

EUROPEAN COMMITTEE

(GLASGOW)

Monday 17 January 2000
(*Afternoon*)

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EUROPEAN COMMITTEE

1st Meeting 2000 (Glasgow)

CONVENER :

*Hugh Henry (Paisley South) (Lab)

COMMITTEE MEMBERS :

*Dennis Canavan (Falkirk West)
*Bruce Crawford (Mid Scotland and Fife) (SNP)
*Dr Winnie Ewing (Highlands and Islands) (SNP)
*Dr Sylvia Jackson (Stirling) (Lab)
*Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab)
Ms Margo MacDonald (Lothians) (SNP)
*Maureen Macmillan (Highlands and Islands) (Lab)
*David Mundell (South of Scotland) (Con)
*Irene Oldfather (Cunninghame South) (Lab)
*Tavish Scott (Shetland) (LD)
*Ben Wallace (North-East Scotland) (Con)
*Allan Wilson (Cunninghame North) (Lab)

*attended

WITNESSES :

Kathy Cameron (Convention of Scottish Local Authorities)
Lex Gold (Review Steering Committee)
Heather Koronka (Scottish ESF Objective 3 Partnership)
Donald MacKinnon (Dumfries and Galloway European Partnership)
Gordon McLaren (Eastern Scotland European Partnership)
Dennis Malone (Highlands and Islands European Partnership)
Julia Palmer (Scottish Council for Voluntary Organisations)
Laurie Russell (Strathclyde European Partnership)

COMMITTEE CLERK :

Stephen Imrie

ASSISTANT CLERK :

David Simpson

Scottish Parliament

European Committee

Monday 17 January 2000

(Afternoon)

[THE CONVENER *opened the meeting at 14:05*]

The Convener (Hugh Henry): I formally open the first meeting of 2000 of the European Committee. I am delighted that we are in Glasgow. We have received apologies from Margo MacDonald, who has another engagement this afternoon.

Deputy Convener

The Convener: The first item on our agenda is the choice of deputy convener. Under the rules of the Parliament and following the agreement of the Parliamentary Bureau, it has been agreed that the deputy convener of this committee will be a nominee of the Labour group. I am advised that the nominee is Cathy Jamieson. Is that nomination accepted?

Cathy Jamieson was elected deputy convener by acclamation.

The Convener: Cathy, would you like to say a few words?

Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab): Thank you very much, convener. I will say only a very few words. I am delighted to accept the nomination and thank my colleagues for making that possible. I will obviously do my best to ensure that the committee works as hard as possible and that we get the best results possible for the people whom we represent.

This is a double pleasure for me—first, to accept the nomination and, secondly, because this meeting is taking place in the west of Scotland, slightly nearer to my home in Ayrshire than Edinburgh is. I have fond memories of Glasgow, where I lived for a number of years. I look forward to working with everybody. [*Applause.*]

The Convener: Thank you, Cathy. Before we get down to business, I ask members and observers to switch off their mobile phones to ensure that we are not disturbed.

European Structural Funds

The Convener: We have a fairly weighty agenda this afternoon and we will hear detailed information. We have a review of the European structural fund programme management executives and their relationship with the Scottish Executive. In October 1999, Jack McConnell, the Minister for Finance, announced a review of the administrative arrangements for the new round of the structural funds, specifically focusing on the role of the programme management executives.

The PMEs have been described in a number of ways. I am not sure whether it was meant as a compliment when they were described as the “day-to-day workhorses” for implementation, carrying out many of the daily tasks that ensure the smooth operation of the distribution of European funds in Scotland. They are a very important part of the process and, given that their future is being considered, it is important that the European Committee hears about some of their work so that we can make an informed comment on what we think their roles and relationships should be.

Today's is only the first discussion with the PMEs. Later this afternoon, we will also be talking to Lex Gold, who has been appointed by Jack McConnell as chair of the steering group.

We are aware that many other bodies in Scotland can also make an important contribution—Scottish Enterprise, the local enterprise companies, the Convention of Scottish Local Authorities and other partner organisations. I hope that, over the next month or two, the committee will meet some of those groups, formally and informally, to hear their views. Today, however, we are focusing on the PMEs.

The five programme management executives are making a presentation; I am advised that Laurie Russell will speak on behalf of the group. After that, I shall throw open the meeting to questions and comments, allowing other members of the group to contribute.

Laurie Russell (Strathclyde European Partnership): Thank you, Hugh. I apologise for the fact that the slides that accompany my presentation are not visible to the people behind me and that the screen is not as bright as I would like. As you know, we are not used to bright sunlight coming through the ceiling. After my short presentation, my colleagues will assist in the discussion and will help to answer questions.

I represent Strathclyde—or western Scotland—European Partnership. With me are Gordon McLaren from Eastern Scotland European Partnership, Heather Koronka from the Scottish

ESF Objective 3 Partnership, Dennis Malone from Highlands and Islands European Partnership, and Donald MacKinnon from Dumfries and Galloway European Partnership.

My presentation falls into four parts. I shall start with a quick reminder of what the structural funds do, moving on to discuss the process, saying a few words about planning for the future and finishing with some starter comments on the review of the mechanisms and relationships that have been set up by the Minister for Finance.

The question that we are most frequently asked by politicians concerns the kind of projects that are supported by structural funds in their areas. In the past 10 years or so, since we have been able to access substantial sums of structural fund support, those funds have supported investment in a variety of projects across Scotland. Those who were familiar with the structural funds in the late 1980s and early 1990s will know that they concentrated on supporting basic infrastructure in Scotland, including transport, environmental improvements and business infrastructure. The slide illustrates the Scalpay bridge in the Highlands, the conference centre on the banks of the River Clyde and projects in eastern Scotland and southern Scotland.

During the 1990s, the emphasis of the structural funds moved to investment in small and medium-sized businesses, concentrating on job creation. Support is given through grants and loans, training and consultancy support. The European social fund supports investment in people, supporting those who work in small and medium-sized enterprises with new developments such as information technologies and management training. It also supports unemployed people who want to get back into the labour market, whether they are women returners, young people, graduates, or people with mental or physical disabilities.

14:15

I shall give a couple of examples of how structural funds are used. The Wise Group, a training organisation based in Glasgow, uses structural funds to support the training of more than 600 people a year. It has developed a training methodology called intermediate labour markets, which led to much of the thinking behind the new deal. The Wise Group is a voluntary organisation. Every agency in Scotland that deals with economic development can get support from the structural funds. That includes Scottish Enterprise, local enterprise companies, local authorities, higher and further education establishments, the voluntary sector and local economic development companies.

My second example is from southern Scotland. The University of Glasgow Crichton College site, which will be opened by the First Minister later this week, is an example of the development of a higher education facility. Developing links between business and higher education will help to ensure that the knowledge-based economy can develop in southern Scotland. If members are interested, my colleagues can give more information about those case studies during the question session.

The second part of my presentation looks at the process of the structural funds. Structural funds are European funds, as members will be aware. Agreement about how they are to be spent in Scotland is therefore reached by deciding on programmes of funds with the European Commission in Brussels. The funding comes into the United Kingdom and into Scotland and is then devolved to the various regions and programme areas.

Structural funds provide up to 50 per cent support for projects. We do not develop the projects; the partners, the local authorities and the voluntary sector develop them. The role of the programme executives is to manage the 50 per cent co-finance that comes from European structural funds. Structural funds have economic targets. They are primarily about regional economic development and, although some social targets are built into that, they concentrate on job creation and other economic targets. The funds are in addition to the money that is spent by national Government and regional government to support economic development in the regions.

To illustrate the process, my slide shows the programme executives at the centre of three cogs—the European Commission, the Scottish Executive, and the hundreds of partners around Scotland that access structural funds. Our central position does not mean that all communication comes through us, but it shows our role in working with those three key elements of the process.

The programme executives service a whole range of partnership committees, take decisions about the projects and oversee the strategy, prepare reports, implement committee decisions and help with the project appraisal process. We are also responsible for monitoring; we play a role in evaluation and in helping to review the situation as things change over the lifetime of a programme.

Funding for programme executives comes partly through a funding source called technical assistance, which is available to all programmes. In future, that will be to a maximum of 1.25 per cent of the structural fund programme in each region. To put it the other way round, almost 99 per cent of the funding that we get goes directly to projects. Anyone who knows anything about

management fees will be aware that 1.25 per cent is a very low proportion. It is the lowest figure that we have known across other funding sources such as the social inclusion partnerships, whose management fee is 2.5 per cent. Some organisations, such as the World Bank, charge management fees as high as 18 per cent. We raise the other half of the management fee from the partners, who pay a contribution to the running of each of the programme executives. That budget covers salaries, accommodation, research and evaluation, and labour market information.

The programme executive system is not universal in the UK. For example, Government offices manage the structural funds in England. However, the benefit of having programme executives that are dedicated to this task is that in Scotland we have been able to get more than 90 per cent financial commitment from the programmes, which is extremely high compared with English regions.

We have been able to develop a much wider partner involvement than English and Welsh programmes have. Furthermore, we think that we have developed an equitable and fair system for assessing projects, with transparent procedures and fairly speedy decisions compared with decisions on lottery funding, which can take up to two or three times as long. Over the 10 years that the system has been in operation in the west of Scotland, we have been able to develop and improve quality.

A question that might be raised about the process is that some costs are not included in the costs of running the programme executives. Partners are involved in various committees and their work in preparing applications and providing monitoring information is extensive. The Scottish Executive has administrative costs in providing part of the role of the European funds division of the Scottish Executive development department.

There is a trade-off between being participative and having a more mechanistic approach. Although the latter will produce quick decisions, we believe that more can be gained by having broad participation in reaching the best decisions. Sometimes, our transparent procedures may require us to respect confidentiality, especially now that more private sector companies are involved in the structural funds.

