

Southern & Eastern Regional Operational Programme 2007-13

Minutes of the 4th Meeting of Monitoring Committee Assembly House, Waterford 28th April 2010

The Chair, Stephen Blair welcomed all present. He highlighted the difficulties of operation within the current economic climate and the cutbacks that have been imposed as a result. This is affecting the delivery of individual Themes. Good progress has been made in some areas, but this is not universal. The Performance Indicators, show good performance on outputs, with the indicator results high.

1. Adoption of the Agenda

Cllr. Mary Freehill proposed and Cllr. Kevin Murphy seconded the adoption of the Agenda.

2. Adoption of the minutes of the third meeting of the Monitoring Committee held on 18th May 2009

Cllr. Bobby O'Connell proposed and Cllr. Mary Freehill seconded the adoption of the Minutes of the Fourth meeting of the Monitoring Committee.

3. Progress Reports for each Priority, Theme and Sub-Theme

Innovation and the Knowledge Economy Priority Development of the Region's RTDI

Building the Research Capacity & Capability within Higher Education Institutions PRTL

Within this sub-theme there are a number of cycles. Cycle 4 focuses on niche areas and collaboration between institutions and it is currently half way through. Capital projects - a number should finish in 2010. There is uncertainty surrounding Cycle 5. €300m budget notified with €200m capital and €100m recurrent funding. It is crucial that the region is attractive for multinational companies to invest. The investment thus far under the programme is starting to pay dividends.

Stephen Langley – Highlighted that this sub-theme is Lisbon based investment, and progress is predictable. He queried why expenditure is not declared to the Commission for this theme. Stewart Roche outlined the extensive audit requirements involved in submitting a declaration on the EU SF IT system and the process has to be agreed with all the parties involved.

Stephen Blair – Queried if any decisions with regard to Cycle 5 will be made in 2010. Stewart Roche outlined that it will most likely be 2011 before any expenditure takes place.

Entrepreneurship in Micro-Enterprise

Tomas Sheehan highlighted that targets had been met, but reported that sustained jobs have decreased due to the economic climate. There has been a small decrease in grants dispensed. There has been a record increase in applications for grants for jobs; Grant payments overall have decreased but has increased in certain counties: Kerry & Dublin. There is more being achieved with less funding. There is a broadening of scope of eligibility for certain costs for grants approved.

Sandra Hegarty EI CCU stated that the CEB's have developed diagnostic tools for health checks for companies to ensure more sustainable jobs. There has been a small decrease in jobs created. Some Enterprise Boards are looking outside direct funding schemes to assist companies e.g. Credit Unions. 2010 has been a difficult with Qtr 1 showing a slow down. There is greater interest in capability and training courses rather than direct grant aid.

Tomas Sheehan also detailed that the impact of the staffing embargo is having on the operation of the CEBs, those who retired from the CEBs can't be replaced. Consequently this is having an effect on the day to day operations of the boards.

Cllr. Kevin Murphy queried what the long term impact of lack of staff would have.

Tomas Sheehan – replied that it would have a wide ranging impact on efficiencies.



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Stephen Langley stated that the Commission are very supportive of the refundable aid package and really like the CEB's. They understand their client community very well and the revolving nature of the funds helps to extend the reach to a wider base. Venture Capital funds maybe the route to consider in the possible absence or reduction of Structural Funds to help this sector into the future.

Tomas Sheehan – the SME section of DETI has in recent months made announcements of help for SMEs; €20 m seed capital now available from banks for eco friendly, environment and clean energy businesses.

Stephen Langley – in referring to the “Evaluation of the CEB network in Ireland” report stated that it doesn't highlight the revolving nature of the funds. He believes there are lessons to be learned for Ireland and for the union in this area. He advised there is ongoing debate at Commission level as to the future of financing into the future. The debate is considering whether it should take the form of financial engineering instruments rather than grant based, Any contribution based on evidence is welcomed by the Commission to contribute to the dialogue and assist decision making.

Sandra Hegarty Stated that the McCarthy report had implications as will the evaluation report referred to here.

Tomas Sheehan – The Department's thinking is to move recipients away from direct grants. The refundable aid was not designed to sustain CEBs and he is satisfied that it remains a successful financial instrument.

