Rigg explained that the Government position in respect of participation and the priority this has been given.
13. Mr Vermyle, in noting the challenges of N + 2 requested a comparison of expenditure at equivalent stages with the Transitional Programme for the next meeting. Scottish Govt. / IAB
14. On specifics Mr Vermyle noted:
- under Para 25, reference to 60% of investment being required to directly support job creation related only to ERDF and reference is needed in respect of ESF.
 - Under Para 12, the commitment between ERDF and ESF requires to be split. IAB
15. Mr Yormesor referred to the forthcoming workshops as providing a valuable opportunity to promote the objectives of the Programmes and Mr Malone confirmed the probable locations.
16. In respect of the National Rules on Eligibility Mr Ferguson observed that the changes had meant that the match funding context has altered, which has been compounded by the severe restrictions on the availability of funds. He suggested an ongoing review of the Rules to ensure maximum participation within the Programmes.
17. Cllr MacDonald expressed concern that the overview had not picked up details of the “Concordat” between the Scottish Government and the Local Authorities and the



Outcome Agreement, as this now affects the delivery of business support.

Action

18. Dr Rigg summed up an extremely useful discussion which recognised the need for the Funds to be used in a coherent and strategic manner whilst acknowledging the need to spend. He indicated that members were also offered practical and user friendly guidance to aid in the delivery of the Programmes' objectives. Given the debate on skills development, he acknowledged that it would be appropriate to invite on to the Committee, a representative from Skills Development Scotland.
19. The Committee noted the report.

Written Procedure Update

20. Mr Millard explained that the report sought to address the two key elements of the recent Written Procedure update given the concerns expressed by two members.
21. In respect of the detailed operation of the SDB contracts, he confirmed:
- Responsibilities for monitoring and targeting of resources;
 - Horizontal themes; and
 - Expenditure, explaining that the arrangements contained financial milestones that had to be met and that there should be no presumption that allocations will simply "roll-forward".

22. Cllr MacDonald requested a paper for the next meeting explaining the criteria and arrangements for decommitment.

Scottish
Govt. / IAB

He also added that the reporting of SDBs should also take account of outcomes.

IAB

25. The second half of the paper referred to the strategic issues. In respect of roads and transport, members agreed to amend the recommendations to read as follows:
- Infrastructure projects (outwith the CPP arrangements) be restricted to a maximum level of intervention of 25% up to a maximum grant of £500k; and
 - Infrastructure projects (within CPP arrangements) be restricted to a maximum level of intervention of 25% up to a maximum grant of £125k.
 - revenue transport projects able to apply up to a maximum level of intervention of 40%; and
 - up to £3 million of the £9.5 million remaining in the Priority (after CPP top-slicing) be allocated to support transport infrastructure (including existing approvals). Proposals require to be consistent with HITrans/ZetTrans priorities and will be expected to be endorsed by the respective agency, within the objectives of Priority 3.

23. The Convenor thanked members for developing a valuable strategic perspective.

Complementarity

24. Mr Millard explained the "cluttered" landscape that has emerged under Priority 3 type activities with a recent agreement in respect of LEADER and Scottish Rural Development Programme Convergence. He noted the serious risk of overlap and thereby confusion given different Programmes and different potential grant rates. The



challenge is to align and avoid gaps.

Action

25. Following discussion, the Committee agreed that the Programme Review Group (PRG) be invited to prepare a report that sets out the parameters and most suitable options, and that this be circulated for approval by Written Procedure by late August. Scottish Govt./IAB/ PRG
26. Mr Ferguson suggested some sort of graphic illustration/flowchart may help to clarify who does what.

Annual Reporting

27. Mr Malone presented the two Annual Implementation Reports (AIRs) – ESF and ERDF.
28. Mr Vermyle asked that the documents be submitted on the database and that formal comments would be forthcoming on that basis. He referred to the “AIR checklist” (a document of around 10 pages against which admissibility would be determined).
29. Mr Malone confirmed that the format of both documents was based on the checklist agreed between the Commission and the Scottish Government. Mr Vermyle acknowledged that the fields seemed satisfactory.
30. In respect of the ESF Report, Mr Vermyle requested:
- a comparison with actual financial position and forecast expenditure, given the Shadow Round;
 - reference to when outputs may be reported (instead of showing as n/a); and
 - in respect of Para 3.5, extend to table to include Article 10 reporting on horizontal themes and social inclusion.
31. In respect of the ERDF document, Mr Yormesor acknowledged that the section on Publicity still has to be added but that reference to forthcoming Community Planning and launch events should be incorporated.
32. Cllr MacDonald proposed that an Executive Summary be produced and placed on the website. Scottish Govt./IAB
33. Mrs Stewart thanked the Team for the reports and confirmed that in respect of the comments on ESF on p.35 about the low level of bids from the College sector, the dates of the bidding round were not helpful but that the extra Spring round was useful for college provision.
34. Finally in respect of ESF p.31, Mr Ferguson requested that reference to the recently signed concordant between the Local Authorities and Scottish Government could be referred to as it mentions a commitment to help grow the social economy.
35. Subject to the amendments referred to above, members approved both AIRs.





Europe & Scotland
Investing in your Future

**Highlands and Islands Convergence Programmes
2007-2013
PROGRAMME MONITORING COMMITTEE**



Any Other Competent Business

Action

36. Dr Rigg gave the background to the need for Declaration of Interest/Non Disclosure and asked that the paperwork issued by the Scottish Government be returned as soon as possible.
37. He also confirmed that the consultation on the post 2013 period undertaken in January, had now been submitted to the Commission.

Date of Next Meeting

38. Early February 2009/ IAB to trawl for suitable dates.

IAB



INVESTOR IN PEOPLE



**Highlands and Islands Convergence Programmes
2007-2013
PROGRAMME MONITORING COMMITTEE**



C:\Documents and Settings\rosemary\My Documents\PMC 07_13\February 09\Minute 4 June 2008 Jubilee Lodge (approved draft).DOC



INVESTOR IN PEOPLE