The third part of the presentation concerns the future of structural funds. The overall policies of the European Commission in that respect complement the programme for government in Scotland. The key challenges faced by regions across Scotland are more or less the same, with some differences of emphasis depending on whether the area is rural or urban. We all face changes in the economy, in technology and in the

nature of work, as well as the challenges presented by economic and social inclusion, environmental concerns, equal opportunities, sustainable development and lifelong learning.

Such challenges underpin the development of the new programmes of funds. I am aware that the committee has already discussed the objective 1 transition programme and the objective 3 programme and that it will be examining the objective 2 programme for eastern, western and southern Scotland. The current objective 2 map in Scotland has been based more on areas of need than in the past, which has implications for how we develop the programmes. There clearly have to be close links with social inclusion partnership areas and the social justice policy. We have to take into account the new factor of transition areas and—as the Minister for Finance has stated to the committee and elsewhere—focus on areas that have just missed objective 2 status and in which there is greatest scope for job creation. Furthermore, we have to balance the need to create jobs with the need to tackle social issues, which I believe can be done in a balanced programme.

I want to highlight the scale of the funding programmes in Scotland in the next funding period. Over the next seven years, about £270 million will be available for western Scotland through the structural funds—a maximum of 50 per cent—which will probably generate three times that amount in the total value of projects. About £44 million will be available for southern Scotland. The transition programme for the Highlands and Islands, when converted from the €300 million that is quoted, is worth about £190 million. Eastern Scotland will receive about £137 million of funds and the objective 3 programme across Scotland is worth £320 million. Although the amounts have been reduced for the current programmes, Europe is still making a substantial contribution to the future economic and social regeneration of Scotland.

I will say a few words about the review that is in progress. The committee will speak to Lex Gold later and, having read *The Herald* on Friday, I do not want to say too much, as I believe that Lex finishes everyone's sentences for them if he gets impatient. However, I will say that the review is not being undertaken because we have not reviewed what we have done with the structural funds in the past. We have to provide annual reports to the European Commission and undergo a series of independent evaluations of the performance of European funds and of our processes. We have a final evaluation, a mid-term evaluation and an evaluation at the beginning of the programme, in which independent consultants are asked to assess whether the programme is tackling the region's economic needs.

Furthermore, we have examined quality systems such as Investors in People in most of the programme executives and some of us are now inspecting the European quality management system that other public and private bodies would be expected to examine.

Part of the reason for the review is that the environment is changing. Obviously, the Scottish Parliament and the Scottish Executive now exist, and the new round of structural funds will last seven years, where previously there had been shorter planning periods. As a result, we have to look back at our past experience to learn lessons from what has and what has not worked. Furthermore, the European Commission wants to be less involved in the daily work of the structural funds committees in the regions.

We are trying to ensure that we can assess accountability at different stages of the process; that we have proper co-ordination of structural funds across the work of the Scottish Executive, the Parliament, programme executives, partners, monitoring committees and other committees made up by the partners; and that we obtain good value from the structural funds.

I should stress that the programme executives pushed for the review partly because we, like the Scottish Executive, were concerned to learn lessons from the past. That means that the review has not been imposed on us and that we are playing a full part in the process, as I am sure that Lex will emphasise.

My final slide may lead the committee's discussion about how we can interact with it in future. The committee clearly has a role in commenting on the programme documents—it has already discussed the objective 1 and objective 3 programmes and, over the next few months, there will be an opportunity to comment on the objective 2 programmes. As we have to get those documents to Brussels by the end of April, we hope to involve the committee in discussions on them in February and March.

We hope that the committee will want to receive copies of our annual reports and perhaps have an annual review meeting with us, at which we can report on the performance of the programmes. We also hope that we can provide the committee with regular information through any relevant reports that we produce, our newsletters and websites.

I will finish there, convener. My colleagues and I are happy to answer any questions.

The Convener: Thank you very much for that extremely comprehensive overview. We are pleased by your comments that you have not only participated fully in the review, but have helped to stimulate it, because Scotland can take some credit for its effective use of European funds over

many years.

It is widely recognised in Europe that Scotland has models of good practice. You, Gordon McLaren, Dennis Malone, Heather Koronka and Donald MacKinnon have made a major contribution to that effectiveness. However, no matter how effective we are, we can always do better and learn from past practice.

You spoke about annual reports; this committee wants to conduct a regular review of what is happening with European funds throughout the year and throughout the programmes. It would be remiss of us not to consider what effects European funds are having in Scotland. We can look forward to more regular discussions over the next couple of years, as we attempt to gauge the impact of European funding and inquire into how funds are being spent on the communities we represent.

Later in the meeting we will discuss in detail the role of the programme management committees. We may have some questions to put to you on your relationship with them. I would like to come back on one or two things, but before I do so I will open up the discussion to my colleagues.

14:30

Irene Oldfather (Cunninghame South) (Lab):

Can Laurie Russell say something about the membership of the programme monitoring committee, the management executives and the advisory groups? What people are represented on the boards and who decides who should be included on them? Laurie is aware that I have said for some years that I feel that there is a democratic deficit. I am pleased that that is going to be addressed, but it would be helpful to members of the committee if Laurie could say something about the membership of the various groups involved.

Laurie Russell: I will give the example of western Scotland; colleagues can say something about the situation elsewhere, but it is probably fairly similar across Scotland.

At the moment, the most senior committee is called the programme monitoring committee, which used to be appointed by the Secretary of State for Scotland. The appointees have come from the organisations that are included in the partnerships: Scottish Enterprise, local enterprise companies, local authorities, the voluntary sector and higher and further education, in the main. The committee is chaired by an official from the Scottish Executive. As Irene Oldfather rightly says, it has been agreed that, in future, local authorities will be represented by elected members.

The European Commission is also asking for committees to have a gender balance and to

ensure that other social and economic partners—in other words the trade unions and employers' organisations—are represented. I understand that the minister has not yet come to a view or taken any soundings on the membership of the committees for the new period of structural funds, but he will do that over the next few months so that the committees can be set up before the middle of this year.

The monitoring committee is responsible for setting up a range of other committees that consider projects in detail as they come in. It receives reports and takes an overview of the whole process. One issue that we need to consider in the review is the role of the monitoring committee in relation to how we report to this committee, as similar reports might go to both.

The advisory groups tend to consider project applications in detail, against an agreed set of selection criteria. The monitoring committee decides the criteria against which projects are judged and passes on the task of making recommendations to the advisory groups. That is where partners with expertise in those kinds of projects tend to be most involved. The aim is to strike a balance between drawing on the expertise of individuals who know about economic development and different kinds of projects and having an objective scoring and selection system.

Most of us are set up as companies limited by guarantee, so we have boards of directors. We are companies set up by local authorities, local enterprise companies and the partnerships, so our boards consist of representatives from them. We try to ensure that our boards include representatives from across the regions that we represent. That means that the board of Strathclyde European Partnership will include people from Ayrshire as well as from Glasgow and elsewhere in western Scotland. We also seek fair representation from across the types of organisations that are involved with structural funds.

The Convener: Does any of our other witnesses want to add to what Laurie has said?

Gordon McLaren (Eastern Scotland European Partnership): The format that Laurie has outlined is fairly standard in terms of representation and membership. It is certainly similar in Eastern Scotland.

The Convener: If there are further questions on this issue, we will stick with it for the moment.

Ben Wallace (North-East Scotland) (Con): I know that it is called a programme monitoring committee, but many of its actions seem to be executive. It considers recommendations, but it also oversees strategic implementation. I cannot see the justification for having an elected member

from a local authority on a programme monitoring committee. I can see a case for their involvement further down, in the programme management executive or the local enterprise companies. What is the point of having a local councillor on a programme monitoring committee? The committee is directly related to the Executive, which is itself elected.

The Convener: That is an invidious question. We are talking to officers who are charged with practical delivery and with managing the funds. The question that you are posing, Ben, is a matter of political judgment for others—either those who sit on the committees, councillors or this committee. I am not sure that it would be fair to ask officers who are representing the executives to answer it. Do not lose sight of the issue—I will ensure that it is framed as a question when we meet the Convention of Scottish Local Authorities.

Irene Oldfather: I am grateful to Laurie Russell for outlining the procedures. Laurie, you mentioned that some of the partners are also on the advisory groups. Although they bring a certain amount of expertise to them, I can see a conflict of interest. Given that we are reviewing the situation and that everything is up for discussion, do you have any ideas about how we could put in place a system that would remove that built-in conflict of interest?

Laurie Russell: I would like to answer that in a couple of ways. First, we are conscious that there is a potential conflict of interest; we have been careful to draw up guidelines that ensure that people do not speak to projects in which they have an interest and that they declare their interests. Secondly, we have on the advisory groups a range of people who are independent of the process, such as academics and people from national organisations. I do not think that there has been a problem with conflict of interest, in the sense of people being there to promote their own projects. That is why I spoke about the need for a balance between expertise and an agreed selection process that is open to scrutiny. We keep scores against selection criteria for every project, so that it is open to scrutiny.

The feedback from partners in the previous interim evaluation that we did about processes in Eastern and western Scotland—I do not think that the other partnerships carried out such an evaluation last year—indicates that the advisory group process is thought by partners to work. Obviously, they had suggestions about how we might improve things, and we will pick those up for the new programmes. On the whole, there is trust in the system and it is seen to be equitable. People do not feel that there is a problem with vested interests. I think that we have developed enough procedures to achieve that.

I would like to link that to Ben Wallace's question, without addressing it in detail. When local elected members are involved in selecting projects, the conflict of interest is potentially even greater. There is an argument that it is better for elected members to be involved at the strategic level, rather than in project selection.

The Convener: I will take one more question on the programme monitoring committees. I propose to invite Laurie Russell to stay at the table while Julia Palmer and Kathy Cameron make their contributions to answer any further questions on PMCs.

