

Cross-Party Group in the Scottish Parliament

Industrial Communities

Wednesday 28th October 2015

5.15 pm

Committee Room 3 Scottish Parliament

Minutes of Meeting

Agenda Item 1 Attendance and Apologies:

Present:	Colin Beattie MSP	Convener
	Elaine Murray MSP	
	Adam Ingram MSP	
	Cllr William Menzies	East Ayrshire Council
	Ian McCrory	Fife Council
	Malcolm Leitch	Glasgow City Council
	Aileen Scobie	Midlothian Council
	Steve Fothergill	Industrial Communities Alliance
	Cllr Ann Galbraith	South Ayrshire Council
In Attendance:	Shane Rankin	Scottish Government
Apologies:	Cllr Bill Grant	South Ayrshire Council
	Cllr Derek Rosie	Midlothian Council
	Cllr Joe Wallace	Midlothian Council
	Cllr Alex Bennett	Midlothian Council
	John Beveridge	Midlothian Council
	Cllr John Syme	Dumfries and Galloway Council
	David Hewet	Industrial Communities Alliance

Item 2 Urgent Item – Scottish Steel Industry

The Convenor referred to the recent announcement by Tata Steel to mothball its plants at Dalzell and Clydebridge with a consequent loss of 270 jobs and invited Steve Fothergill to update the group on recent developments.

Steve Fothergill indicated that the announcement concerning the Scottish plants was part of a wider crisis within the UK steel industry with job losses at Redcar and Scunthorpe also recently being announced. Essentially the world market for steel was being saturated with cheap Chinese steel. The high energy costs faced by UK steel producers added to its competitive difficulties and this had been an issue on

which the Industrial Communities Alliance had campaigned vigorously in recent months. He referred to a steel summit that the UK Government had convened on 16th October 2015.

Sajid Javid MP (UK Secretary of State for Business, Innovation and Skills) was in Brussels at the present time to raise steel industry issues with the EU Competition authorities.

Steve Fothergill indicated that the Scottish Government had set up a steel task force, chaired by Fergus Ewing MSP and whose first meeting was due to take place on 29th October 2015. He was pleased to note that the Scottish Government was seeking an alternative operator for the plants.

After consideration the Group agreed that the Convenor should write to the First Minister, expressing its full support for the work of the steel task force.

Item 3 Minutes of Previous Meeting

The minutes of the previous meeting of the Cross Party Group held on 20th May 2015 were unanimously approved as a correct record.

The convenor referred to the absence of David Hewet, ICA Scotland Director, from the meeting due to illness and on behalf of the Group, wished him a speedy recovery.

Item 4 Presentation by Shane Rankin – European Structural Funds

The Convenor welcomed Shane Rankin, Scottish Government European Structural Funds and State Aids Division, to the meeting and invited him to update the Group on the 2014-20 Scottish Structural Funds Programmes.

Shane Rankin reminded the Group that the compliance conditions associated with European Structural Funds were significantly more onerous than other funding streams. The European Commission had currently suspended payments to 3 of the 4 Scottish European Structural funds programmes for the 2007-13 period due to error rates being higher than it was willing to accept. Consequently the Scottish Government had had to allocate significant resource to address these audit issues. The lessons from this experience needed to be built into the preparations for the 2014-20 programmes.

The Scottish Structural Fund Programmes for 2014-20 had been approved by the European Commission in December 2014 and notwithstanding the need to give

more upfront priority to compliance issues, considerable progress had been made since then in allocating funds. A major change to the process was the channelling of EU funds through about 70/80 “strategic interventions” rather than through the historic “challenge fund” process that had led to around 800 individual projects being approved in the 2007-13 programmes. It was expected that the new approach would ensure that there was sufficient capacity to manage the compliance burdens as well as to achieve more strategic impact.

The programmes had to reflect EU as well as national priorities and one consequence of this was that the scope for the European Regional Development Fund to support physical regeneration activities was now much more restricted. Instead the focus of the funds was on “softer” topics such as research and innovation, business support and the transition to the low carbon economy. The European Social Fund would continue to support employability pipelines and tackle issues of poverty and social inclusion. In addition some additional monies had been allocated to the South West Scotland region to support focussed interventions aimed at tackling youth unemployment.

A number of strategic interventions had already been approved and it was hoped that approvals for individual “operations” would be issued by the end of the year. In respect of the Youth Employment Initiative (YEI) for South West Scotland, this was a legal requirement.

In response to the Chair, Shane Rankin confirmed that details of approved interventions and operations would be uploaded onto the Scottish Government web site.

Adam Ingram MSP requested further information on the scope of the funds to support “bottom up” community regeneration. In response Shane Rankin referred to the interventions being prepared by the Big Lottery and the Scottish Government within the Anti-Poverty and Social Inclusion priority. Financial inclusion and support for social enterprises would form an important part of these propositions.

Cllr William Menzies raised the problem for young people in more rural areas to access employment and training opportunities due to a lack of transport links with major employment and education/training centres. In response Shane Rankin acknowledged that this was a valid concern but pointed out that the range of

activities that could be supported by the Youth Employment Initiative was very limited – there was in fact more flexibility in the wider ESF programme to address some of these challenges.

