



SCOTTISH INNOVATIVE ACTIONS PROGRAMME

Minutes of the third Innovative Actions Steering Group meeting
held on Tuesday 14 December 2004 at 1200hrs
in Board Room, Highlands & Island Enterprise, Inverness

Present

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

Apologies

David Souter	The Scottish Executive
Janet Brown	Scottish Enterprise
Maggie Symonds	Calico UK
Iain McMillan	CBI Scotland

In Attendance

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

1 Welcome & Introduction

The Chair welcomed everyone to the third meeting of the Group. Introductions were made for the benefit of Gavin Don who was joining the Group for the first time.

2 Apologies for Absence

Apologies were received as above.

3 Minutes of Last Meeting

The minutes of the previous meeting were agreed as an accurate record of the proceedings.

4 Matters Arising

- 4.1 At the previous Steering Group meeting there was a discussion on how the Programme could work with Technology Ventures Scotland (TVS). It was reported that the Programme Management Team had met with TVS and a number of opportunities

for collaboration over the next two years, had been identified with TVS. It was agreed that the learning from the Innovative Actions pilot projects could be disseminated via the TVS network. There was also the possibility of working collaboratively on an innovation conference towards the end of 2006, which will involve a range of high-level speakers on innovation from Scotland and across Europe. These activities will be progressed during the next two years. Any other matters arising were covered later in the agenda.

- 4.2 A question was made about the Programme networking activity and if it had identified any relevant contacts in Norway. As Norway is not a member of the EU there is no Innovative Actions Programme there, but the Programme Management Team agreed to explore this area further and report back to the Group.

5 Activity Progress Report

- 5.1 A copy of the Activity Progress Report had been previously circulated to the Group for information. Brief updates on the seven projects were given as follows:

- Scottish Executive – Mapping the Scottish Innovation Landscape
The project start date had been delayed, but it had now commenced at the beginning of December.
- Scottish Executive – New Interventions to Illustrate Innovation System Dynamics
This project is not due to start until 2005.
- Scottish Enterprise – Business Environment Mapping
Phase 1 has been completed and a collaborative region has been identified. The project is delivering on schedule and making good progress.
- Scottish Enterprise – Business Model Innovation
Phase 1 has been completed. The outcomes of the initial research work are being evaluated with the expected outcome that Phase 2 will now go proceed.
- Medialab Europe – Highlands & Islands Enterprise
The first licence deal has already been signed and two other licence deals are in the pipeline. Thirty SMEs from the HIE area have visited Medialab's facility in Dublin. The project is making good progress and is delivering on schedule.
- IAM Support Infrastructure Development – Scottish Intellectual Asset Management
The project commenced in November but there is little progress to report at this stage.
- Probability Adjusted Contextual Valuation – Scottish Enterprise
Consultants have been appointed and the initial report is complete. The project is delivering on schedule and will shortly progress to phase 2.

- 5.2 The evaluation process for the Programme was discussed. It was proposed that an external evaluator be appointed during the third quarter of 2005, once all of the Programme funding has been committed, to carry out an evaluation of the Programme. The evaluation process will involve a number of stages and methods designed to capture and evaluate the learning of both the process of implementing the Programme and the individual projects. The group discussed the issue of measuring the outputs from the pilot projects and it was agreed that this would mainly focus on the process, key learning points and qualitative outputs and results. Quantitative outputs and results would be captured where possible but it was agreed that this would difficult to measure for many of the projects.

- 5.3 It was also mentioned that the Evaluation Group is keen to remain involved with the Programme, and in particular the appointment and work of the external evaluator. The Steering Group agreed that the Evaluation Group should stay involved with the Programme as it progresses.

6 Financial Progress Report

- 6.1 A copy of the Financial Progress Report had been previously circulated to the Group. An overview of the impact on the financial position of the Programme resulting from consideration of the project applications at the meeting was presented. If all projects recommended for approval were approved at the meeting, the ERDF budget would be 86% committed. The Group agreed this would be a good position to be in at this stage of the Programme
- 6.2 The proposed approach to dealing with decommitment, underspend or overspend and possible exchange rate gains through the Programme was discussed. It was suggested there could be a reserve list of short duration pilot projects drawn up during the next round which could be funded by any underspend, decommitment or exchange rate gains through the Programme. Increased cost applications and extensions to the timescale of approved projects could also be invited.
- 6.3 The Group asked for clarification on the interpretation of 'overspend'. It was confirmed that projects could not claim more ERDF than had been approved without having this agreed in advance. In the event of funds still being available towards the end of the Programme, some projects could apply for an increase to their ERDF grant. It was unanimously agreed that any increased costs would require to be justified and should not be as a result of poor financial management of projects. In addition co-finance for any increased costs would require to be secured. It was agreed that a more detailed paper on the future financial management of the Programme would be prepared and circulated to the Group in advance of the next meeting.
- 6.4 Clarification was sought from the Group regarding the private sector contribution to the Programme. The group discussed if the ERDF intervention rate would drop below 50% if the full private sector co-funding in the EC financing plan for the Programme was not achieved. An assurance was given that any shortfall in the private sector contribution to the Programme co-finance would be made up by a corresponding increase in the public sector contribution and that the ERDF intervention rate for the Programme would remain at 50%. However it was agreed that the Programme Management Team would confirm this with the EC and feedback to the Group.
- 6.5 A point of clarification was raised concerning the Budget Commitment column in Appendix B to the Financial Progress Report. The figures in this column refer to all expenditure that has been committed during the period, that is, it includes some expenditure which has been incurred or committed but does not yet appear on SEP's financial control system.