Dr Winnie Ewing (Highlands and Islands) (SNP): Mr Russell has already answered a question on representation. Perhaps Mr Malone can tell me who is represented in the Highlands and Islands. The Highlands and Islands is a special area, with three island councils, Argyll and Bute Council, which covers a huge area, the Highland Council and Moray Council. Do all those areas feel that they have a fair share of the responsibility? Is there a fair geographical spread?

My second question follows on from Irene Oldfather's point about possible conflicts of interest. I accept that people should declare an interest if they have one, but the complaints that I receive are not about people promoting their own interests; they are about them refraining from promoting their competitors' interests. Often, such complaints are unjustified, but there is a danger, particularly in a small area, of several businesses being in competition on a project. If one of them is turned down, they immediately think that the decision was unfair. How do you deal with that?

Dennis Malone (Highlands and Islands European Partnership): The Highlands and Islands area is slightly different from western Scotland in that we have a single-tier monitoring committee supported by advisory groups. All our representatives are on the monitoring committee and every local authority has a seat on the monitoring committee. Highlands and Islands Enterprise has six representatives on the committee, four of whom are from the local enterprise companies, which ensures an element of local involvement.

We feel that we have a fair spread of representatives from across the Highlands and Islands. All three island authorities are represented on the monitoring committee, as well as—in one form or another—on the advisory groups.

The Convener: We will come back to the programme monitoring committees. I would like this committee, or representatives of it, to meet representatives of the PMCs. Winnie, we may send a delegation to meet the committee in the

Highlands and Islands—and other committees in other parts of Scotland—to discuss some of your concerns. I will ask Stephen Imrie to build that into the committee's work programme for the next couple of months.

Are there any other issues that members want to raise with the representatives of the programme management executives?

Dr Sylvia Jackson (Stirling) (Lab): First, on a point of clarification, Laurie Russell mentioned in his presentation the terms programme executive, which I assume means programme management executive, and committees and structural fund committees, which, I take it, mean programme monitoring committees?

Laurie Russell: Yes. We have developed slightly different names for committees in different parts of Scotland. Programme executives are the same as programme management executives. There is also a range of partnership committees. The monitoring committee is the only one that is written into the agreement for each programme between the European Commission and the member state. It is responsible for setting up any other committees, such as the advisory groups that operate within each region.

Dr Jackson: My question is about the monitoring review and evaluation and research of past practice. How do you think the processes could be improved? Are there any good aspects of the process and examples of best practice? What changes could be made?

The Convener: I invite some of the other representatives to respond.

Gordon McLaren: Evaluation and research are standard requirements. Formal monitoring and evaluation systems for each programme are written into the regulations, the arrangements for which are consistent across programmes. The programme management executives take that role on board and help to manage the process on behalf of the partnership, including the Scottish Executive. There are agreed procedures.

14:45

We work with the partnership to set up steering groups to determine the brief for commissioning studies. Evaluation happens through the mid-term review, which Laurie mentioned, and the expository evaluation that we undertake at the end of every programme. We also undertake a regular programme of review and research into how the programmes are performing. Much of that information will be picked up at the monitoring committee, which may judge that an imbalance is emerging in the implementation of the programme. It may judge, for example, that some areas are

slowing down or that targets in particular areas of the programme strategy are not being achieved. More often than not, one of the ways to tackle that will be to undertake a short piece of primary research.

We have a good track record. We manage very focused pieces of research through the steering group within the partnership. The recommendations are then reported to the monitoring committee, which has the overall say. The monitoring committee decides whether a piece of research is commissioned and signs off the report findings and any remedial work or modifications to the strategy that are needed.

Dennis Malone: In addition to the targets set by the programme and the single programming documents, the programme executive is given performance targets by our joint management board. We report on those annually as part of the performance review process.

However, the review gives us the opportunity to consider things slightly differently. The process has been criticised for being overly bureaucratic. People are concerned about the volume of paper that the process generates. If we turn the process round a little bit, to make it more strategically driven, the programme partnerships may have the chance to set a clearer agenda for what they want the structural fund moneys to deliver in particular programme areas.

Heather Koronka (Scottish ESF Objective 3 Partnership): I have a brief point of information for members about the objective 3 programme. One of the advantages of the new programme regime is that there is a Scottish operational programme—currently we operate within a Great Britain context—which means that, for the first time, there will be a Scottish monitoring committee with full powers over the operational programme, which the European Committee has already considered. Members may find that useful in terms of drawing comparisons across programmes.

Dennis Canavan (Falkirk West): The press statement announcing the setting up of the review does not mention specifically the programme monitoring committees; it says simply that there will be a review of programme management executives and their relationship with the Scottish Executive. I take it from earlier remarks that the review will cover not just what is said in the press statement, but the relationship between the programme monitoring committees, the programme management executives and the Scottish Executive.

The Convener: Lex Gold, who will speak later, is indicating that he will answer that specific question.

Dennis Canavan: My other point is that I

understand that objective 5b programmes are managed internally within the Scottish Executive. You did not refer to them in your presentation, but you did mention the need for subsidiarity and decentralised decision making.

Historically, why are objective 5b programmes based internally within the Scottish Executive? It would be a political decision, but would it be feasible to have a decentralised structure for objective 5b programmes rather than having them all centralised within the Scottish Executive?

Donald MacKinnon (Dumfries and Galloway European Partnership): The Dumfries and Galloway five-year programme was managed by a programme management executive, according to the same principles as have been outlined for the other programmes. The rural Stirling, north and west Grampian and Scottish Borders 5b programmes were managed with secretarial support from the Scottish Executive. Under the new programme round, what has been proposed is that the two 5b areas of Scottish Borders and Dumfries and Galloway are combined into the south of Scotland, with one European partnership executive assisting its management. The other programmes will be incorporated in the present Eastern Scotland area.

Gordon McLaren: The Borders 5b programme, the rural Stirling/upland Tayside 5b programme and the north and west Grampian 5b programme still exist and are going through an exercise that is similar to that in the other programme areas in closing down. They were managed internally by the Scottish Executive because they were very small in resource terms. The Scottish Office development department decided to manage them internally in one unit. The new planning arrangements propose a new configuration. For planning purposes, north and west Grampian and rural Stirling come in with Eastern Scotland, while Borders and Dumfries and Galloway are merging into south of Scotland.

Tavish Scott (Shetland) (LD): My first question, for Mr Russell, is on the process. One of your slides mentioned additionality. Can you go over the additionality process, in terms of whose responsibility it is to demonstrate additionality, who checks additionality and how transparent is the process?

Laurie Russell: The principle of structural funds is that funding should be the minimum required to allow a project to go ahead. It should meet the funding gap. We check each project to establish what other funding has been applied for and approved. One of the changes that has taken place over the past decade is that whereas, 10 years ago, one applicant—such as a local authority—would meet 50 per cent of the cost of a project and structural funds would meet the other

50 per cent, there are now likely to be three or four funding sources.

We check the application form to establish what funding has been applied for, from what source it is being sought and the status of the application. If, for example, the project is seeking lottery funding, we ask how much has been applied for and what stage the application is at. Before an approval of European funding or offer of a grant is issued, we will check that all the other funding is in place and approved. We check that by examining council minutes, local enterprise company minutes and letters from those organisations, to ensure that the co-finance has been approved. That is how the application works.

Tavish Scott: Who checks the process and how transparent is it? How does the decision-making process work?

Laurie Russell: The programme executives check the financial part of the process. That forms part of committees' consideration when they appraise projects. They will not make a judgment about the structural funds support on a project until the other co-finance is in place. The structural funds come at the end of the process of looking for finance.

Tavish Scott: Are you happy that the process that is currently in place is transparent and that additionality is demonstrated?

Laurie Russell: Additionality is demonstrated on a project-by-project basis through the current process. The application forms are transparent about where all the funding comes from and the programme executives will check that that funding is in place and that the correct procedures have been gone through in the other co-finance.

Tavish Scott: My second question is on the transition between the existing objective 1 programme, which is about to end, and the new plan. Dennis Canavan mentioned a press release. Just before—or just after—Christmas, the Executive issued a press release about the de minimis level of £60,000 for grants that was going to be paid because of a hiatus in the system. Will you describe what that hiatus is? Is it being resolved? What is the time scale for its being resolved?

Dennis Malone: My understanding is that that is embroiled in the current discussions about the state aid map and the decisions that are to be taken on state aids. I am not an expert on that issue, but it is certainly giving cause for concern among some businesses, especially in the Highlands and Islands. I would not like to add any more than that at this stage.

Tavish Scott: Do you know whether it will be sorted by the time the new plan starts?

Dennis Malone: It is currently a responsibility that is being undertaken by the Scottish Executive, rather than the programme executives.

Tavish Scott: That is where the responsibility lies at the moment?

Dennis Malone: Yes.

The Convener: This committee has already expressed concern that a number of organisations in Scotland might suffer in any gap or hiatus between the current programmes and the new plans. I spoke to the clerk to the committee today to ensure that that matter comes back to the committee in the near future for us to consider. We want certain assurances from the Executive about how it will handle that matter.

David Mundell (South of Scotland) (Con): I will raise some issues about the south of Scotland PME. There have been suggestions that it might not be sustainable. I am concerned by that suggestion, because the south of Scotland is a vast area, stretching from Stranraer across to Eyemouth, and I think that Dumfries and Galloway Council, Scottish Borders Council and the two enterprise companies have made tremendous efforts to work more closely together. I would like to know Donald MacKinnon's views on the sustainability of the south of Scotland PME. Secondly, if there is not a south of Scotland PME, what other realistic options are there?

Donald MacKinnon: That question arises from the suggestion in the key issues identified in the briefing paper that there are unlikely to be sufficient resources to fund a south of Scotland PME. The suggestion arises from the Commission's draft proposal of a cap of 1.25 per cent on management expenses for programmes. Elsewhere in the papers, there is talk of strengthening partnerships at local level and avoidance of unnecessary centralisation. I emphasise that the local partners in the south of Scotland are strongly in favour of a south of Scotland PME to manage that programme and are actively considering how to address that. They may have to address that issue in financial terms if it means contributing more than the 50 per cent that partners have been contributing under the previous programmes.