Cllr Ann Galbraith sought clarification on how YEI monies had been allocated. Shane Rankin intimated that qualifying regions in the EU– at the so called "NUTS 2" level– had been selected on the basis of having a youth unemployment rate in excess of 25% in 2012. Within South West Scotland the local authority YEI allocations had been determined according to a formula devised by the Scottish Government/COSLA Settlement and Distribution Group which has subsequently been endorsed by COSLA leaders.

Ian McCrory observed that the transition between EU funding periods created challenges and asked how these could be addressed for the post 2020 period. Shane Rankin agreed that there needed to be a long lead in time if there were to be a smoother transition and ideally thinking about the post 2020 period should begin in 2016. However the process was very politically sensitive since it was closely connected with negotiations on the overall EU budget. He did however draw the attention of the Group to the recently established High Level Group on simplification. It was hoped that this Group could generate some practical solutions for "joining up" EU funds – not just ERDF and ESF but also rural and maritime funds - on the ground for the next programming period.

The Convenor concluded by thanking Shane Rankin for his briefing to the Group. Shane Rankin left the meeting at this point.

Item 5 Rebuilding the Economy of Scotland's Industrial Communities

Steve Fothergill summarised the key milestones of the dialogue that the Cross Party Group had established with Cabinet Secretary Keith Brown MSP over the course of 2015. In particular he referred to the most recent letter from the Cabinet Secretary and the reaction to this from the ICA Secretariat and the ICA Scotland Officer Group (copies of all of these documents having been circulated).

In general the comprehensive response to the Cross Party Group's proposals was warmly welcomed as was the close alignment of views on a number of issues. The main point at issue remained the lack of an explicit spatial dimension to the Scottish Government's thinking – there were some issues, for example the treatment of contaminated, vacant and derelict land, which disproportionately impacted on industrial communities.

The Group agreed that it should not pursue all 11 points at the same time with the Minister but instead select a limited number, based on the material contained circulated documents.

Steve Fothergill agreed to draft a note to be sent by the Convenor to the Cabinet Secretary with a view to this forming the basis of a request for a further discussion between a delegation from the Group and the Cabinet Secretary.

Item 6 Whose Recovery?

The Group noted the circulated update on recent actions taken to promote the “Whose Recovery” report which had been the subject of a presentation at the previous meeting of the Group.

With respect to the Scottish Parliament motion S4M 14145, the Convenor indicated that this required support from MSPs from 3 political parties if was to form the subject of a member’s debate in the Parliament. He undertook to seek the additional support required to progress this motion.

Item 7 Cross-Party Group Updates

(a) The Big Lottery Fund and Camelot

The Group noted the circulated report on the Big Lottery Fund and Camelot. The Group recognised that it was very unlikely that Camelot would provide any information on the geographical distribution of lottery tickets sales in the foreseeable future.

Steve Fothergill intimated that the BIG Lottery was considering a wider roll out, on a UK basis, of the “Dosh for Donny” pilot initiative, the aim of which was to improve uptake of lottery support for organisations in the locality. The Group agreed that it may be useful to invite the relevant official to make a presentation on this to a future meeting of the Group.

(b) Future Presentations to the Cross Party Group

The Convenor reminded the Group of the election to the Scottish Parliament in May 2016 and the need for the group to be formally reconstituted thereafter. He was keen however to maintain the momentum of the Group’s work until dissolution.

In addition to a briefing to a future meeting by the BIG Lottery, as discussed under item (a) above, the Group agreed that Scottish Enterprise be invited to the next

meeting of the group to provide an overview of its activities in, and priorities for, industrial communities.

Item 8 Industrial Communities Alliance Updates

(a) “Growth Beyond the Big Cities”

Steve Fothergill gave a brief update of the dissemination event held in Westminster on 15th July 2015 on the ICA report “Growth Beyond the Big Cities”.

The Convenor undertook to circulate to the Group a presentation recently given on the proposed “City Deal” for the Edinburgh region.

(b) Longannet Power Station

The Group noted that, in addition to Longannet, two large coal powered power stations in Yorkshire were due to close in Spring 2016. The ICA had prepared and distributed widely a briefing (circulated to the Group) on the implications of these decisions in terms of the security of electricity supply in the UK from 2016/17 onwards. There had been a feature on this issue in a recent BBC News item. The ICA had arranged a meeting with Lisa Nandy MP – Shadow Secretary of State for Energy and Climate Change – but it was also considered important to have this topic placed on the agenda of the House of Commons Select Committee on Energy and Climate Change. The Convenor agreed to contact its chair, Angus McNeil MP, on this matter.

Item 9 Any Other Business

There was no other business.

Item 10 Date of next Meeting

It was agreed that the Chair should canvass the views of the Group regarding future meetings the options being, either to try and fit in 2 meetings (in December 2015 and March 2016) before dissolution or to keep to the original proposal to have the last pre-election meeting of the Group in January 2016

ML