

**MINUTES OF PMC MEETING (VIA CONFERENCE CALL)
MONDAY 22 JUNE 2020**

In attendance:

Cathy Cacace (CC)	Scottish Government (chair)
Susan Tamburrini (ST)	Scottish Government
Ryan Gunn (RG)	Scottish Government
Robert Buntin (RB)	Scottish Government
Anna Fowlie (AF)	Scottish Council for Voluntary Organisations
Christine Mulligan (CM) (sub)	Skill Development Scotland
Malcolm Leitch (ML) (sub)	Scottish Local Authorities Economic Development (SLAED)
Francesca Giannini (FG) (sub)	Scottish Enterprise (SE)
Rob Clarke (RC)	Highlands and Islands Enterprise
Dave Roberts (DR)	Highland Council
Andy McCann (AMc)	Highland Council
John Kerr (JK)	Scottish Government, EAFRD
Michael Wilson (MW) (sub)	Scottish Government, EAFRD
Gavin Bruce (GB) (sub)	Scottish Funding Council
Angus Murray (AM)	Comhairle nan Eilean Siar
Kris Magnus (KM)	European Commission DG Regio
Joanne Knight (JKn)	European Commission DG Regio
Evert Veltkamp (EV)	European Commission DG Emplo
Marc Vermyle (MV)	European Commission DG Emplo

Apologies:

Thomas Glen	Society of Local Authority Chief Executives (SOLACE)
Martin Johnson	Highlands and Islands Enterprise
Liz Cameron	Scottish Chambers
Matt Lancashire	Scottish Council for Development & Industry
Grahame Smith	Scottish Trade Unions Congress
Damian Yeates	Skills Development Scotland
Douglas Colquhoun	Scottish Enterprise
Carroll Buxton	Highlands and Islands Enterprise
Martin Smith	Scottish Funding Council

Item 01: Welcome and introduction

CC welcomed members to the meeting, including observers from the European Commission (EC), extending this to HITC members who have joined the meeting.

CC noted that it has been an exceptionally challenging year for everyone involved in the delivery of the numerous projects, initiatives and activities funded through the ESF and ERDF programmes.

CC noted there has been challenges as a direct result of the social and economic impact of COVID-19, and impact that the pandemic has had on delivery. No doubt we will touch further on this topic during the meeting.

CC expressed her gratitude for the continued input of members during these challenging times. This input has been absolutely essential in the continued delivery of the projects and activities that will support the social and economic recovery as we, hopefully, transition out of the lockdown.

RB read out the list of apologies.

Item 02: Minutes and Action Log from Meeting on 22 November

CC offered each member the opportunity to make comment on the minutes and in turn, approve the minutes.

RC raised that himself and Martin Johnson attended the previous meeting by dial-in and only for part of the meeting due to fire alarm and bad connection.

ML noted that the level of detail in papers still needs to be agreed, suggest picking this up further under AOB today.

Minutes are agreed by members, noting the points raised.

AGENDA ITEMS FOR DISCUSSION

Item 03: ESF and ERDF Operational Programme

CC noted that members have received the revised written procedure paper detailing the rationale and proposed changes to the ESF and ERDF operational programmes.

CC also thanked members who submitted comments to the earlier draft, the Governance team has prepared and issued responses to those members.

CC highlighted that before asking Ryan and Robert to summarise the paper and proposed changes to the operational programmes, she wanted to reassure members that in developing the changes, our first and last objective was to ensure that Lead Partners have sufficient funds to deliver the committed activity associated with their Strategic Interventions (SI's) and Operations.

RG explained the paper outlines a technical exercise that needs to be completed by 30 June to ensure compliance with the EC Regulations.

In terms of Operational Programme changes required as a result of COVID-19, this will be a future discussion where we have until November to submit these changes so we will work with members on this and intend to write soon. The COVID-19 Response Fund SI has been created, however this is only created with the overarching principles of the SI, the details and content of the operations supported through the SI have still to be finalised.