The Convener: There is another issue there. It should be addressed not just to the south of Scotland, but to all the PMEs.

Concerns have been expressed about running costs being met by a diminishing budget. I want to be convinced that continuing with the current number of PMEs represents a good use of funds and that we can afford it. Indeed, I would like to know whether there is an argument for having fewer PMEs, or whether that would create problems of accountability. At some point we need

to get to the heart of the matter: can we afford to maintain the present arrangement and would changes create problems of accountability?

I know that the Scottish Enterprise network, which is a major funder of much of the process, is concerned about its contribution. Scottish Enterprise has suggested that there is potential for streamlining. If the present arrangement is retained, will it be possible to share certain resources and processes?

David Mundell: If we do not keep the present arrangements, what are the other realistic options? Are there any that would meet partnerships' local requirements?

15:00

Donald MacKinnon: The south of Scotland plan team has considered that question. Partners in the Scottish Borders have received direct secretarial support from the Scottish Executive for their five-year programme, and the Dumfries and Galloway partners have experience of the programme executive model. Through that planning process there has been significant development of a regional identity for the south of Scotland. Partners from Scottish Borders and Dumfries and Galloway have realised the common issues and opportunities that they face. They have become aware that they can address issues in a similar way and that they can use the same mechanisms to achieve maximum benefit. The working assumption has been made—certainly in the south of Scotland—that the best way of addressing that is to have a locally based PME. The only other option that was considered—very early in the process—was the possibility of the Scottish Executive providing direct secretarial support, which it was unable to do.

Laurie Russell: We are straying into an area on which Lex Gold, as chair of the review group, will want to comment. He might answer some of the questions on this issue.

The Convener: On costs?

Laurie Russell: No. I think that he will speak more about where the programme executives should be located in Scotland. It should be remembered that the minister's working assumption was that there should be five programme executives and that that was what the review group was asked to consider.

The Convener: The committee is not necessarily bound by the views of the minister. I want assurances that it is appropriate to have five executives and that we can afford to have them, given that the costs will be covered by diminishing funds.

Laurie Russell: On costs, the European

Commission has published draft guidelines about the use of technical assistance. It suggests that a maximum of 1.25 per cent of the funds for any programme should be spent on management costs. The UK Government has responded that 1.5 per cent would be more appropriate, given that there are some small programmes, particularly in Scotland—an obvious example being the programme in the south of Scotland. That means that almost 99 per cent of the money that comes from structural funds goes directly to projects. If Scottish Enterprise questions those costs, I would like to find out how much of its funds are spent on central administration.

The Convener: That is a fair point, which we can put to Scottish Enterprise on another occasion.

Bruce Crawford (Mid Scotland and Fife) (SNP): I have a few quick questions. Please tell me if I stray into areas that Lex Gold will address. I am interested in issues such as accountability, lines of reporting, and ownership of decisions. The situation seems confusing at the moment, although I thank Laurie Russell for some of his explanation.

As I understand it, the programme executives were set up by the partnerships and were limited by guarantee. The programme monitoring committees delegate work to the programme executives. The Scottish Executive has financial control, and aspects of financial reporting go to it.

I wonder about the accountability of all of those different strands, particularly in view of the fact that the partners make up the PMEs. To whom are partnerships responsible, and for what? Is a partnership responsible to the Executive, the PMCs, or the partners whence its members come?

The Convener: A number of matters flow from that question.

Laurie Russell: You have touched on one of the reasons why we are conducting a review. Everybody has recognised the need to examine the question of accountability.

The money from the structural funds is the responsibility of the First Minister—formerly it was the responsibility of the Secretary of State for Scotland. The Scottish Executive acts as the managing agency—that is the formal title—for the structural funds. The formal relationship is between the European Commission and the Scottish Executive, which then delegates to the regions. Some authority for ensuring that the whole process works is given to the monitoring committee and some is given to the programme executives.

The partnership companies have boards of

directors. They, like any other boards of directors, have certain responsibilities. Those responsibilities are largely for hiring and firing and for the finance of the companies, but are not for the structural funds. There are two parts to the issue of accountability: our operation as companies with boards of directors or joint management boards and the management of the structural funds for which we are responsible.

The Convener: Anyone who serves as a director—even if they have come from the partners—is bound to exercise their judgment as a director rather than on behalf of a partner.

Laurie Russell: That is correct. The boards do not discuss the allocation of the structural funds. They discuss only aspects of running the companies.

The Convener: Where is the allocation of funds discussed?

Laurie Russell: It is discussed in the monitoring committee and in other committees that relate to the monitoring committee. Some partnerships have management committees and advisory groups. The monitoring committee, management committee and advisory groups represent a structure that is different from the boards that are responsible for the companies.

Bruce Crawford: That answer confirms the need for a review, which I am glad is taking place. There is a plethora of different levels: the PMCs, the advisory committees, the PMEs, the joint management boards, the Scottish co-ordinating teams and the plan teams.

I will return quickly to Tavish Scott's point on additionality. I will not deal with the question whether structural funds are accounted for properly in the Scottish assigned budget. I accept entirely that equalisation of finance is involved. However, given the fact that Government sources provide most of the LECs' money and 85 per cent of the money for local authorities and colleges, and the fact that European funds are accounted for in the Scottish assigned budget, is there true additionality?

The Convener: We can have a debate on that with the Scottish Executive, but it is not appropriate to ask that question of the witnesses.

Bruce Crawford: I am happy to accept that decision, but as the avenue of additionality had been opened, I thought that it was a fair route for me to take.

The Convener: Nice try, Bruce, but no.

Bruce Crawford: I shall not leave that one alone.

Allan Wilson (Cunninghame North) (Lab): I hope that I shall have more success. Some of

these issues might deal with subject matter that Mr Gold will address.

I return to the management issue, Laurie. The point about the slimline nature of your organisation is well made. I assure you that the Scottish Executive is examining the effect of that on Scottish Enterprise and on the delivery mechanisms of local enterprise companies. The current mechanism does not find favour with your partners. I am sure that you will agree that there is a degree of variation, concerning which organisations seek technical assistance, yet there is no flexibility within the top-slicing mechanism that is then applied. That leads to questions of fairness of application.

The second question concerns whether there is a degree of commonality in the selection criteria that are referred to in all programmes. Given the enlargement of the programmes and the finite nature of the resources with which we are dealing, should not the infrastructure projects that will survive the seven-year programme and achieve sustainable economic growth be a priority across the programmes? Does it work that way? Do you apply the same scoring mechanism to selection criteria from programme to programme, which would give a commonality of approach?

Laurie Russell: I shall answer first the question on technical assistance—perhaps some of my colleagues will answer the second question.

The decision on technical assistance is taken at the beginning of each programme by the programme monitoring committees. The decision for the past programme was that we should use technical assistance to fund the programme management executive. We still have to make such a decision for the new programme, as the monitoring committees are not yet set up. Changes can be made for the future, if that is required. We, and Eastern Scotland European Partnership, carried out a comprehensive survey of all the partners' processes about a year ago. Returns were positive and the rate of return was high. However, we do not—invariably—keep everybody happy and I am sure that there are moans from different parts of the region.

Allan Wilson is absolutely right that the issue of sustainability will have a much higher profile in the new programme. He is also right to suggest that we should consider which projects will outlast the next seven years of the structural funds. That is one of the key factors that we are trying to build into the new programmes throughout Scotland. A pilot project was undertaken in eastern Scotland, to examine sustainable development and the ways in which such criteria are built in. Perhaps Gordon McLaren can say more on that.

The Convener: Briefly, please, and then Dennis

Malone can come in.

Gordon McLaren: This follows on from an earlier issue, as it concerns streamlining and sharing of work. The executives collaborate, sharing experience and good practice. We will, from time to time, take the lead on particular issues.

The Convener: Do you share resources?

Gordon McLaren: We do not share resources, as we have no legitimate basis on which to do that at the moment. We are accountable to the Commission for the technical assistance that is within our programme budgets, and there is no possibility of sharing resources. We can, however, take the lead on certain issues. Laurie mentioned sustainable development as one issue on which we led in the east. Now we share the results of that across the programmes, executives and partnerships. We all recognise—nationally and within the EU—that that is an important dimension in the new programmes.

From that project, we developed a range of what we now call sustainable development criteria on issues of additionality, durability, resource efficiency and the like, which might be picked up and reflected across the programmes. We need to recognise, however, that, inevitably, all programmes will be developed to reflect the particular needs and opportunities in the regional programme areas. The projects must reflect properly the strategic objectives in each of the programmes—those objectives will not always be exactly the same. At the moment, we operate according to a set of core criteria and there are more specific criteria to fit the particular measures in each programme. At that level, a degree of variation will be observed, but at the core level programmes will be similar.

Dennis Malone: There is an issue concerning the way in which we manage regions at the margins of programme areas. Highlands and Islands European Partnership interfaces with north Ayrshire and Argyll, and with Moray. It must be remembered that these programmes operate in slightly different ways. The rules and regulations for objective 1 are different from those for the 5b programme, for example. The selection criteria are not the same, as the emphasis is on slightly different things in different programmes.

Higher priority is given to certain actions in some programmes than in others. For example, Highlands and Islands European Partnership experienced a lot of pressure on the business support programme, but there was less pressure on the Moray 5b programme. Projects were being approved under the 5b programme, but had more difficulty under the objective 1 selection process. So, yes—we must address more effectively the

interface between different programmes.

15:15

The Convener: Did those executives that are not companies limited by guarantee consider such a structure? If your partnership did, why was it rejected?

