

**LOWLANDS AND UPLANDS SCOTLAND ERDF  
PROGRAMME 2007 – 2013  
(CCI 2007UK162PO001)**

**ANNUAL IMPLEMENTATION REPORT 2010**



## LOWLANDS AND UPLANDS SCOTLAND ERDF PROGRAMME 2007 - 2013

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## SECTION 1: IDENTIFICATION

OPERATIONAL PROGRAMME

Objective concerned:  
Competitiveness

Eligible area concerned:  
Lowlands and Uplands Scotland

Programming period: 2007 -  
2013

Programme number (CCI No):  
2007UK162PO001

Programme title: Lowlands and  
Uplands Scotland European  
Regional Development Fund  
Programme 2007 - 2013

ANNUAL  
REPORT

IMPLEMENTATION

Reporting year: 2010

Date of approval of the annual  
report by the Monitoring  
Committee: 25 May 2010

## 1.1 Ministerial Foreword



This Annual Implementation Report presents the activities for the Lowlands and Uplands ESF Programme in 2010. Like the rest of the world Scotland has been badly hit by the financial crisis and recession, but 2010 was a year when the economy began to improve. After a year of decline, output began to grow followed by increases in employment. But progress has been very hesitant – unemployment has stopped rising but is still too high - and it will be some time before the economy returns to the position it was in before the recession hit.

In such a situation it is important that government does all it can to nurture growth. The Scottish Government has pursued its Economic Recovery Plan, first published in 2008 and regularly updated, most recently in February 2011. The European Funds have played an important role in this plan as we have sought to front-load the spending to counter recession while supporting activities that will improve the long term competitiveness of the economy. By the end of 2010 we had allocated most of the funds available for ERDF in the LUPS area of Scotland (and a large proportion of the other funds in Scotland).

With the major economic changes taking place it is important we keep the Operational Programme under review to ensure that it remains relevant. In the course of 2010 we have been able to take a more focused approach to the development of new projects funded through the LUPS ERDF Programme. This has allowed us to target additional funding to achieving the Scottish Government's ambitious targets on the development of a low carbon economy. The development of JESSICA and the Scottish Investment Bank Loan Fund have been good examples of how ERDF grant funding can contribute to the development of sustainable funding streams to help meet Scotland's needs long after the end of the current ERDF Operational Programme. I am grateful to the Commission for their support and assistance in developing these important initiatives.

The Scottish Government has expressed its support for the Europe 2020 strategy. The Government's own Economic Strategy, with its central purpose to deliver sustainable economic growth in Scotland, is already aligned with the priorities in the 2020 strategy. We have recently responded positively to the consultation on the future of cohesion policy and structural funds launched by the Commission with publication of the Fifth Cohesion Report.

In the forthcoming discussions on the future of the funds we will continue to work closely with our colleagues in the UK government, with the Commission and with stakeholders in Scotland towards a positive outcome for the next programme period.



**JIM MATHER**

Minister for Enterprise, Energy and Tourism  
March 2011

## **1.2 Executive Summary**

The Operational Programme for the Lowlands and Uplands Scotland European Regional Development Fund (ERDF) 2007 – 2013 (CCI: 2007UK162PO001) was approved on 27 September 2007. The 2010 Annual Implementation Report provides details in accordance with Article 67 of Regulation 1083/2006 and was approved by the Programme Monitoring Committee (PMC) on 25 May 2010.

The third formal application round was completed during the year along with a number of projects approved using the Exceptional Projects procedure. In total, 44 new projects (excluding technical assistance) requesting ERDF grant totalling £80,864,667 were approved in 2010. This brought the cumulative commitment figure (excluding technical assistance) for the LUPS ERDF Programme to £244,660,774 and 150 projects supported.

The other main points to note in this report are:

- A deteriorating global economy has put pressure on the Scottish economy and the Structural Funds have been identified as potentially playing a positive role in the introduction of counter-recessionary measures and in exploiting new economic opportunities;
- In addition to 25 Article 60b visits being undertaken during the year to approved projects, considerable progress was made in finalising documentation and guidance associated with Article 60b and other expenditure verifications; and,
- During the year the Monitoring Committee agreed the approval of 3<sup>rd</sup> Round Projects; the approval of projects under the Exceptional Projects Procedure for 2007 – 2013 Programmes and received updates on the implementation of the Evaluation Action Plan.

