

**MINUTES OF JPMC MEETING IN ST ANDREWS HOUSE – EDINBURGH
WEDNESDAY 25 MAY 2016**

In attendance:

Mary McAllan	Scottish Government (Chair)
Shane Rankin	Scottish Government
Katrine Feldinger	Scottish Government
Neil Watt	Scottish Government
Kirsten Beddows	Scottish Government
Trudi Sharp	Scottish Government
Alistair Buchan	Orkney Islands Council
Iain Scott	Scottish Enterprise
David Roberts	Highland Council
Martin Brebner	Aberdeenshire Council
Martin Sime	Scottish Council for Voluntary Organisations
Neil Ritch	BIG Lottery
Damien Yeates	SDS
Ruth Nugent Neill	European Commission DG Regio
Joanna Gawrylczyk-Malesa	European Commission DG Emploi
Cornelia Grosser	European Commission DG Emploi
Leo Maier	European Commission DG Agri
Fiona Grossmann	European Commission DG Agri
David Hamilton	HIE

Apologies:

Liz Ditchburn	Scottish Government
Sarah Jane Laing	Scottish Land and Estates
Stuart Black	Highland Council
Jonathan Pryce	Scottish Government
Belinda Miller	Aberdeenshire Council
Sharon Thomson	Glasgow City Council
Jonathan Pryce	Scottish Government
Carroll Buxton	Highlands & Islands Enterprise
Vicki Swales	RSPB/EnviroLink
Linda Rosborough	Marine Scotland
Grahame Smith	STUC
Liz Cameron	Scottish Chamber of Commerce
Martin Smith	Scottish Funding Council

Secretariat:

Paul McIlwraith	Scottish Government
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Welcome

The Chair welcomed members to the meeting and gave apologies from Liz Ditchburn, the new Director General for Enterprise Environment and Innovation, who will chair these meetings in future.

AGENDA ITEMS FOR DECISION

Paper 01: Minutes from meeting on 18th November 2015

The Committee agreed with the content of the minutes from the meeting held on 18th November 2015.

Paper 02: Actions from 18th November 2015 meeting

One of the actions from the previous meeting was regarding “young people leaving the islands”. It was agreed that this should remain an action for a future meeting and therefore remain open. A more substantive paper is to be prepared for the November meeting to feed into the mid-term review

The Commission officials asked for the revisions to the SRDP Information and Publicity Strategy (as per minutes of 18th November meeting) to be included in the Actions and to be uploaded to the website eventually

ACTION 01: SRDP Information and Publicity Strategy to be amended and uploaded to the website.

Paper 03 Terms of Reference

Changes to the Terms of Reference (ToR) had been made following the meeting in November 2015.

The Commission requested that, in order to be in line with Article 11 of Regulation (EU) No 240/2014, Annex 2 paragraph 3 of the ToR stating that papers should be issued 7 days in advance be changed to 10 days.

A further point was raised in relation to Operational Committees at paragraphs 5.1 and 5.4, particularly whether these should remain in the structure as there is, according to some stakeholders, no current need for them. It was agreed after discussion that these remain in place as there are operational committees for HITC, YEI and RDOC, and they may in time be required for ERDF and ESF.

The Committee members were content that the actions from the 18th November meeting had been completed.

ACTION 02: Annex 2, paragraph 3 of the Terms of reference to be amended 7 days to 10 days.

Paper 04: Annual Implementation Reports

A brief background to the annual implementation reports was given to the Committee. All members had received a draft of the reports. The Structural Funds reports have to be submitted to the Commission not later than 31st May 2016 following approval from the JPMC. The reports for the 2014-2020 programme were more focussed on outcomes set against targets in the Partnership agreement.

It was highlighted that the EAFRD report was in draft, the deadline was 30th June 2016 and a final version would be submitted to the JPMC by correspondence for approval. The Commission offered to discuss anything of a technical nature outwith the meeting.

The Committee approved the annual implementation reports for ERDF and ESF. The Committee were informed that the final report for EAFRD would be circulated for approval by written procedure in June 2016.

Paper 05: Introducing repayable assistance in ERDF

A paper on repayable assistance was explained by the Managing Authority (MA) to the Committee. The introduction of repayable assistance was to assist those projects where there are initial sunk costs predominantly in areas such as renewables, but where a project may eventually turn profitable. In such cases, repayable assistance could be repaid to the MA to be recycled and support further projects.