Cllr. Mary Freehill – Could a quarterly report be available.

Stephen Blair – The reporting mechanism for the Monitoring Committee is annual not quarterly.

Tom Byrne – the CEB's have a unique structure at local level. There is concern at local level with staffing levels and funding, in the South East for example the 2010 funding allocation is already exhausted. There are implications from the McCarthy report with rationalisation and a lot of other unknowns. There is a need to stress the importance of the micro sector as they will help lead to economic recovery.

Stephen Blair – Clarification is required, to arrest the uncertainty. Mr. Blair requested that the importance of the CEB sector be noted in the minutes and that the Managing Authority correspond with the Department on this issue.

Applied Research Enhancement (ARE); Commercialisation Fund; Incubation Centre Development

There was no representative from Enterprise Ireland (EI) to speak to the reports on the EI delivered sub-themes of the Development of the Regions' RTDI Capacity Theme, and consequently the various sub-themes reports were presented by the Chair, who expressed his disappointment at the absence of an Enterprise Ireland representative.

- Sub – Theme 1: Applied Research Enhancement (ARE)

Up to December '09, funding has been awarded to 5 Applied Research Centres. In '08, Enterprise Ireland has restructured the Applied Research Enhancement Programme. The programme was expanded into three phases: PIONEER, NEW CENTRE START and ARE+. The Pioneer and New Centre Start phases operation with open calls, whereas the ARE+ phase is only open to existing ARE Centres. In the 2009 PIONEER Programme prioritisation was given to colleges with no ARE activity provided that they meet the other criteria in terms of technology and commercial justification. Although projects were approved in '07 and '08 under this theme, no incurred expenditure has been reported because Enterprise Ireland had not received expenditure claims from the individual institutes by the end of '09. The first claim, covering '07-'09 expenditure, is expected be submitted to the Managing Authority in 2010. No additional PIONEER, ARE or ARE+ Centres were approved in the Southern and Eastern region in 2009.

- Sub – Theme 2: Commercialisation Fund

The objective of the programme is to foster a dynamic and commercially aware research community and to create an environment that promotes entrepreneurship. In so doing an accessible route to commercialisation is established for the transfer of knowledge from the research base into industry. As part of its commitment to facilitating the commercialisation of research, EI provides a range of supports under the Commercialisation Fund. These include a Proof of Concept Programme, a Technology Development Programme and Commercialisation Plus funding.

Under the '07-'13 Operational Programme, up to the end of '09, 322 Commercialisation Fund proposals were approved comprising of 89 Technology Development projects, 210 Proof of Concept projects and 23 Commercialisation plus projects. This includes 69 projects in 2009 made up of 16 Technology Development projects, 45 Proof of Concept projects and 8 Commercialisation plus projects. Funding of €53m was approved to Commercialisation Fund projects from 2007 to 2009 but the first B1s capturing eligible expenditure will not be submitted by the Public Beneficiary Bodies until April 2010. Therefore, the first claim, covering '07-'09 expenditure, is expected be submitted to the Managing Authority in 2010.



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- Sub – Theme 3: Incubation Centre Development

This Intervention is concerned with the provision of supports and business space within the environment of a third level institution that will advance the development of emerging high potential start-up companies. The sub-theme provides for the development of the infrastructure of the Institutes of Technology and the Universities by the provision of Incubation Centres. These Centres facilitate the commercialisation of research and development projects carried out by the incubating companies. The colleges are also encouraged to provide dedicated mentoring and support services to incubator facilities. Two additional facilities in the Cork Institute of Technology and the University of Limerick were approved by the Enterprise Ireland Board in April and September 2009 and are currently under construction. The first claim, covering '07-'09 expenditure, is expected to be submitted to the Managing Authority in 2010.

Environment and Accessibility Priority

Under this priority there are 3 themes – Water Services, Renewable Energy and ICT.

Renewable Energy

Mathew Kennedy Sustainable Energy Authority of Ireland, highlighted the significant progress that has occurred. The expenditure within the report is dated from 2008 – 2009.