To emphasise a point raised by CC, we will protect committed funding already agreed for SI's and Operations. The ESF side will require further revision following information that has come to light this morning around the performance reserve, a follow up conversation will be taking place with EC colleagues tomorrow (23 June) so we are seeking approval from members on ERDF side.

FG asked why we are not looking at making changes for COVID-19 activity and CM expressed she felt we are wasting time here in not talking about COVID-19. RG advised more details will follow on this but we have until November to submit changes to the Operational Programmes to reflect COVID-19 activity.

EV raised further questions to the information provided, the performance reserve cannot be transferred between regions so that has to be changed, either to other Priority 3 within ERDF or a small amount for COVID-19 activity. RG added we will follow this up separately with the EC tomorrow.

MV noted that he agrees with the Managing Authority (MA) approach to operational programmes of dealing with the N+3 and performance reserve changes just now and then COVID-19 activity later in the year.

AF added she felt this paper doesn't actually provide a rationale of how we are doing this, she understands the technical approach but feels we keep missing the bigger picture. RC echoed these points and added that he feels separating the changes to operational programme is perhaps not the best way to deal with this.

DR thanked the MA for being invited along in the absence of HITC, expressing he is broadly happy with the ERDF re-allocation and added that he has already raised issues over ESF details which has now come to light. HITC working group will be happy to work with the MA if required.

RG noted members comments on COVID-19 issues, adding we are committed to sharing details with members once plans are developed.

ACTION 01: MA to share details of COVID-19 Response Fund once plans are developed.

ML expressed his initial concern that the operational programme changes were being done in isolation and welcomes having a conference call rather than just being done by written procedure. Interested to hear that some changes may need to be made to financial tables, PMC will need to be given details of the final table. He

added that while it is good we will be given another chance to discuss, it does feel strange that we are now 3 months into lockdown and there is no mention of COVID-19 in this paper, adding further that effort does need to be made to engage members and to avoid things being carried out internally by Scottish Government (SG). RG noted the points and advised the MA will share the revised financial tables with members.

KM raised that the performance reserve of €4.2m will need to be moved out of ESF, either to ERDF or another UK ESF programme. DR raised that previously when we investigated moving it to ERDF the legal opinion was that this would not be possible. KM advised he will need to check into this and pick up with MA tomorrow as things have changed since the point legal opinion was given.

RG has noted the points and will follow these up with commission colleagues. In closing, CC added that the changes to the operational programmes are considered approved subject to members being sighted of revised figures following EC conversations.

Item 04: ESF and ERDF Programme/Financial Performance

CC noted that members have requested an update on the financial performance of the ESF and ERDF programme. A summary paper has been circulated to members detailing the financial performance of the programmes. The MA remains committed to working with members to support the continued delivery of the programmes and improve the performance. This is particularly relevant to help address the significant social and economic challenges presented by COVID-19.

RG added that the table circulated is a snapshot, a summarised version of what we have in a more detailed spreadsheet. Some members may be familiar with it as it is used at some other lead partner meetings. RG highlighted that there is a substantial sum of money under operations yet to be approved and that work is required to close this gap. RG also added if members have specific information they would like that is not detailed in the financial summary, to contact either himself or RB.

FG expressed it is useful to see performance at programme level and that it would be good to continue to receive this information on a standing basis for PMC. She also asked if the average time to process claims has increased due to current pandemic. ST responded that she was not aware of current average time now we are in pandemic but is aware some lead partners are experiencing difficulty in being able to provide evidence.

CM added that it could be beneficial to try get an understanding of what claims are still to be submitted on EUMIS, which will count towards N+3 for 2020. This information could be useful for PMC to take into consideration. Currently SDS are trying to separate claims by what they have evidence for now and what evidence is being affected by the pandemic so they can submit claims. GB added to this that they currently have details of claims that are in the pipeline which they would be happy to provide for future PMC meetings.