7 Report on Project Applications

- 7.1 The eight project applications received under three of the Programme's action lines were briefly outlined for the Group's information. Copies of the project applications along with the recommendations from the Appraisal Sub-Group had been circulated to the Group for consideration in advance of the meeting.
- 7.2 The Group agreed that all applicants should be encouraged in their projects to engage with SMEs not currently known to or engaging with the existing support networks wherever possible. This was a general recommendation to all applicants from the Steering Group, but it was also noted that in some circumstances it would not be possible to find and include companies new to the network.

7.3 The Steering Group moved on to discuss each of the projects in turn and the following decisions were taken:

1. Targeting Innovation Ltd – Structured Innovation Thinking for Scottish SMEs
Project approved subject to Appraisal Sub Group recommendations and addition of word 'also' to point two.
2. Edinburgh University (on behalf of Universities Scotland) – A Single Gateway for Research & Knowledge Management
Project deferred. Additional information on the background to this project was requested from SHEFC by week ending 17 December. This supplementary information and a copy of the full application, including all the financial information, would be circulated to the Steering Group to allow it to make a decision by written procedure in January 2005. The project applicant was asked to clarify that the project would operate Scotland wide and to ensure that its services would be available to companies located in the Highlands & Islands.
3. Glasgow University – Easy Deals
Project approved subject to Appraisal Sub Group recommendations and clarification of 50% SEEKIT funding.
4. Glasgow Caledonian University – Developing a Culture of Innovation in Family Owned Enterprises
Project approved subject to Appraisal Sub Group recommendations and clarification of co-finance.
5. Scottish Enterprise (with Scottish Executive & HIE) – Marketing Capability Research
Project approved subject to Appraisal Sub Group recommendations.
6. Scottish Enterprise (with Scottish Executive & HIE) – Marketing of Marketing
Project approved subject to Appraisal Sub Group recommendations.
7. Scottish Enterprise (with Scottish Executive & HIE) – Access to Skills
Project approved subject to Appraisal Sub Group recommendations.
8. Scottish Enterprise (with Scottish Executive & HIE) – Provision of Services
Project approved subject to Appraisal Sub Group recommendations.

7.4 Projects 5 – 8 were developed jointly by the Development Group as part of its strategy to involve the private sector in both design and delivery of solutions under Action Line 4 of the Programme. Therefore the four projects are closely interlinked and will inform and advise each other as they are implemented. Given their nature, the applications were consequently not as detailed as the others submitted to the group. The Steering Group was asked to approve the process by which the Development Group had developed this strategy and to delegate the authority to the Development Group to approve the detail of the implementation of the projects, which would be developed by the private sector. After a general discussion, the Steering Group agreed to this course of action with the Development Group providing regular progress reports to the Steering Group. The Group also stated that they would like the Development Group to consider the importance of the projects focussing on selling and sales in their implementation.

8 Future Activity Plan

8.1 A copy of the Future Activity Plan had been previously circulated to the Group. The main point of discussion on this paper was the suggestion from the Development Group that a Project Stimulation Workshop is organised to decide how best to allocate the remaining funds in the Programme. It was suggested that the workshop should involve all of the Development Group and Steering Group members to ensure that any gaps or omissions in the overall strategy could be addressed. It was proposed that this workshop should be held in February / March 2005. This met with general agreement from the Steering Group and everyone was asked to provide suggestions for the

agenda and other issues to be covered at the workshop. It was also suggested that it would be useful for work on a gap analysis in advance of the workshop. If possible the early findings from the Scottish Executive pilot project that would be mapping the Scottish Innovation System should provide a useful basis for discussion at the workshop. The Programme Management Team agreed to liaise with the Scottish Executive to find out when this information will be available and set the date of the workshop accordingly. It was agreed that the Programme Management Team would circulate a list of possible dates for the workshop to the Group.

- 8.2 The Steering Group was advised that the first Annual Progress Report is due for submission to the European Commission by the end of February 2005. It was proposed that the report was prepared by the Programme Management Team and circulated to the Steering Group for approval by written procedure. The Group agreed this procedure.

9 Date of the Next Meeting

The date of the next meeting was tentatively agreed for Tuesday 17 May 2005 to be held in Edinburgh, with the venue and time to be confirmed. It was agreed that the Programme Management Team would circulate this and other possible dates to the group to ascertain a date that would suit everyone.