The Ocean Energy strand was in draft format last year – it is now being delivered on. €4.2m investment has been made available for prototype deployment fund on a commercial level. A full scale test site is under way.

Sustainable Energy Zone (SEZ) – this sub-theme is not operational in the S&E region as yet.

Energy for Business – there were savings of €140m to date with SME's saving €6m. There will be some change to reported figures, as a result of eligibility criteria, some of the figures are based on commitments, and some of the projects should have been reported under the 2000 – 2006 Programme. There is a new strand: SEEEP (Support for Exemplar Energy Efficiency Projects) to enable Ireland's public and commercial sectors to take a lead in sustainable energy action, by encouraging and supporting their adoption and application of exemplary energy management and green procurement practices throughout their buildings and facilities.

Renewable Energy Development & Deployment sub-theme has affected almost 14.5% electricity generation from renewable sources in 2009.

CHP & ReHeat – this deployment sub-theme has shown to have affected almost €19m investment and with every €1m investment there is €6.6m saving to the Irish economy.

Stephen Langley – questioned how long will it take for the prototypes to deliver results, and noted that the outturns don't relate to the targets in the report for all of the sub-theme.

Mathew Kennedy – replied that it is difficult to answer how the prototypes will deliver, they will be long term investments, currently the feedback is positive with one prototype Wavebob securing a second contract for a prototype. Along with tidal energy this is new emergent technology which will far surpass wind energy. Ireland has great potential capacity with 12% of the European coastline under the domain of the Irish state.

As the programme moves forward the indicators will be refined and reflect more what the programme is trying to achieve.

Broadband

Cathy O'Connor, DCENR,

MANS – In 2009 59 MANS were completed, all management will be handed over within the next 3 weeks. The future of MANS is under appraisal currently with a Memo due by the summer. ENet was appointed as the MSE under phase 11 to operate and maintain the network.

Under the NBS €220m will be invested in total. 50% of the Electoral Districts were enabled up to the end of 2009 and the remainder will be enabled by end 2010.

Cllr. Mary Freehill requested information on what is being spent in Dublin; what the situation was with Post Primary Schools; and what is the update on the Department supplying laptops in schools. Cllr Freehill reiterated the problems with broadband in Dublin due to lack of speed and gaps in supply, which are not catered for under this Programme.

Cllr. Tom Kinsella expressed concern about the roll out of the NBS in the South East Region.

Cllr. Kevin Murphy stated that broadband in rural areas is still very poor and that the 3 Ireland service was not as good as it was supposed to be.

Cllr. Tim Lombard queried the value for money of the MANS, he said that the technology has moved beyond the MANS and that the uptake is poor versus the cost of putting it into place.

Cathy O'Connor responded stating that DCENR has paused future MANS until the review is completed of all phase 111 MANS, this appraisal is almost concluded and a Memo has been given to Government. VFM review



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findings feed into future phases of the Programme. The returns from MANS can't just be measured in direct monetary terms to the state but elements such as how they contribute to the attractiveness to FDI has also to be considered. With regard to investment in Dublin, it is on par with the rest of the country according to Ms. O'Connor. The question of broadband speed is being left to the suppliers within Dublin and it is a matter of putting pressure on them. On the question of post primary schools – 76 schools have been selected for a pilot scheme and that list will be provided.

Stephen Blair highlighted that the public sector, under competition rules, can only intervene where there are market failures.

Cllr. Kevin Murphy asked for the definition of broadband “coverage” – as what is acceptable for one SME may not meet the requirements of another SME.

Cathy O'Connor detailed that in December 2007 the Minister put a hold on construction of the MANS until the evaluation is complete. The next step is the appraisal of all the towns where MANS have been constructed– and unfortunately she cannot comment much further at this stage. She added however that whilst it looks like investment versus returns is not good this is not the correct basis to judge as many town have attracted investment due to the presence of the MANS and investments should be judged over a longer term.

Rural Water Source Protection & Village Sewerage Systems

Ainle Ni Bhrian (DEHLG) outlined that both sub-themes are at a pilot stage – the Department are awaiting outcomes of evaluations of the pilots before launching new schemes. The Department will consult with Local Authorities to identify the most efficient options to pursue.