AM noted the de-commitment figure seems high and that the programmes seem to be haemorrhaging money, asking why it is so high? RG and RB both explained the figure currently detailed is the de-commitment based on if all activity and spend stopped today, this figure will reduce as the year progresses and claims are processed.

KM queried why SI's have reduced, which RG and RB explained was due to a change following the most recent MA Approval Panel meeting, but can gather further information on this if required. KM also requested that information be made available at a more granular level within the performance report, RG and RB advised they will look into this for future papers.

ML noted his disappointment in relation to N+3 as by his calculations we have lost over €100m from the Scottish programmes so far. More specifically on the potential de-commitment for this year, he has concern over the pace claims can be submitted by lead partners then verified by MA. He also added one thing missing from today's PMC is a risk register. RG responded to say he is equally concerned over the figures, if there is anything we can do as an MA then we are absolutely committed to doing so.

AF added to the point raised by ML, and response by RG, that a holistic conversation needs to be had on how we progress towards minimising de-commitment.

CC added progress is depending on getting claims in, we are in a challenging time. The MA will be coming out to lead partners for further information soon.

Item 05: ESF and ERDF Programme Suspension

CC explained a meeting was held last week with the EC on ESF side where we discussed steps being taken to lift the suspension and a meeting is being held this afternoon with ERDF side. The first unit cost claim is close to being submitted to EC and the MA are also working on claims two, three and four. This process has been well supported by colleagues so far and we still have some audit information to come back on the final report.

AF raised that given the seriousness of the subject and conversation, two minutes out of one hour and a half doesn't seem enough. She further added that she feels as though it is not being taken seriously or that PMC are not being told. CC responded that we are absolutely taking this seriously, there has been an incredible amount of work involved in this process. CC also added that we do provide updates on Programme Suspensions to lead partners via lead partner groups.

ML added that it is a really important issue and there seems to be an issue over what the overall role of PMC actually is. He also feels a note should have been circulated to PMC in advance to allow us to provide feedback or raise questions.

CM asked if an update on suspension, previously provided to lead partner groups, could be circulated with the minutes. CC explained she is happy to do so.

KM added that the PMC is a formal statutory body so should really be sighted on information related to the suspension.

ACTION 02: An update on ESF & ERDF Programme suspension to be circulated to members with minutes.

Item 06: AOB

CC noted before opening up to members for AOB she wanted to provide an update on developments in relation to the COVID-19 Response Fund.

The MA has already identified a significant resource, approximately £19.5m, to fund activities that will minimise the economic impact of COVID-19 through an ERDF Response Fund. The details and structure of this fund are still being developed to ensure that the support to be provided to businesses is appropriate and compliments the wide range of business support already provided through ERDF operations.

Lead Partners will also have an opportunity to revise and re-focus their own operations to take account of the impact of COVID-19 and we will be writing to Lead Partners in the near future to start this process.

The MA has until around the end of November 2020 to submit further amendments to the operational programmes. These changes, pending discussions between the MA and the respective Lead Partners, will be submitted – via the PMC – to the EC for final approval.

ML raised that it seems to be a recurring issue that PMC needs to be better sighted and given a lot more information to be able to ask the right questions.

FG added that information provided to PMC has been a conversation that has been ongoing for some time, has been working directly with RB on this but work is still ongoing. Also added that papers coming out on a Friday for a meeting on the Monday is not good enough as it doesn't leave sufficient time to review the papers.

DR raised that the HITC Working Group continues to work well and is happy to keep this work going with the MA going forward.

KM added that the EC is also available for assistance where required.

ACTION 03: Consider how information can be presented going forward.

Item 07: Date of next meeting

CC advised the date of the next meeting is still to be confirmed but we will look at September time to allow for conversations to continue, if PMC need to meet before this date then the MA will support this.

Action Log

Action	Description	Owner	Status
01	Share details of COVID-19 Response Fund once plans are developed.	MA	Ongoing
02	Update on suspension to be provided when circulating minutes.	MA	Completed
03	Consider what information to present within papers going forward	MA	Ongoing