

**APPROVED MINUTE OF NESFLAG PROJECT ASSESSMENT COMMITTEE (PAC)  
WEDNESDAY, 23 NOVEMBER 2016 AT 2.00 PM  
THE CHAMBER, BUCHAN HOUSE, PETERHEAD**

**Present**

Darren Broadley	Peter & J Johnstone (private)
Jimmy Buchan	Amity Fish Co Limited (private)
Shelly Hague	Angus Council (public)
David John McRobbie	Aberdeen Fish Producers Organisation (private)
Stephen Murray	Royal National Mission to Deep Sea Fishing (private)
Andrew Newton	Kincardineshire Development Partnership (private)

**Officers in Attendance**

Jamie Wilkinson	European Programmes Co-ordinator
Anne MacLennan	European Programmes Claims Officer
Martin Brebner	Team Manager - European Policies & Programmes

**Apologies**

Jamie Bell	Scottish Enterprise
Robin Maddock	Banffshire Partnership

**1. Welcome & Apologies**

- 1.1 Martin Brebner welcomed those present.
- 1.2 Apologies were noted as above.

**2. Declarations of Interest**

- 2.1 No declarations of interest were noted.
- 2.2 Jimmy Buchan highlighted that he knows both applicants and might have business dealings at some time in the future with project SCO1563 Skin Pack Bulk Fish. However, as Jimmy has no direct financial interest in either project, this was not considered to be a formal declaration of interest.
- 2.3 Jimmy Buchan asked for clarification about the need for such detailed applicant information being made available on the secure member's area of the website. In particular, applicant bank statements. The Co-ordinator confirmed that bank statements are a formal requirement of the EMFF application process. Martin Brebner suggested that applicants redact individual transaction amounts on the bank statement, leaving only the bank balance visible.

**Action**

Applicant documentation uploaded on the secure members' section of the website to

be reviewed, specifically relating to applicant bank statements. Applicants to be asked to redact individual transaction figures.

### **3. Quorum**

- 3.1 With five private and one public member organisation being in attendance, quorum was reached.

### **4. Election of PAC Chair**

- 4.1 There is a requirement for a PAC Chair to lead the discussion at PAC meetings and to report back at FLAG meetings. Although Robin Maddock (Banffshire Partnership) was unable to attend today's meeting, he indicated that he would be willing to take on the role of PAC Chair. Shelly Hague was willing to take up the position of Vice-Chair.
- 4.2 PAC unanimously approved Robin Maddock as PAC Chair and Shelly Hague as PAC Vice-Chair.
- 4.3 In the absence of Robin Maddock, Shelly Hague assumed the position of Chairperson.

### **5. Minutes of PAC Meeting 24/08/16 and PAC Conference Call 13/09/16**

- 5.1 The minutes of the last meeting and the conference call were approved as an accurate record. Approved by Shelly Hague and seconded by Steve Murray.

### **6. Applications**

#### **6.1 SCO1489 – New Corrosion Protection Equipment for the Fishing Industry**

The project is to offer new technology to fishing boat owners and fish factory customers for anti-corrosion protection of their vessels, equipment and machinery.

From the information provided, PAC felt it was unclear as to what type of equipment is to be purchased by the applicant.

The Co-ordinator confirmed that the project is made up of two elements, firstly to replace diesel powered compressors with electric compressors which are more efficient and cheaper to run and, linked to that is the purchase of zinc spraying and blasting equipment.

PAC queried whether the project activity is purely fishing related or whether the applicant plans to use the equipment to expand his work portfolio outwith the fishing industry. It states in the application that the service will be open to other industries but it does not specify what the other industries could be. However, as per the LDS, diversification to new markets would be eligible.

With the nearest competitors located in Elgin and Forfar, displacement issues were discussed. PAC agreed that Fraserburgh would be a key location for servicing the fishing industry.

With regard to queries raised about state aid, Martin Brebner confirmed advice from Marine Scotland is that there is a block exemption on the whole EMFF programme resulting in there being no issue with state aid.

Attracting vessels from abroad to make use of the proposed service, will undoubtedly have a wider benefit for the whole port.

This new equipment represents a significant investment for the applicant. Jimmy Buchan reminded members that this project will only be successful if the fishing fleet is successful so there is a risk to the applicant associated with such a large investment. PAC agreed that the grant requested will help to guard against this risk.