Stephen Blair is anxious that these two sub-themes move beyond pilot stage and delivered during the course of the programme. The Mid Term Evaluation will provide an opportunity to consider this further.

Sustainable Urban Development Priority

Two sub-themes – Arts and Sports Capital Funding – have not, and are unlikely to receive funding. The Department of Transport are trying to identify some funding streams which are still available for sustainable transport, and are looking to identify some suitable projects for co-financing.

ERDF Gateways Grant Scheme

€11m has been committed to projects in the 4 Gateway cities in the Region, two of which are well advanced (Cork & Waterford) and the other 2 will be advancing rapidly later this year. (Dublin & Limerick)

Cllr. Mary Freehill expressed surprise that a representative from the Department of Transport was not present and expressed disappointment that funding for swimming pools is not available. She was also concerned that out of the €50m available for Sustainable Urban Development only €10m has been spent, and questioned was the Managing Authority made aware that the Arts & Sports Capital sub-themes were not going to be funded.

Cllr Tom Kinsella expressed disappointment also that a representative from the Department of Transport was not present as he would have like to have been informed of their reasoning for closing the Rosslare Waterford railway line.

Stephen Blair – stated that the financial plan is created at Priority level, and that the €50m is also over the lifetime of the programme. At this stage €24m has been committed which is almost half. Currently there is some difficulty in readily identifying expenditure for the other 50%. Also exchequer funded projects e.g. swimming pools – the MA are only informed after the fact, and the Assembly has no control over these sub-themes.

In response to a query from Cllr K Murphy as to whether money was available for these schemes Mr Blair explained that this was a matter for the Departments of Finance and Tourism, Culture and Sport.

Cllr. Mary Freehill – Questioned why the sub-themes over which the Managing Authority have no control, are in the progress report.

Stephen Blair replied that there is a mix of co-financed and non co-financed Themes within the Programme.

Stephen Langley – The Operational Programme is to promote employment & competitiveness and business programme. The Swimming Pool sub-theme cannot be co-funded. The Mid Term evaluation will provide an opportunity to alter the Operational Programme if considered necessary.

Stephen Blair – outlined that there is only €20mn ERDF in this Priority and therefore there is a need to be selective on what is co-funded to have the greatest impact, e.g. on Sustainable Urban Transport.

4. Reports on Horizontal Principles (Contained in Draft AIR)



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- Environmental Sustainability
- Gender Equality
- Broader Gender Equality
- Social Inclusion

Cathal Kelly expressed disappointment on the level of engagement of the broader equality principle by Intermediate Bodies. Mid Term Evaluation process will provide an opportunity for review of engagement.

Patrick O'Leary - There are 2 key areas under Gender Equality – research and entrepreneurship. Concerning research the problem has nothing to do with activity but the small number research graduates. It should be assessed at organisational level like for example women in education and science to go out to schools to promote. Applied Research Enhancement and Commercialisation Fund – no figures for this year, but some were reported last year. The data for Incubation Centres and Micro Enterprise is very encouraging.

Stewart Roche - PRTLTI – they are conscious of gender balance on teams and evaluation committee's.

5. Draft Annual Implementation Report 2009

The draft Annual Implementation Report was approved, allowing the Managing Authority to make some final amendments based on the discussions during the previous agenda items.

6. Amendments/Additional to Implementation Plans

- Building the Research Capacity & Capability within HEI's
- Incubation Centre Development
- Entrepreneurship in Micro-Enterprises
- Renewal Energy

The revised Implementation Plans for the above Themes, as circulated, were approved.

7. Evaluation

The Chair introduced this item. He advised the Committee that there is no longer a mandatory requirement to carry out a Mid Term Evaluation. That said the Managing Authority was of the view that, given the very changed economic circumstances since the Programme was first formulated, it was both desirable and opportune that an evaluation of the programme would be undertaken. Following consultations with the Department of Finance, it was agreed that the independent Central Evaluation Unit of the Department would carry out an evaluation of both the S&E and the BMW OP's this year. Work will commence during the summer with a draft ready for end of September. A special meeting will then be held in Autumn to discuss the report.