Scottish Enterprise offered to assist with drafting guidance based on their experience of similar type schemes in the past. Other comments from members included whether the funding was repayable grant or loan assistance and the practicalities of how to calculate the risk generating returns.

The paper was approved by the JPMC. The MA will inform the European Commission in writing of the agreed decision to amend the Operational Programmes and introduce repayable assistance under Priority Axis 4. The MA will give written notification to the Commission within four weeks of this meeting.

ACTION 03: The MA to inform the European Commission in writing of the agreed decision to amend the Operational Programmes and introduce repayable assistance under Priority Axis 4.

AGENDA ITEMS FOR DISCUSSION

Paper 06: Risks and issues log

A paper was presented to the Committee on risks and issues with the 2014-2020 programmes. This paper has been compiled and designed to provide a broad context on the performance across the board and was drafted following the meeting in November 2015.

The risks and issues log will be maintained and updated for presenting at each JPMC meeting. Members commented that they would like to see Red, Amber and

Green flags attached to the risks and issues to show clearly what requires special attention.

A point was raised in relation to the e-cohesion of programmes and the implementation of this function. It was explained that this was due to be operational by the end of summer 2016.

It was agreed that the paper would continue to be developed and improved and that further discussions should take place with Highlands and Islands officials to truly reflect this region of the country.

ACTION 04: Discussions to take place with Alistair Buchan to ensure risk and issues log includes those for the Highlands and Islands region. Scottish Enterprise to assist in developing the log.

Due to Scottish Government officials having to leave early the agenda was changed and the Committee was asked to discuss Papers 8 & 9. This was agreed.

Paper 09: Areas facing natural constraints

This paper was presented to update the Committee on the timescales, progress and next steps timeline on work being undertaken to introduce ANC from 2018. The ANC is to be introduced in 2018, however 2016 is the key year for development with 2017 focussing on negotiation with the European Commission and finalising delivery arrangements. It was also explained that ANC was an EU-wide initiative, widely used in the EU, but only used in Scotland and NI within the UK.. It was also explained that Less Favoured Area Support Scheme (LFASS) covered 85% of Scotland's agricultural area so it had a significant impact on the farming community and that the change to ANC would need to be well thought out.

The development process will shortly move from agreeing the principles and establishing the evidence base to developing options for scheme designation and scheme design. The Commission encouraged the MA responsible for the SRDP to involve the JRC and DG AGRI's ANC delimitation experts as soon as possible in the progress, in order to resolve potential issues regarding the area delimitation, scheme designation and fine-tuning. The current LFASS has an annual budget of £65.5m, representing one-third of the entire SRPD budget.

Members of the JPMC have been invited to a workshop on 16th June 2016 which will include a presentation by independent consultants on the evidence and consideration of the options, followed by a public consultation later in the summer. It was emphasised to the Committee the proposals hadn't been to the new Cabinet Secretary since they took up post and that there was further work to be undertaken.

The paper was well received by all in attendance with no comments.

Paper 08: SRDP scheme update

An update on the EAFRD scheme was presented in relation to the 2014-2020 programme. It was explained to the committee that over 1500 applications to date

have been approved across all the schemes since January 2015 (700 in H&I), along with around 11,300 farmers supported each year under the Less Favoured Area Support Scheme.

The Managing Authority were aware of the issues around LARCS (IT system for LEADER) and a lack of clear guidance at this time.

The paper also highlighted the issues around the rejection of applicants in some schemes including food processing and crofting, analysis of this was being undertaken and will be shared with the Committee.

ACTION 05: The analysis of the reasons for rejection of applicants in some schemes including food processing and crofting currently being undertaken would be circulated to the Committee when available.

Paper 07: Progress on Programme Implementation

A presentation on programme progress was given to the committee. The presentation focussed on what targets and objectives had been set in the Partnership Agreement, the current position with ERDF/ESF/EAFRD, and whether supported activity would deliver against those targets. The paper focussed on outcomes and commitments rather than delivered projects, and the report was duly caveated as commitments may not result in achievements.

The presentation and accompanying paper were well received. The purpose of the paper is to stimulate meaningful discussion on a regular basis on both qualitative and quantitative items to meet formal obligations as set out in the regulations as the Managing Authority has to report annually to the Commission.