PAC agreed to ask the applicant for further justification about the operational profit and whether some of this could be used to invest in the project without the need for grant.

PAC discussed the scoring criteria.

The Co-ordinator reminded PAC members that:

- ‘Need for Grant’ relates to whether or not there is a market/need for the service or product.
- ‘Value for Money’ relates to additionality, i.e. does the applicant need the grant funding.

#### 6.1.1 Scoring Summary for SCO1364 New Corrosion Protection Equipment for the Fishing Industry

Criteria	Score	Comments
<b>Strategic Fit</b>	<b>3</b>	The project links to the LDS objective of job creation/safeguarding. With regard to strategic fit, the application links to the EMFF priorities of diversification, adding value, innovation, business competitiveness and emergence of new products. Additional benefits for the wider community meets the strategic fit of ‘place’.
<b>Horizontal Themes</b>	<b>2</b>	Information provided about improving the priority sector, competitiveness and collaboration. Innovation – providing a new service within Europe. Sustainability through safeguarding jobs. Community capacity – linking to local economic benefits.
<b>Need for Grant</b>	<b>3</b>	There was no doubt about the need and demand for this service.
<b>Value for Money</b>	<b>2</b>	Quotes obtained are in line with market costs. Justification has been provided.
<b>Capacity to Deliver</b>	<b>3</b>	Capacity to deliver is evident. This is a well-

		established company with a good track record.
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6.1.2 PAC members were reminded that they will have the opportunity to update scores at the conference call in advance of the FLAG meeting once the applicant has submitted responses to the points raised by the PAC.

6.1.3 The points to be clarified by the applicant were summarised as follows:

- Clarification about whether or not the hydraulics quote is exclusive of VAT.
- Further information on the assessment of quotes and further explanation as to why the preferred supplier is not the cheapest quote.
- Further evidence of need for grant and additionality. Financial information provided shows an operating profit of over £500k. Could some of this profit be invested in the project without the need for grant funding?
- Detailed cashflow projections to be provided, demonstrating how the project will be financed and how any negative balance will be managed.
- Equalities policy to be provided.
- Clarification required that estimated benefits/outputs resulting from the project are directly attributable to the project and can be clearly evidenced for audit purposes.
- Evidence of need and demand to be provided in the form of market research/testimonials from potential customers or comparisons with other services.
- More detail on what equipment is going to be galvanised.

**PAC RECOMMENDS THAT THIS APPLICATION GOES FORWARD FOR CONSIDERATION SUBJECT TO THE ABOVE POINTS BEING CLARIFIED BY THE APPLICANT**

**6.2 SCO1562 Skin Pack Bulk Fish**

The application is for a new method of bulk vacuum packing fish (approx 1.3 kilo) into sealed containers, allowing for a longer shelf life and cleaner and more efficient mode of transport.

Total project costs are £242k with £121k being sought from EMFF.

Only one quote for the packing machine has been supplied by the applicant. Three quotes and a full tender process to ensure a fair and open procurement procedure must be followed for this amount of grant.

The tooling element of the machine is a specialised and bespoke product. The chosen company has been working with the applicant to develop the specialist tool. However, the wider element of the machine is fairly standard and could be bought off the shelf. The applicant will be asked to provide additional quotes for all items detailed in the application.

Jimmy Buchan explained the proposed process to PAC members. Currently, packing fish in polystyrene with wet ice results in difficulties with transportation and contamination of other food stuff. This new process is an airless vacuum pack which allows for a 2-day extended shelf life and increased possibilities of route to

market. The key to the process is that the fish must be vacuum packed in a chilled environment.

PAC queried why there is a need to purchase a large ice machine if there is no longer a requirement for wet ice.

The Co-ordinator confirmed that the end customer for the product will be commercial suppliers.

With regard to fit with the LDS, the applicant has selected action 3.1 (improving priority sector competitiveness and collaboration) but the technical assessment identified that action 3.5 (adding value, creating jobs and promoting innovation at all stages of the fisheries seafood supply chain) might be a more appropriate fit for the project.

Andrew Newton highlighted that the marine policy statement has not been addressed. The applicant will be asked to confirm how this project aligns with marine policy. The applicant has sought advice from environmentalists and the PAC would welcome a copy of the response.