Dennis Malone: The Highlands and Islands European Partnership joint management board considered that structure at the tail-end of last year—in October—and agreed to move down that line for the next programming period. We have considered the options, and that is the most favourable approach. Problems were caused by difficulties over tax, VAT, superannuation and so on and that structure was considered to be the most appropriate.

Maureen Macmillan (Highlands and Islands (Lab): I want to question Dennis on something that he mentioned earlier—the idea of the process being made more strategically driven.

Are the management committees able to indicate fairly precisely what kinds of development they want? Can they make a strategic statement on what they want to happen, and then invite applications or bids? Can they say, “We need 300 more IT-trained people: can the colleges put in bids?” or do committees have to sit and wait for the applicants to come to them? I do not know how the process works, and sometimes I feel that we do not see the wood for the trees. Can that be done at the moment, or does that procedure need to be added on?

Dennis Malone: The process does not work particularly well at present. The programme executives try to be proactive and to support programme project development. However, there is still an issue concerning the paper process of applications being submitted and committees not standing back sufficiently to take a strategic view. It is not the monitoring committees that require to do that so much as the wider partnerships. They should stand back and say, “This is what we want to spend the money on over the next two years or so.” They should provide more incentive for the partners to promote the projects that are strategic, that deliver a long-term benefit and that will make that additional improvement in particular areas.

Maureen Macmillan: Should part of the review consider different ways of doing that, or is that just an example of better practice that could be used in the present circumstances?

Dennis Malone: My own view is that that should be part of the review, as it will have a knock-on effect on what the programme executives are expected to do over the next seven years. I would like to think that the programme executives would

have a greater—perhaps annual—role in regular monitoring and evaluation using the European Committee.

Donald MacKinnon: That raises the issue of the availability of matched funding, to make the most effective use of European funding. In some areas of past programmes, the priorities of 1994 or 1995 were not met, partly because partners' views of how much funding they would be able to match were not realistic. Perhaps that is being addressed partly, as local authorities are moving on to three-year budgets and Scottish Enterprise has a slightly longer-term future. However, that issue is worth raising.

The Convener: I did not give you an opportunity to comment on the structure of companies that are limited by guarantee. Do you have a different view on that?

Donald MacKinnon: The Dumfries and Galloway 5b programme considered adopting a company limited by guarantee model over a year ago but decided against it because there was so little time of the programme left. The south of Scotland European partnership is looking at that, with a committee considering a report on the subject tomorrow.

Ben Wallace: What effect would a delay on money coming through have on the implementation of objective 2 projects?

Laurie Russell: No European funding programme has started when it should have so partners are used to a delay between programmes and public agencies plan for that delay. That said, the effects are worst for training programmes because you cannot stop and start training as readily as you can other kinds of projects. Delaying the start of a capital project by six months may not have a huge impact but cutting training for six months may mean that trainers are laid off and trainees have no course. Other revenue programmes such as business support are also affected.

It looks as if this year is going to be transitional for objective 2 and it is likely to be towards the end of the year before the new programmes are approved and we can begin approving projects. There is an element of retrospection at the beginning of a programme so that approval can be backdated to the beginning of the programme period.

The Convener: As I said earlier, this issue should be considered as a specific agenda item in the near future. We need to look at the implications and hear what the Executive intends to do about it.

Heather Koronka: As a point of information, steps have been taken for all programmes to try to

lessen the gap. For example, for the objective 3 programme, which, as you know, covers lowland Scotland, projects are able to spend up to the end of June and funds have been allocated to cover up to the end of May. In that way it is hoped that the delay will be minimised.

Ben Wallace: I asked that question because Commissioner Mario Monti said to a European Parliament committee that he was unhappy with the UK submission, as well as those from other countries, in terms of competitiveness and sustainability and also time scale. The submission arrived in December and he was concerned that there could be a delay of up to six months.

Laurie Russell: As Heather said, existing training programmes have been extended to the end of June. We may have to look at extending them further, which, technically, can be done.

The Convener: We will come back to the issue in the near future.

Dr Ewing: I want to pick out two points on the programme executive functions: advising applicants and liaising with the European Commission. I am following on from Maureen Macmillan's wish to focus on what actually happens at ground level. Mr Malone, how far do applicants need your advice? Are you framing some of the applications because they do not know how to do it? If they need a lot of help, do you give it to them?

I think it says somewhere that you liaise with the European Commission almost on a day-to-day basis. Is that really necessary, if the Commission is happy with the record of the Highlands and Islands and with the delegation that we heard about today?

Dennis Malone: We like to keep our colleagues in the Commission informed about what is happening in the Highlands and Islands. They think we have a lot to tell them. We deal with representatives of the Commission on a whole range of financial, technical and regulatory issues. We speak to the relevant desk officer if not perhaps on a day-to-day basis, at least weekly. There is quite a lot of discussion going on during the current negotiation.

Advising applicants varies according to the agency—some are more capable of completing the forms and developing their own projects than others are. A large number of smaller organisations do not have appropriate expertise and resources and look to the programme executive to provide technical support, which we do. We do not go as far as framing their applications for them because they must ensure that they really want to carry out the project and that the finance is available, but my staff will assist with any technical queries.

Cathy Jamieson: Part of the role of the European Committee is to hold the Scottish Executive to account. One of our concerns is that sometimes the committee becomes involved or information comes to us rather later than we would have wished. How do you see the role of the committee in the work that will follow on from the review of the administration of the structural funds and in holding the Executive to account?

Laurie Russell: I see it along the lines outlined in my last slide, which is that each of us would come to you for an annual meeting and with an annual report, which you would comment on. That would allow you to pick up on issues from your constituencies and elsewhere on how the programmes are operating. The committee has a scrutiny role in relation to our performance. We should be expected to provide you with the information needed to ask questions about how the programmes are operating. You would then decide which questions are directed to the programme executives and which to the Scottish Executive. After the review, we hope that it will be clearer who is responsible for what.

Although Irene Oldfather referred earlier to the democratic deficit, it is healthy that politicians take an interest in European issues. To have this level of debate, today and earlier in the Parliament, is light years in advance of what we had in the past with UK politicians. Something similar was possible with the regional councils, as they took an interest in European issues. We all welcome the committee's involvement and feel that it can only enhance the process. We are partly in your hands in terms of how you want us to report to you but we would suggest as a minimum that we come to you annually with a report and to discuss performance.

The Convener: Thank you. I assure you that we will want to meet you at least annually and that we will want to have collective and also individual discussions with the programme executives. Your contribution has been a useful starting point in taking the process forward. It would be helpful if Laurie could stay in case any other issues come up about programme monitoring committees.

15:30

Next on our agenda we have Kathy Cameron from the Convention of Scottish Local Authorities and Julia Palmer from the Scottish Council for Voluntary Organisations. Who is going to lead? You are not going to sing together, are you? One should take the lead.

Kathy Cameron (Convention of Scottish Local Authorities): Good afternoon. I would like to thank the European Committee for this opportunity to speak on the issues that are being

addressed today.

Since 1996, I have represented the Convention of Scottish Local Authorities on a number of committees associated with the management and delivery of the current objective 3 and objective 4 programmes of the European social fund. I represent the interests of the 28 Scottish councils in lowland Scotland that are eligible to seek funds from those programmes. To keep the European officers of the councils up to date on issues related to the implementation and management of the programmes, I hold regular meetings with the councils and communicate with them through regular letters and reports.

Membership of the monitoring committees of the current objective 3 and objective 4 ESF programmes is on a sectoral basis, with representation from organisations such as my own and that of my colleague Julia Palmer. The common theme is that members represent organisations that are funded by the public sector.

Programme monitoring committee members are asked to consider the current status of the programmes and to reach common agreement on courses of action to be taken on a range of issues. The current objective 3 and objective 4 Scottish programme monitoring committees could reasonably be regarded as having to deal with both strategic and management issues. Examples of such issues have included: ratifying the recommendations of the scoring groups as to which ESF applications are to be approved; agreeing the strategy to be followed on the prolongation of the programmes to June 2000, based on the advice of the programme management executive and the Scottish Executive, and the collective experience of partners who are members of the programme monitoring committees; agreeing the method by which the new deal programme is linked to the ESF programmes—again based on the advice of the Scottish Executive and the Employment Service; considering the impact of changes in the exchange rate on the ESF resources available for Scotland; and considering evaluation reports on the impact of ESF on increased training and employment opportunities for the Scottish work force.

COSLA submitted views to the Scottish Executive in August last year concerning the involvement of elected members in the programme monitoring committees to be established to oversee the new programmes. I would like to take this opportunity to restate those views.

COSLA feels that the inclusion of elected councillors on the programme monitoring committees will build on the committees' strategic role and help to ensure that the focus and

direction of the programme meets regional economic needs and relates to partner priorities.

COSLA believes that the involvement of elected members will give the process a higher profile, help to deepen awareness of the European regional policy process, improve accountability and ensure greater publicity for the decisions that are taken. Elected members also have the authority to take the decisions that are required in the structural fund process and are able to commit their organisations and those of the sector that they represent.

COSLA has also made representations on the review of the programme management executives. I would like to reiterate them. COSLA has noted the minister's proposals for five programme monitoring committees to be established. COSLA supports those proposals and believes that the current administrative model should be developed, with a strengthened role for the programme monitoring committees. COSLA remains of the view that the five programme monitoring committees should be supported by five programme management executives, each to be established as a company limited by guarantee, to reinforce the role of the local partnerships.

COSLA's stated view on the current review of the programme management executives is that it should build on the model that has been developed in Scotland over the past 10 years. That model is broadly accepted by the Scottish partnership and has the support of the European Commission. The aim of the review should be to strengthen the partnership at the local level and to avoid any unnecessary centralisation, thus achieving a streamlining of the process. The review should ensure that the roles and responsibilities of the programme executives are clearly defined, and that the relationship to the Scottish Executive and the Scottish Parliament is clearly set out.