Patricia Potter DRA – pointed out that evaluation needs to be carried out in light of the current economic climate.

Stephen Blair – responded that the evaluation will be carried out on the Operational Programme and will have due regard to changes in the operating environment. One of the central aims of the evaluation is to determine whether an amendment of the Operational Programme is required, but evidence is required to do that.

Mathew Kennedy – Asked if the Local Authorities would be meeting with the Evaluators, and requested that those meetings be as soon as possible.

Stephen Langley – asked that at the Special Meeting in the Autumn, revision of the outputs indicators would also be considered.

8. Communications

Annual Event

This event is currently in the planning stage.

Report on Public Attitudes & Awareness of Ireland's EU Structural Funds Programmes 2007-13

Barry Egan of Drury Research presented their research findings, which was based on surveys they conducted across the State in November, 2009 using a representative sample. The purpose of this study was to establish the level of awareness and understanding of Structural Funds Programmes in Ireland, and to benchmark public attitudes against previous NDP surveys (2001, 2002, 2004). The main findings were that while the level of general awareness of EU programmes remained roughly on par with previous surveys, their detailed knowledge was poorer, while the general issue of EU funding had reduced in importance as an issue of national concern. Stephen Blair advised the committee that this survey will be replicated over the lifetime of the Programme.



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Stewart Roche asked if, as the level of funding is now so much lower, there is any way of taking account for this. Patricia Potter requested that in future surveys, beneficiaries of funding should be targeted, and asked who the people surveyed were – where were they drawn from.

Cllr. Kevin Murphy expressed disappointment with the lack of awareness and interest in the Assembly

9. Financial Management and Control

Management Verifications

The circulated paper on this was noted by the committee.

There was minimal audit work undertaken this year by the Audit Authority.

10. Any Other Business

Stephen Langley informed the committee that the findings of the Ex- post Evaluation of 2000-2006 and the 1st Strategic Report of 2007-2013 are published. The Strategic report gives a good picture of allocations to projects within the Region.

There will be another raft of Regulation changes in July, with the General Regulation being modified.

N+2 Rule – this will be modified quite substantially in response to the economic crisis, with the likely provision to postpone the first N+2 target by one year.

11. Next meeting date

The date and time of the next meeting will be advised in due course. It will be the special meeting in the Autumn to deal with the Mid Term Evaluation.



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Members Present at the 4th Meeting of the Southern and Eastern Regional Operational Programme Monitoring Committee on the 28th April 2010

Stephen Blair, Director, S&E Regional Assembly, Chair	Name
Cathaoirleach, Mid East Regional Authority	Cllr George Jones
Cathaoirleach, South East Regional Authority	Cllr. Tom Kinsella
Cathaoirleach, Southern & Eastern Regional Assembly	Cllr. Kevin Murphy
Southern & Eastern Regional Assembly	Cllr. Bobby O'Connell
Southern & Eastern Regional Assembly	Cllr. Mary Freehill
Southern & Eastern Regional Assembly	Cllr. Tim Lombard
Department of Communications, Energy & Natural Resources	Mary McCarthy
Department of Communications, Energy & Natural Resources	Marie Flynn
Dept. Education & Science	Peter Kelly
Dept. Enterprise, Trade & Employment	Tomas Sheehan
Dept. Enterprise, Trade & Employment	Tom Whelan
Dept. Environment, Heritage & Local Government	Ainle Ni Bhriain
Dept. of Finance	Barry Harrington
Dept. Justice, Equality & Law Reform	Patrick O'Leary
DG Regio	Stephen Langley
DG Regio	Noel Farrell
Director, South East Regional Authority	Tom Byrne
Enterprise Ireland	Sandra Hegarty
Enterprise Ireland	Rachel O'Keeffe
Enterprise Ireland	Eilis Duffy
Equality Authority	Cathal Kelly
Higher Education Authority	Stewart Roche
Limerick City Council	John Creghan
Staff of S&E Regional Assembly	David Kelly
Staff of S&E Regional Assembly	Derville Brennan
Staff of S&E Regional Assembly	Vinnie Dunphy
Staff of S&E Regional Assembly	Sonja Maurus



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