



SCOTTISH INNOVATIVE ACTIONS PROGRAMME

Minutes of the first Innovative Actions Steering Group meeting
held on Tuesday 11 May 2004 at 1.30pm in SEP Ltd Offices,
House 6, 94 Elmbank Street, Glasgow

Present

Graeme Dickson (Chair)	The Scottish Executive
Janet Brown	Scottish Enterprise
Calum Davidson	Highlands & Islands Enterprise
Philip Smith	The Scottish Executive
David Gani	Scottish Funding Council
Dennis Malone	Highlands & Islands Partnership Programme
Laurie Russell	Strathclyde European Partnership Ltd

Apologies

Iain McMillan	CBI Scotland
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In Attendance

Diane Greenlees	Strathclyde European Partnership Ltd
Derek Gallaher	Strathclyde European Partnership Ltd
Moragh Hastie	Strathclyde European Partnership Ltd

1 Welcome & Introduction

The Group were welcomed to the inaugural meeting of the Steering Group and were invited to introduce himself or herself to the rest of the Group. .

2 Apologies for Absence

Apologies for absence were noted as above. The Group were advised that a meeting had been arranged on Monday 24 May to provide an update on discussion and actions from the meeting.

3 Scottish Innovative Actions Programme Overview

3.1 An overview of the programme was circulated with the papers for the meeting. A brief presentation was made on the programme covering:

- Aims and objectives of programme
- Key Actions to be funded through the programme
- Anticipated benefits to Scotland
- Key points to be considered in delivery of programme

A copy of the presentation would be circulated with the minutes of the meeting.

- 3.2 The Group were advised that the Management Team had recently attended the 2004 Annual Innovative Actions Award ceremony in Brussels. A summary pack detailing information on the award winning projects was circulated at the end of the meeting. It was suggested that a goal for the Scottish programme should be to have one of the Scottish pilot projects awarded a prize by the European Commission at the 2005 Awards.
- 3.3 There was a general round the table discussion on the Scottish Innovative Actions programme. The Steering Group agreed that this programme provides a good opportunity to fund new and radical projects, which will contribute to improving Scotland's future innovation performance and competitiveness.
- 3.4 Comments from members of the group included:
- the learning and outcomes from projects supported through the programme should be built into the delivery of initiatives funded at a national level and projects funded through the Structural Funds programmes
 - this programme provides the opportunity to take a risk and do something very different and innovative in Scotland
 - funding through the programme would enable key organisations to generate new pilot projects and extend the scope of planned innovation initiatives
 - the Scotland-wide nature of the programme enables a range of exciting new projects to be funded and to address the regional differences in the Scottish Innovation System
 - it will be important to ensure that projects funded through this programme are not also supported through the Structural Funds. The Group were advised that one of the key selection criteria for appraising projects would address this issue

4 Key Organisations & Partnership Groups – Objectives & Responsibilities

- 4.1 The group discussed the report outlining the decision making process, the selection criteria and scoring system for the appraisal of projects and the objectives and responsibilities of the partnership groups that would be involved in the management of the programme.

Decision Making Process

- 4.2 The group discussed the role of the Appraisal Sub-Group within the decision making process and considered whether this was adding an additional stage into the process that could be removed. After discussion the group agreed that the Appraisal Sub-Group would ensure that decisions on projects were objective and also involved a programme-wide perspective. The Action Line Development Groups would not be responsible for appraising the projects, but would be involved in developing and shaping projects.
- 4.3 It was agreed that the Steering Group should make final decisions on all projects funded through the programme but should not carry out the detailed appraisal and scoring of projects, as this would be conducted by the Appraisal Sub-Group. It was suggested that the management team in SEP should develop a format for presenting information on projects to the Steering Group to enable it to take decisions on projects. The information should enable the Steering Group to approve projects, which meet the overall aims and objectives set for the programme.
- 4.4 The requirement for ministerial approval for projects funded through the programme was discussed. It was agreed that the Minister should be advised of progress with the programme, but ministerial approval for projects would not be necessary.

- 4.5 It was agreed that where decisions are required for time critical projects outwith the normal meeting cycle of the Steering Group, these would be made by written procedure within 5 working days.