Julia Palmer (Scottish Council for Voluntary Organisations): I welcome the opportunity to meet the committee and to share my perspective on European structural funds programme monitoring committees—perspectives on what they do now, and on what they might do in the future. My national remit at SCVO means that I sit on a number of different such committees across Scotland, which gives me the opportunity to compare them. Much of what I have to say reiterates points that Kathy made and points that were made earlier in answer to questions.

The European Committee is already aware that Scotland has seven regional structural fund programmes. Those operate alongside the Great Britain objective 3 and objective 4 programmes and a number of regional community initiatives such as RECHAR, LEADER and URBAN, all of

which have committees to support them. Sometimes the programmes have one committee, and sometimes they have two tiers of committees. Those committees have management and supervisory roles over the implementation of the programmes. They exist alongside a range of advisory groups or scoring panels that are responsible for appraising project applications and making recommendations to the committees.

Where there is currently one tier of committee—for example, in the Highlands and Islands objective 1 programme and under the rural objective 5b programmes—the programme monitoring committees have a multi-function role. In addition to the strategic remit that involves, among other things, financial management, evaluating and setting the original indicators and targets for the programme and evaluating progress towards those targets, the committees consider operational issues and will recommend projects for approval to the Minister for Finance.

Of the regional and structural fund programmes in Scotland, only the two objective 2 programmes have a two-tier committee structure. They have senior committees—the programme monitoring committees—that undertake the strategic roles that I outlined earlier and major programme implementation issues. Those committees are complemented by programme management committees, which have much more of an operational role, looking at day-to-day issues and recommending projects for support.

The objective 3 and objective 4 programmes are different again, so it is no wonder that people find how the whole thing fits together quite baffling. As members know, the objective 3 and objective 4 programmes are currently GB programmes and have GB monitoring committees. Those are then supported by a series of regional committees that represent the English regional government offices, and Scotland and Wales. The remit of the committees in Scotland tends to be both strategic and operational.

Although the respective roles and remits of those committees are all set out in various reference documents, people who are not involved in the process find the structures unduly complicated and rather baffling, because there is a large number of programmes, each with a different management structure.

As members know, there will be five new programmes from 2000 onwards—four regional programmes and one human resource initiative programme that runs across the whole of Scotland apart from the Highlands and Islands. There has been a slimming down in the number of programmes, which I think will be helpful. There will be fewer committees.

In my view, it would be sensible to separate the strategic from the operational functions, as currently happens in the eastern and western Scotland programmes, where a programme monitoring committee meets less frequently—perhaps twice a year. That committee considers the programme and selection criteria, sets the targets and indicators for the programmes, measures progress towards those targets, considers—especially in relation to mid-term reviews—evaluation and implementation, and deals with financial management issues. A more focused strategic role would enable the programme monitoring committees and the European structural fund to complement the policies and strategies of the Scottish Parliament and the Scottish Executive more coherently.

A secondary tier of programme management committees, which sits underneath the monitoring committee in each area, meets more regularly, perhaps three or four times a year. Those committees consider operational issues and recommend projects for approval.

The Executive has indicated that it would like monitoring committees to be slimmer. However, membership of strategic monitoring committees tends to be quite slim, with representatives from the Scottish Executive, the European Commission, Scottish Enterprise, a local enterprise company, higher and further education, the voluntary sector, the environmental agencies—the Scottish Environment Protection Agency and Scottish Natural Heritage—the tourism sector, and usually two or three representatives from local authorities. Each of those sectors or organisations would likely continue to participate in the new programme monitoring committees. It is also possible, as Laurie mentioned earlier, that the committees could be expanded to include social partner organisations such as trade unions or employer organisations.

In terms of the individuals who would be approached to participate in the new programme management committees, I offer the following as food for thought. To be effective, the individuals should be able to provide strategic input to the committees in order to place programmes in a wider context, for example, in the context of regional employment strategies or national strategies such as the social inclusion agenda and other policies of the Scottish Parliament. Individuals should also have an understanding of structural fund programmes and what is achievable and what is eligible within those programmes. If the committees are to be effective, it is important to stress continuity of membership. That is essential. Committee members need to be able to attend all of the meetings, or as many as possible, rather than send alternates.

Lastly, the opportunity to restructure management arrangements so that there is a consistent approach across all programmes in Scotland will be helpful to partner organisations and other interested individuals and bodies who are not directly involved in the process.

The Convener: Thank you, Julia. Would it be fair to say that certain sectors are keen to have representatives on the committees because, although the committees are objective, the sectors feel that they do proportionately better in the distribution of funds through that representation?

Julia Palmer: Is that a question for me?

The Convener: It is for either of you.

Julia Palmer: It is important to have representatives from different bodies and sectors because they bring different perspectives to the process. The individuals on the strategic committees are not necessarily those who are involved in making decisions about project appraisals. They are there to look at the effectiveness of programmes as a whole.

Dennis Canavan: COSLA is in favour of elected local government representatives being on the programme monitoring committees. Do you detect any resistance to that idea and, if so, where is it coming from? [MEMBERS: "From Ben Wallace."] What are the arguments that are used against the proposal?

Kathy Cameron: I have not heard any official resistance to the call for elected members on the programme monitoring committees. I have heard rumblings from one or two sectors that suggest that the involvement of elected members might diminish the role of the monitoring committees to the extent that the bulk of the work would be transferred to the tier below that, which is the level of programme management committees. However, as I have already stated, COSLA's view is that elected members would be of assistance because of their involvement in the democratic process and their electoral mandate to represent their constituents and sectors. Their involvement would, to some extent, raise the status of the process.

Dennis Canavan: But do some of the opponents of COSLA's proposal argue that elected representatives might be too parochial and not take a broader strategic view?

Kathy Cameron: I have not heard that argument being made.

David Mundell: Following on from that, and making a serious point, in relation to representatives from local authorities, does COSLA have a concept of best practice for reporting back to councils? I am not aware how local authority representatives, when they are

appointed to bodies, report back to their councils, whether they are putting forward either the council view or a wider view rather than a parochial view.

Kathy Cameron: It is difficult to comment at this stage, because elected members have not been involved in this process before. In England, one or two elected members are involved in the process, but at the lower project appraisal level. At this stage, I cannot comment on the reporting process. However, it would have to be transparent if elected members were part of that level of decision making.

David Mundell: The question that I was going to ask before I assisted Ben—

The Convener: He needs no help.

David Mundell: My question follows on from something that the convener said. Do you feel that the membership of the committees creates an impression of insiders and outsiders—that people, particularly those in rural areas or those who feel isolated from the centres of influence, feel that they are outsiders in the funding process?

15:45

Kathy Cameron: Sometimes that is the perception of people who are not directly involved with the committees. However, you put your finger on the issue when you asked about feedback from representatives. It is important that representatives feed back to their sectors and to people in their geographic areas. In the main, that tends to happen, because they are expected to do it.

Ben Wallace: If elected representatives are on the committees to represent their constituents, how can the potential conflict of interest for councillors at the monitoring committee level be avoided?

Kathy Cameron: The issue arises not just with elected members, but, as Laurie said, with all representatives on programme monitoring committees. The representatives would have to take a step back. They have to be seen not to be defending their own corner in the discussions on specific projects.

You must remember that on programme monitoring committees the members do not discuss projects, they discuss strategies. It is my view, and the view of COSLA, that when talking about strategy there must be a common aim, and that the common aim of committee members would be that they want the best deal for Scotland.

Ben Wallace: But the corner that you are fighting is much smaller than that of, for example, MSPs, MPs and MEPs. You are talking strategy—

Irene Oldfather: May I come in on that point?

The Convener: Wait a minute. I might not agree with Ben, but let him finish.

Ben Wallace: You are talking about an overall strategy. There are not many monitoring committees, and their remits will be large. You are arguing for democratic representation on those committees, which is a fair point. As David said, elected representatives would have better input and a reporting-back system if they were from a more strategic authority. It was interesting that Laurie said that COSLA had a relationship with regional councils, which were much more into Europe. That is why I was looking into the difference between a local authority democratic representative and an MEP or someone who represented a bigger area, because the latter represents a more strategic area than does a local authority representative.

The Convener: I am trying to get the gist of what you are saying. Do you fear that, because they are democratically accountable, councillors are more susceptible to influence than are the people on the committees who, in a sense, are accountable to no one, or do you want different democratically elected representatives, such as MSPs, on the committees? I have grave reservations about MSPs getting involved.

Ben Wallace: I do not have a problem with there being a democratically elected member on a committee such as the programme monitoring committee. I have a problem with the level from which that democratically elected member comes. If they come from a local authority, they may find that there is not the same set-up or recourse of reporting back to the democratic process.

Kathy Cameron: It might help you if I point out that, certainly in the east and west of Scotland, European consortia of councils exist, which bring together elected members to discuss the common concerns for their regions, regarding European policy. The consortia cover a large area—not only an immediate council area, but larger areas of the west and east of Scotland.

The Convener: Ben Wallace is perhaps arguing for the recreation of Strathclyde so that we can have bigger strategic authorities.

Bruce Crawford: I can help Ben Wallace to understand the issue of elected members.

The Convener: No. If you have a question, you should address it to Kathy. We can help Ben Wallace out elsewhere.

Bruce Crawford: It is important to understand where the elected members would come from. That is the question that, ultimately, I will put to Kathy. Local enterprise companies are now expected to take a strategic view, not to examine only their own areas of interest. The model seems

to be operating reasonably effectively in Scotland, although the Enterprise and Lifelong Learning Committee, which is considering such issues, will tell us whether that is the case.

Democratic legitimacy is important to the way in which the committees operate. The question of where the elected members come from and how they are elected is vital. I presume that they would not be elected by individual councils, but would come from the consortium for the area that they represent. As a result, they would be responsible for a wider constituency, and they would report back not to individual councils but to the consortium, so the accountability would be much clearer. Is that assumption right, Kathy? If what I described is not the case, I suggest that it should be.