With a potential increase in fishing fleet and stock, processing capacity could be an issue, making this cutting edge technology highly significant going forward. The technology is to be tested over the next few weeks and will be complete by the time of the FLAG meeting. A specific condition of approval could be that the outcome of testing is favourable.

The Co-ordinator had advised the applicant to come in at a lower intervention rate as the amount requested is approaching 10% of the FLAG budget. However, the PAC had no issue in principle with a 50% intervention rate for a good project which has the potential to make a big impact by improving the packing process.

In correspondence with Marine Scotland, the Co-ordinator advised the PAC that MS was of the opinion that this commercial project may be more suited to another funding axis. The Co-ordinator will discuss this further with MS but depending on their decision, they might choose to re-direct this project to another axis.

If this project is approved, the PAC would like to see it approved locally. It could be a good news story about improving the local supply chain in the NESFLAG area with the potential to encourage more applicants to come forward.

This is a time critical application and the PAC expressed concern that transferring to another axis may well cause delays for the applicant. PAC like the project and would prefer to retain this application. The Co-ordinator will make a case to Marine Scotland on behalf of the PAC that the application remains with NESFLAG.

### 6.2.1 Scoring Summary for SCO1562 Skin Pack Bulk Fish

Criteria	Score	Comments
Strategic Fit	3	Links to the EMFF objectives of competitiveness, job creation and expansion. Environmental benefits with the reduction in polystyrene packaging were also noted.

<b>Horizontal Themes</b>	<b>3</b>	Link to building local capacity. Sustainability of skills development and workforce development.
<b>Need for Grant</b>	<b>2</b>	Focusing on market impact, evidence of need for grant is quite clear.
<b>Value for Money</b>	<b>2</b>	Although the machine is bespoke, the applicant must provide additional quotes. PAC would like the applicant to substantiate turnover figures.
<b>Capacity to Deliver</b>	<b>2</b>	The applicant has a clear plan for expansion.

6.2.2 The points to be clarified by the applicant were summarised as follows:

- Additional quotes to be provided in line with the minimum number required by Marine Scotland or justification as to why these cannot be provided, for example, specialist equipment.
- Further information or evidence required to substantiate income projections.
- Clarification required on the turnover figures for 2016/17 (without the project) and the projected additional turnover should the project go ahead. Projections provided do not fully align with the information on the bank statement.
- Business Plan to be revised and resubmitted as some sections are blank or incomplete.
- Evidence of need and demand/market research to be provided. Testimonials from potential clients and information on benefits for the local supply chain are required.
- Projected cashflow to be provided to demonstrate the forecasted impact on the business.
- Bank statements covering a three month period to be provided.
- Clarification required on the need for the large ice machine and how it fits with the overall packaging process.
- Information required on how the project aligns with the Marine Policy Statement.
- Confirmation that the estimated benefits/outputs resulting from the project are directly attributable to the project and can be clearly evidenced for audit purposes.
- Further information required about previous applications made to EMFF by the applicant.
- Copies of advice provided by specialist environmentalists to be submitted.

**PAC RECOMMENDS THAT THIS APPLICATION GOES FORWARD FOR CONSIDERATION SUBJECT TO THE ABOVE POINTS BEING CLARIFIED BY THE APPLICANT**

#### **Action**

It was identified that the technical assessments for both projects were not uploaded on the website. These will be e-mailed out to PAC members.

## **7. AOCB**

7.1 PAC discussed the lack of information and missing/incomplete documentation being provided by applicants. It is hoped that the restructuring of next year's application round timetable will allow more time between the technical assessment being done and the PAC meeting. Martin Brebner confirmed that internal audit highlighted the same issue. Applicants will be made aware that their application will not be presented to the PAC if there is any missing or incomplete documentation. An extended application process will also provide applicants more time to respond to queries.

**8. Date of PAC Conference Call**

8.1 The conference call will be held on Thursday, 8 December 2017 at 10.00 am. The Co-ordinator will issue instructions about how to dial into the conference call.

**9. Date and Time of Next Meeting**

9.1 The next PAC meeting will be held on Wednesday, 1 February 2017.

Minute Taker - Anne MacLennan  
European Programmes Claims Officer  
25/11/16