Selection Criteria and Scoring System

- 4.6 An overview of the programme was circulated with the papers for meeting. It was suggested there should be a text change to the 'evidence of demand' criterion. Projects funded through the programme would be of a pilot nature and this criterion was therefore not relevant. Projects should provide evidence of addressing gaps in the existing innovation support system.
- 4.7 It was suggested that it should be clear that if projects could be funded through mainstream Structural Fund programmes, they should not be funded through the Innovative Actions programme. The Group asked about Horizontal Themes being included in the Scoring Criteria. The group discussed the issue and it was agreed that the application form would be amended to include Horizontal Themes.
- 4.8 It was agreed that if any application scored zero within the action lines scoring criteria, then the project would not be funded.

Steering Group

- 4.9 A number of suggestions for nominees from the private sector to join the Steering Group were provided. Ideally private sector nominees should have knowledge and experience of innovation and the economic development support environment.
- 4.10 It was agreed that discussion should take place with regard to private sector membership. The names of individuals would then be circulated to the Steering Group members for their agreement so that a private sector representative could be appointed in advance of the next meeting.

Action Line Development Groups

- 4.11 The Steering Group discussed the membership of the groups and agreed the proposals from their respective sectors. A number of other possible nominations included:

The Steering Group members were asked to forward any nominees to SEP Ltd.

- 4.12 The other Programme Management Executives would be asked for their nominations for each of the Development Groups.
- 4.13 The Steering Group approved the report subject to the amendments and additions agreed at the meeting.

5 Programme Operational Plan (2004-2006)

- 5.1 The operational plan details the key activities, to be carried out during the programme period, the anticipated outcomes and projected timescale for achievement.
- 5.2 The Group was advised that a progress report on the operational plan would be considered at each Steering Group meeting. A number of minor amendments to be

made to the operational plan were highlighted. An updated copy of the operational plan would be circulated to the Steering Group.

- 5.3 The Steering Group approved the programme operational plan, subject to the agreed amendments.

6 Programme Financial Plan

Programme Duration

- 6.1 The proposal for the project commitment and expenditure dates were agreed as:
- the budget should be fully committed to projects by 30 June 2005
 - eligibility expenditure for projects approved through the programme can be incurred up to 30 June 2006
 - eligible expenditure incurred for programme and project evaluation, activities focussed on disseminating the learning from the pilot projects and final reporting of the programme can be incurred up to the end of December 2006
- 6.2 It was felt that due to the short duration of the programme there was limited flexibility for project slippage. There should therefore be a maximum time scale for commitment and defrayed expenditure for individual projects. If projects failed to commit and defray expenditure within an agreed time scale then funds should be withdrawn and re-allocated. It was agreed the Steering Group would discuss this further as the programme progressed.

Programme Budget

- 6.3 The European Commission has approved the total budget and ERDF grant to the programme in Euros. The Scottish Executive will convert the Euro value of the programme to sterling at the time the European Commission financing agreement is signed. The April 2004 exchange rate of €1 = £0.6681 (€1.497 = £1) had been applied for the purposes of the financial plan report presented to the Steering Group.
- 6.4 The Group was advised the Steering Group that the Scottish Executive had received Treasury advice recommending a Euro exchange rate for 2004-05 and post 2005 equal to €1.42 = £1.00. The Steering Group agreed that the April 2004 rate in the financial plan should be applied for the programme. The budget would also be regularly recalculated in order to minimise any exchange rate impacts on the programme and ensure the Scottish Executive's liability for any losses is minimised. The group agreed that there should be no risk of projects losing funding due to any exchange rate losses.
- 6.5 Any exchange rate gains would be reallocated to the budget for commitment through the programme.
- 6.6 It was also noted that the European Commission had confirmed that there is flexibility to move the budget allocation across the 4 Action Lines during programme implementation, if required.

Programme Operational Costs

- 6.7 The Steering Group agreed that SEP Ltd should be responsible for the management and delivery of the budget and activities under the following headings as set out in the financial report:

- Programme wide operational costs (not covered by technical assistance)
 - Technical assistance
 - EU networking
- 6.8 The key activities that would be delivered under each of the headings and advised that the European Commission had already approved the budget allocations for technical assistance and EU networking under the European Commission financing agreement were summarised for the Group's information.
- 6.9 It was agreed that a project application providing a more detailed breakdown of the other programme-wide operational activities and associated costs would be prepared and circulated to the Steering Group for their agreement. The key activities include:
- Marketing and communications activities
 - Programme workshops, seminars and events
 - The use of consultants required during programme implementation
 - Programme and project evaluation
- 6.10 The Steering Group also discussed the indicative financial allocations for programme-wide operational costs set out in the financial plan. There was general consensus that the suggested budget allocation for marketing & communications and programme & project evaluation were reasonable. It was also agreed that the management team would consider whether the indicative allocations for the other items could be reduced.
- 6.11 Discussion followed on the importance of the monitoring and evaluation of the programme itself and pilot projects funded through the programme. It was suggested that a small group be formed involving representatives with particular expertise in this area, to provide assistance on developing the methodology and scope for the evaluation work. This group would meet in advance of the next Steering Group meeting.
- 6.12 The Group was advised that a more detailed paper on how the programme evaluation was to be carried out would be tabled at the next Steering Group meeting

Programme Co-finance

- 6.13 The Group was advised that funding proposals had been submitted to the three key development partners (the Scottish Executive, Scottish Enterprise and Highlands and Islands Enterprise) to provide 50% co-finance required to support the programme operational costs, technical assistance and EU networking activities as detailed in the financial plan.
- 6.14 The Group was also advised that Scottish Enterprise and Highlands and Islands Enterprise had approved their contributions towards the co-finance required. The Scottish Executive had requested more information and requested that the management team consider if the programme wide operational costs (not covered by technical assistance) could be reduced. Also, that more detailed information would be submitted to the Scottish Executive within the next few weeks.
- 6.15 Co-finance for the individual projects delivered through the programme would be identified and secured on a project by project basis.
- 6.16 The Steering Group approved the programme financial plan subject to the additional activities and amendments discussed and agreed at the meeting.

7 Programme Management Processes

- 7.1 The report on the proposed programme management processes covering the items below was discussed:
- Application Process
 - Decision Making Process
 - Claims & Payments Procedure
 - Programme Complement & Guidance Notes
 - Reporting Procedures
- 7.2 The decision making process had been discussed and agreed earlier in the meeting.
- 7.3 The final details on the claims checking and payments procedure were still to be agreed between SEP Ltd and The Scottish Executive.
- 7.4 More information on the reporting for the programme was requested. A progress report would be submitted to the EC within two months of the end of each calendar year of implementation. The first progress report would be submitted by the end of February 2005. It was suggested that progress reports should be provided to the Programme Monitoring Committees for the Structural Funds programmes in Scotland and also to the Scottish Structural Funds Liaison Group.
- 7.5 The Steering Group approved the various items in the report subject to the amendments agreed at the meeting.

Proposed projects

- 7.6 A list of the project proposals likely to be received in the first round of applications to the programme was circulated for information. The key development partners, Scottish Executive, Scottish Enterprise and Highlands and Islands Enterprise had been involved in discussions over the last few months and had developed a number of innovative pilot projects they would be submitting.
- 7.7 A total of 15 project outlines had been submitted to date. These proposals would be further developed by the Development Groups in conjunction with the project sponsors. It was anticipated that most of these proposals would be ready for submission to the Appraisal Sub-Group at its first meeting.
- 7.8 It was suggested that a meeting be set up with SHEFC and other appropriate individuals from the Higher and Further Education sectors to discuss potential projects.

8 Communications Plan

- 8.1 The Group was advised that regular updates to the communications plan would be presented to the Steering Group at each meeting. It was suggested that the ministerial launch of the programme should be held at the end of September as by that time some projects would be funded and this would provide a more newsworthy event. It was agreed to raise this future event with the Minister and propose suitable dates.
- 8.2 The group discussed the need to create a distinct programme branding and image. It was agreed that there could be advantages in generating a Scotland wide branding and image for the programme, however given the short duration of the programme, it would be unnecessary to spend a lot of money on design and artwork. It was agreed

however to progress with a programme website which could be used as the main promotional tool.

9 Dates For Future Meetings

9.1 The date of the next meeting was agreed as Monday 13 September 2004 to be held in Inverness, with the venue and time to be confirmed.

9.2 It was agreed to circulate the dates and venues for future meetings to the group for scheduling in diaries in advance. It was also agreed to rotate venues between Glasgow, Inverness and Edinburgh.

10 Any Other Competent Business

The information booklet containing project overviews of the award winning projects from the recent 2004 Annual Innovative Actions Awards ceremony in Brussels were circulated. Copies to be sent to those not in attendance.