Kathy Cameron: Yes. That is one model that could be used.

Bruce Crawford: In that case, how would COSLA appoint those committee members?

Kathy Cameron: COSLA has one spokesperson on European affairs—Hugh Henry held that position prior to his election as an MSP. However, that person would not be the only elected member who might be involved in the programme monitoring committees. The elected members who have been involved in some of the European consortia have some knowledge and understanding of the process—of regional policy and of the workings of the structural funds. Appointment to the consortia might be a suitable way in which to find suitable candidates to serve on the programme monitoring committees.

The Convener: Your argument is for a nationwide programme that would cover the bulk of Scotland. COSLA's structure would enable such a nomination, but Bruce is making the point that for more localised projects, other groups of councillors can help to nominate someone to, say, a west of Scotland committee. It would not necessarily be someone from COSLA who would be appointed directly to that committee. A COSLA representative who was a Fife councillor, for example, would not necessarily be appointed to a west of Scotland committee.

Kathy Cameron: No. I would not expect so.

Bruce Crawford: The crucial question is who will make the appointments—COSLA or the consortia? That is an important distinction.

Dennis Canavan: The answer is given in Christine May's letter to the committee. I assume that she speaks on behalf of COSLA when she envisages that

"the elected representative(s) on the Highlands and Islands 'special' Objective 1 programme would be drawn from the Highlands and Islands Conveners group, while membership

of the new East/Western Scotland Objective 2 programme would be nominated through WoSEC and ESEC respectively."

The Convener: Thank you, Dennis. We will leave it at that.

Irene Oldfather: There are countless precedents for this, of which the European Committee of the Regions is one. COSLA gives geographical, gender and political balance to those who represent Scotland as a whole. It is quite clear that that can easily be done, and elected members would not represent their local area; they would represent the balance of gender, politics and geography in Scotland.

I want to ask Julia Palmer a question, as no one is better qualified to tell us about the voluntary sector's problems and difficulties. She will be aware of the difficulties that have been experienced over many years as a result of late payments. It took us months to identify where the difficulty lay. The Commission blamed the Treasury and the Treasury blamed the Scottish Office. I should add that that was under the Conservative Administration. Everybody blamed everybody else, and it took us about 18 months to discover that money had been paid into the wrong bank account. In the meantime, voluntary groups were suffering tremendous hardship at the front line.

What checks and balances can we build into the structure of the review to ensure that such problems are identified early and that action is taken on them?

Julia Palmer: We have drawn to the attention of Mr Jack McConnell, the Minister for Finance, our concern about the delay to the implementation of the new programmes. I am greatly concerned by that delay. Issues are often raised by the monitoring committee, but are not always acted on. Payment delays happen, but the timing of decisions on projects is more important than the arrival of the funding.

At the moment, both the objective 1 and objective 3 programmes could be approved early this year by the European Commission. It is likely that the objective 3 programme will be agreed in April. However, no nominations have been sought for monitoring committee members. There will have to be a consultation period, within individual sectors, for putting forward names to the Executive. I am concerned that Europe may approve the programmes before we have monitoring committees, which would mean that the process in Scotland would be delayed. The monitoring committees will have to meet to agree the application process and the selection criteria for each of those programmes before applications can be called for.

According to the best timetable, the monitoring committees might meet in April. A six-week period will have to be allowed for applications to be received; another six weeks will be required to process those applications; a further couple of weeks will be taken up by monitoring committee meetings; and, finally, the minister will have to approve the projects. We could be talking about approvals in mid-August for revenue-funded training projects that currently receive funds until only the end of May, although some of the organisations involved will be able to eke out the funds until the end of June, so I already have significant concerns.

You said that the committee would return to this issue. I would welcome the opportunity for a voluntary sector representative to attend that meeting.

Irene Oldfather: May I ask a supplementary question?

The Convener: I want to move on, as we are running out of time. I will allow one more question before we draw this part of the meeting to a conclusion.

Irene Oldfather: Convener, we must have a watching brief on this. The committee must return to the matter.

The Convener: We have already said that we will do so.

Cathy Jamieson: My questions concern the openness and transparency of the appointments. First, there must be many people in the wider community who have something to offer to the programme monitoring committees. How would they get information on the committees, if they wanted to participate? Secondly, are there any groups that you think have been under-represented on such committees in the past? Should we target those groups, to ensure that they have a say in future?

Julia Palmer: The programme monitoring committees are structured to include representatives from, and individuals with expertise in, different sectors. Information is shared quite widely within sectors. For example, SCVO produces briefings for voluntary sector organisations to let them know what is happening. We often seek nominations for programme monitoring committees and encourage individuals with experience of running projects at the coalface to come forward.

The European Commission has indicated that it wants a gender balance on future monitoring committees. At the moment, there tends to be such a balance on most programmes. Some interest groups might argue that the black and minority ethnic sector and, possibly, individuals

with disabilities have been poorly represented. It is important to ensure that the committees include people who have experience of working with those groups, even if the groups themselves are not represented.

The Convener: I thank Julia Palmer, Kathy Cameron and Laurie Russell for their contributions. As Irene Oldfather said, we must return to the issue and we would value their support and advice. I propose to take a five-minute break before we hear from Lex Gold.

16:00

Meeting suspended.

16:08

On resuming—

The Convener: I apologise for the delay, but we started late and some of the contributions have overrun. It was important that we heard some witnesses' views in detail.

Our next witness is Lex Gold, who is the chair of the review steering committee. Lex is director of the Scottish Chambers of Commerce, but he has many hats. He is also chair of the Scottish Premier League—which makes him a glutton for punishment—but we shall say no more about that during the winter shutdown.

Lex Gold (Review Steering Committee): There is a European context in the football scene as well.

I welcome the opportunity to appear before the committee. I was pleased to be asked by the Minister for Finance, Jack McConnell, to chair the steering committee. That delight was slightly trammelled by the awesome responsibility of appearing before you, but I have been blessed with a superb team to help me.

As agreed with the Minister for Finance, we are charged with acting in a strategic manner. We have been invited to stand back and take stock of how the PMEs operate and how they should co-ordinate with one another. At our first meeting, we concluded that those who control the programmes should engage more proactively in strategy review and that the process should be continuous. There should be a constant monitoring of strategy, which should be reviewed as audit and spend are reviewed. There has been a fair amount of concentration on audit and spend, but not on outcomes.

The committee must ensure that its work produces a lasting and sustainable impact and concentrates on the long term—members' questions today have emphasised that. We must concentrate not on ability to spend but on

outcomes that make a difference. We believe that there is a need to set and review output targets. Our aim is to achieve added value for those involved and for the more general social and economic impact.

The review process has two main strands. The steering committee is concentrating on the strategic issues of how best to implement the new programmes and on what the respective roles and responsibilities of the Scottish Executive, the PME's and the partners should be. At a more technical level, officials are working on the detail of accountability systems and on monitoring and evaluation requirements. They are also considering the detail of what is needed in the business planning process for each PME. The steering committee's role is to ensure that the necessary links are drawn between those technical exercises and more strategic questions.

On Friday, I sent a note that spelled out the steering committee's role and composition. I understand that the members of the committee were chosen for their individual contribution rather than as representatives. Did all members receive copies of that note?

The Convener: We all received copies, but some members may not have brought them with them today.

Lex Gold: The committee met for the first time on 29 November. Our approach, as I outlined it to you, was determined at that meeting. On 7 December, we joined a workshop to launch a process mapping exercise. On that occasion, representatives from each of the structural fund partnerships were present.

Given the timetable for the process mapping exercise, the committee was keen to ensure that intellectual rigour was brought to bear on a fairly complex set of arrangements. The process mapping exercise is being conducted by a team comprising officials from the Scottish Executive, the PME's, the enterprise network and COSLA. That team is being assisted, and I emphasise the word assisted, by Eglinton, the management consultants. It is not a management consultant-led exercise; Eglinton is there to provide expertise, but the team is doing the work.

16:15

We received a preliminary outcome from the team last Thursday, 13 January, and the steering committee was able to review some of that work and give a steer for the next stage. At the moment, we are about halfway through the exercise and we expect to receive draft recommendations at our next meeting on 10 February. Given the timetable that the Minister for Finance set for us at the outset, we aim to present some recommendations

and a report to the minister early in March, once we have checked them with some key partners.

I understand that the minister has undertaken that the European Committee will have the opportunity to discuss emerging findings. Subject to the committee's view, we will recommend to the minister that, once he has received our findings at the beginning of March, copies should be made available to the European Committee.

That is the broad area of process; I will be happy to answer any questions from the committee.

David Mundell: I have every confidence in your ability to bring intellectual rigour to the process. What is your current thinking about the number of PME's, bearing in mind the geography involved and the balance between efficiencies and the need for local partner involvement?

Lex Gold: I welcome the opportunity to respond to that question, but there is a prior question: should there be PME's in the first place? Shortly after announcing the review, the minister indicated that he was operating on the presumption that there would be PME's and that there would be five of them. Our committee—showing some intellectual rigour—was not prepared to settle for that, but insisted on having a hard look at both questions. In relation to the first question, we have been considering what happens elsewhere in Europe. We are also examining the existing PME set-up here. The Scottish model, as it is quite properly described, has added value linked to it.

We will come to a final conclusion on numbers at the beginning of February, but I would not like to lead you to believe that we will recommend a different approach on the basis of our current information. We will consider the numbers, and the point that the convener raised about costs will be factored into those considerations. Disruption is also an issue that we must consider. Given the limited time available for structural funds, changing now may cause disruption. On costs, we are also considering whether, having started out with five PME's, we should stick with that number throughout.

Those issues are all under examination. We are also looking at other European models. However, it would be misleading to suggest to members of the European Committee that, at this stage, we are other than satisfied with the PME approach; it is a good system that has added value. We are likely to suggest that it should continue.