The Committee was invited to take ownership of this piece of work as it will help inform and shape mid-term and longer term views and opinions of this programme now and programmes in the future. The Chair agreed that Secretariat would work closely with lead partners to obtain information to help inform and shape future discussions around commitments, spend and achievements.

It was suggested that in future meetings of the JPMC members would find it beneficial to focus on a particular area or topic i.e. Youth Employment Initiative. It was agreed that this would be the topic for the next meeting in November 2016.

A point was also raised in relation to N+3 and whether the Managing Authority had any concerns on achieving this due to the delays discussed. The MA indicated that there were reasons at the moment to be concerned that N+3 would not be achieved. It was agreed that the Committee should take a view on any issues on N+3 by correspondence before the next meeting in November

ACTION 06: Secretariat to engage with JPMC as assistance is required from the Committee and lead partners to further develop and shape future discussion regarding progress on programme implementation.

ACTION 07: The MA will monitor the point raised regarding N+3 and provide information to the Committee, should it be required by written correspondence prior to the meeting in November 2016.

Paper 10: EAFRD Annual Communication Plan and Scottish Rural Network Programme

A brief background was given to introduce this paper to the committee in relation to the EAFRD Annual Communication Plan and Scottish Rural Network Programme (SRN). The regulations require the former to be taken to the JPMC each year, and the latter was in direct response to an action at the last meeting in November 2015 for the JPMC to be informed of the SRN work. This network programme was shared with the Committee for comments.

The Commission noted that, as previously mentioned during the RDOC meeting, 2 LEADER LAGs covering an area with a population above 150,000 inhabitants will not implement projects until the UK PA amendment, introducing derogation from that threshold is approved by the EC. The Commission asked that Annex 3 of the communications plan of SRDP be amended to reflect the position of LEADER LAGs accordingly.

The committee was asked to review the documents provided and submit comments directly to Neil Watt.

AOB

The Commission officials raised the issue of e-cohesion agreed that it had been covered during the course of meeting.

Commission officials also raised points for awareness regarding capital and guarantees also known as the Juncker package worth £300bn, together with the Pillar of Rights which was launched in September 2015. Links to both these topics are to be distributed to the Committee members shortly after the meeting.

A point was raised in relation to an observation that some members at the meeting were representing a wider set of stakeholders and had a responsibility to these people. It was recognised that the committee should take this into consideration for future meetings as there may be other members with the same responsibility. Although some issues had been raised during the course of the meeting there may be benefit to discuss other matters outwith this forum.

ACTION 08: JPMC members to report back to their stakeholders on outcomes of meetings to enhance and improve the content of future meetings.

ACTION 09: Send links to these initiatives - Capital and guarantee and Pillar of Rights websites to Committee.

Next JPMC meeting to be held in St Andrews House, Edinburgh on Wednesday 30 November 2016 at 1pm GMT

ACTION POINTS FROM JPMC MEETING ON 25 MAY 2016

	Action	Owner	Completed
1.	Annex 2, paragraph 3 of the Terms of reference to be amended 7 days to 10 days.	MA	26 th May 2016
2.	The Managing Authority to inform the European Commission in writing of the agreed decision to amend the Operational Programmes and introduce repayable assistance under Priority Axis 4.	MA	June 2016
3.	discussions to take place with Alistair Buchan to have risk and issues log truly reflect all issues including the Highlands and Islands region.	MA	June 2016
4.	rejection of applicants in some schemes including food processing and crofting, analysis of this was being undertaken and would be sent to the Committee in correspondence.	Agricultural MA	Remains outstanding, to be completed before next JPMC
5.	Secretariat to engage with JPMC as assistance is required from the Committee and lead partners to further develop and shape future discussion regarding progress on programme implementation.	Secretariat	Covered under item 2, performance of programmes
6.	The MA will monitor the point raised regarding N+3 and provide information to the Committee, should it be required by written correspondence prior to the meeting in November 2016.	MA	Included in papers for November 2016
7.	JPMC members to report back to their stakeholders on outcomes of meetings to enhance and improve the content of future meetings.	JPMC committee members	
8.	Send links to these initiatives - Capital and guarantee and Pillar of Rights websites to Committee.	MA	26 th May 2016

JPMC Secretariat
30 November 2016
(minor amendments 23 January 2017 as per meeting 30 November 2016)