Irene Oldfather: I would like to follow up on that point and then ask about accountability. My question on PME's relates to something that Dennis Canavan said about programme monitoring committees. I suggest that we evaluate how those work. I do not particularly favour centralisation but, given what the convener said

about savings in administrative overheads, is there any merit in planning strategically at a high level, through one PMC, but implementing low, at regional level? I do not expect Lex Gold to give an answer today, but the steering committee could consider that idea. Although I believe that if something ain't broke, don't fix it—it may be that the present processes are correct—the steering group should evaluate at what level strategic planning and implementation should take place.

I know that Lex Gold has heard the evidence that has been given this afternoon. What is the potential in the system for conflict of interest? There seems to be a lot of overlap, with the involvement of partners in decisions about projects. I raised the point earlier in relation to advisory committees. There is an opportunity to review and change the criteria and guidelines, if necessary. If there are good criteria and guidelines, why cannot we have independence in the system? Why do we have to involve the partners in the decision-making process? Overlap is evident on the advisory committee and the programme management executive. I do not think that there is any abuse in the system, but there is potential for abuse.

Will Lex Gold assure us—knowing him, I am sure that he will be able to do so—that the timetable will not drive the outcome? The timetable that has been imposed on the steering committee puts pressure on it to provide a prompt report, but I hope that it will be innovative in its approach to the project.

Lex Gold: I am glad to be able to respond to Dennis Canavan's point on PMCs. It is not formally part of our remit to review the PMCs. On 12 October, Jack McConnell announced that there would be five PMCs. He said that PMCs would have a more strategic approach, which would reflect the greater evaluation, audit and review roles in the new general regulation. He also said that there would be elected members. A side comment arising from this committee's discussion with Julia Palmer—this is a personal view rather than one from the steering committee—is that it is important that the deliberations of PMCs are transparent, like the meetings of this committee. Jack McConnell also said that social and economic partners would be engaged in the process.

It is not for us to examine PMCs, but we need to recognise what their role is, as described by the minister in relation to the general regulation. It is important that our review produces true articulation to ensure that those new demands are met. We have enough information to do that.

I am not sure that I could take up Irene Oldfather's question on PMCs.

Irene Oldfather: You have clarified that your remit does not include a consideration of PMCs. That is disappointing, as there was an opportunity to marry the question of planning at a strategic Scottish level with that of implementation at a regional level.

The Convener: That is a comment that this committee may wish to make; we may want to return to the issue. I appreciate the constraints on Lex Gold.

Lex Gold: I am not sure how real the constraints are, but I understand Irene Oldfather's point.

The process mapping exercise should examine carefully the issue of accountability. The aim is streamlining. We tinkered with ideas of simplification and so on, but they seemed to be wide of the mark. We want to ensure that there is the best possible fit. I am not yet able to say whether we can produce the answer.

I am happy to give Irene the assurance that she seeks about the timetable. A lot of detail has to be pursued, but I hope that we will highlight the strategic issues, how they might be resolved and the timetable for resolving them. We will not allow our tight timetable to get in the way of our strategic approach.

Dr Ewing: I wish to ask a short question on streamlining. The Highlands and Islands, which has a good record in dealing with structural funds, has two tiers, whereas the other areas have three. Does not the fact that the Highlands and Islands started with three tiers but thought it expedient to move to two say something about efficiency and cost saving?

Lex Gold: My answer is even shorter: it may do.

Dr Ewing: Are you prepared to consider that question?

Lex Gold: Yes.

Dennis Canavan: I was pleased to hear you talk about the possibility of input to your review by the European Committee of the Scottish Parliament before final decisions are taken. Will you also bear in mind the possibility of a longer-term role for this committee? Obviously, we do not want to become involved in the day-to-day management of projects, but we would like a monitoring role. Your remit is to recommend measures that would enhance the relationship between the PMEs and the Scottish Executive, which is supposed to be accountable to our committee. After the review, there could be an on-going role for our committee in this whole process.

Lex Gold: I will certainly take that point into account. At the first meeting of the steering committee, we spent some time considering the new constitutional set-up in Scotland, including the

position of this committee. There are some delicacies concerning how one operates with ministers in this territory. I agree with the conclusion in the last paragraph of the paper that the clerks of this committee prepared about the strategic nature of this committee's involvement in European monitoring. That might be reflected in our report, although it must be recognised that consideration of the role of this committee is not our primary purpose. I am sorry if that sounded a bit like waffle.

Bruce Crawford: Irene Oldfather talked about the scope of what Lex Gold has been asked to do. In any mapping exercise, we will examine who does what, levels of responsibility, decision making, and where the interconnections are. Inevitably, that will lead to consideration of the plethora of levels and parts of organisations to which I referred earlier, and to the highlighting of concerns in other areas. Because the remit has been drawn as it has, it will be difficult for Lex and his people to present a review that is as whole as this committee might like it to be.

I cannot ask Lex to respond to that, as he has been set a task by the minister. I do not want to delay this process, but delay might be better than ending up with something that is only half done. I am beginning to wonder whether this committee should ask the Executive to take another look at this matter and widen the review's terms of reference. I need to know your views on that, folks.

The Convener: We can make suggestions, but power lies with the Scottish Executive. The minister has announced the review's remit and we cannot delay it unless he is minded to do so. We will need to come back to the points that have been made about the PMCs; we will try to find some way of doing that. The best thing would be to see what we can feed in to the minister without disrupting Lex's work.

16:30

Bruce Crawford: Are you saying that the European Committee could take on the role of putting together the bits that we believe have not been considered properly and make further suggestions to the minister? That would be constructive.

The Convener: As we have said throughout this afternoon, there are questions to be asked about the PMCs. If we feel that comment needs to be made, we can consider the issue. I have already asked Stephen Imrie to look into when that could be included on an agenda. However, I would not want to do anything that would slow down Lex's work—he is under enough pressure.

Dr Jackson: I thought that Lex Gold was saying

that the process mapping was giving him ideas about streamlining and that he would be considering articulation, possibly with other matters. Some of the issues that Bruce Crawford has raised may, therefore, come out of the report. Can Lex say whether I have understood him correctly?

Lex Gold: I was going to make that point by way of a follow-up. I am not absolutely clear what Bruce Crawford has in mind in terms of the PMCs, but we have sought to take into account the context within which they will be operating and to ensure that there is proper articulation. Nobody, with the exception of the minister and one or two close advisers, knows who will be on the PMCs and what the general structure will be. However, we have an understanding of the PMCs' task as it currently stands, although you may wish to challenge that task. Just as strategy needs to change when the surrounding conditions change, the recommendations that we make must change if the structures change. That need not hold us back.

The Convener: Whatever we do, we need to bear in mind some of the points that Julia Palmer made about the timetable and the consequences of delay. If we feel that there is a fundamental issue relating to the PMCs, we need to articulate that quickly. However, we cannot afford to become involved in a long-drawn-out process that delays participation in the PMCs and leads to projects not being approved. We need to keep a wider agenda in mind. Nevertheless, if there are points of principle that can be easily articulated, we should consider them.

Cathy Jamieson: Your comments have to some extent covered my point, convener. I would not favour anything that put projects or the implementation of the programmes in jeopardy. However, when you undertake your review, Lex, will you highlight a number of areas that this committee or the Executive need to consider in greater detail? Do you want to flag up any other concerns now that we might take on board?

Lex Gold: The answer to the first question is yes. If we feel that there are issues that we have not had time to address, we will flag them up. We will also flag up what we think should be done.

Could you repeat the second question?

Cathy Jamieson: Are there other issues that you would like to flag up at the moment?

Lex Gold: We are only part of the way through the review, but we have not yet found anything that needs to be flagged up. That is not to say that there is nothing there.

Allan Wilson: When you and your committee are defining the core of an agreement involving

PMEs and the Executive, might you build a requirement for transparency and openness into the evaluation and monitoring process? That would be within your terms of reference.

Lex Gold: Absolutely. That is what we would be looking to do, because we see it as fundamental.

The Convener: Is your committee considering whether the Scottish Executive should make a financial contribution to the PMEs?

Lex Gold: I should have mentioned that there has been a consultation process, in which more than 200 people and organisations were consulted. Whether the Scottish Executive should contribute financially to the PMEs has not been a big issue. There were a couple of suggestions along those lines, and we are considering the matter as part of our review, but it would be wrong to leave the committee with the impression that it has been of major concern to those who have been consulted.

The Convener: I want to turn to the question of technical assistance. From our briefing paper and elsewhere, it is clear that we need to demonstrate that there is added value and that this is not simply about transferring work that was previously done by civil servants in the Executive. Are you satisfied from what you have heard that there is enough to justify the provision of technical assistance, or do you have worries?

Lex Gold: That is why we conducted the first-issue review of PMEs using the test of what value was added, which goes to the core of your question. As I have said, without being definitive, we believe that value is being added. Although I cannot speak for the Commission, it, too, appears to believe that, as it has changed the rules in this area to embrace the Scottish model.

Irene Oldfather: Is it within your remit to consider economic partnerships with others, such as local authorities and LECs, and how those bed in at local level? Would that be part of your mapping exercise?

Lex Gold: Yes. We will be considering that as part of the mapping exercise, because local authorities and LECs are partners.

The Convener: Lex, do you have any concluding remarks?

Lex Gold: No, I simply want to thank the committee for inviting me. We will recommend to the minister that he pass on our report to you in early March, so that you have an opportunity to contribute. That is in tune with what he intended, in any case.

The Convener: Thank you for your contribution. This afternoon's meeting has been valuable and has raised a number of issues on which we will

need to deliberate further.

I also thank Glasgow City Council and Strathclyde European Partnership for their hospitality and for use of the facilities. We all agree that this will be an ideal home for the Scottish Parliament in the coming months.

Dennis Canavan: Apart from the noisy air conditioning.

The Convener: Aye—apart from the noisy air conditioning.

Meeting closed at 16:38.

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