The N+2 target was met for 2010. The amount of ERDF grant declared to the Commission at the end of 2010 was **€51,118,868.60**

The 2011 Annual Implementation Report will pick up on those monitoring and evaluation activities where it has been too early to comment on at this time.

## **SECTION 2: OVERVIEW OF THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME**

### **2.1 Achievement and analysis of the progress**

This section examines the progress made during the year in implementing the ERDF Operational Programme. It reviews it from a range of different financial and physical perspectives. The data has been extracted from the EUROSYS online application and claim system. The financial table below in Section 2.1.1 highlights the expenditure paid out by project beneficiaries and included in payment claims sent to the Managing Authority. The remainder of this section highlights the physical implementation of the Operational Programme.

#### Information about the breakdown of use of the funds

The attached **Annex 3** provides an analysis of information in accordance with part C of Annex II to Commission Regulation 1828/2006 Categorisation of Funds assistance for 2007 – 2013.

#### **2.1.2 Information on the physical progress of the Operational Programme**

A number of new ERDF projects were approved during 2010 and an increasing number of grant claims have been submitted which detail financial and physical performance on previously approved actions. All approved applications are captured through the new EUROSYS online application system to enable the appropriate information required under the Council Regulation (EC) No 1083/2006 Article 37 (d). The attached **Annex 2** reviews the physical progress of the Operational Programme and compares declared activity for various output and result indicators against their agreed programme targets.

#### **2.1.3 Assistance repaid or re-used**

#### De-commitments, under claims against awards as referred to in Articles 57 and 98 (2) of Regulation 1083/2006

There were 2 project de-commitments in 2010 in the Lowlands and Uplands ERDF Programme. These decisions were made by sponsors to reflect a changed operating environment, in particular a loss of co-finance. No projects were de-committed by the Managing Authority for compliance reasons. By 31 December 2010, final claim payments had been made on 1 project and no project under-claimed against the approved ERDF grant award.

### 2.1.1 Financial Information (EUROS) – Payments to Project Sponsors to 31 December 2010

Priority	Fund scope	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority	Corresponding public Contribution	Private Expenditure	Expenditure paid by the body responsible for making payments to the beneficiaries*	Total payments received from the Commission
1 – Research and Innovation	ERDF	44,594,501.52	44,594,501.52	0	14,948,759.80	3,699,813.02
2 – Enterprise Growth	ERDF	76,122,570.47	76,122,570.47	0	30,284,715.65	18,892,985.47
3 – Urban Regeneration	ERDF	5,109,485.66	5,109,485.66	0	1,796,536.83	762,988.18
4 – Rural Development	ERDF	7,237,364.82	7,237,364.82	0	2,514,578.19	1,637,660.52
5 - Technical Assistance	ERDF	3,148,556.25	3,148,556.25	0	1,574,278.13	1,120,431.89
<b>Grand Total</b>		<b>136,212,478.72</b>	<b>136,212,478.72</b>	<b>0</b>	<b>51,118,868.60</b>	<b>26,113,879.08</b>

\*The figures given for payments made by the Scottish Government to project applicants relates to the grant element identified in each claim processed based on the agreed rate of intervention. These figures have been checked and verified by the Scottish Government prior to any declaration to the Commission.

**2.1.1 Financial Information (EUROS) – Payments received from European Commission to 31 December 2010**

LUPS ERDF CCI:2007UK162PO001		Taken from EC Declarations			Taken from EC Receipts				
Payment Request No	Date	Expenditure Declared	Cumulative Expenditure	EC Declaration Community Support Requested	Community Support Received	Date Received	Sterling Received	Cumulative Sterling Received	Exchange Rate
2% Advance	05/11/2007	N/A	N/A	N/A	€7,519,156.88	02/11/2007	£5,239,348.51	£5,239,348.51	0.6968
3% Advance	16/05/2008	N/A	N/A	N/A	€11,278,735.32	16/05/2008	£8,971,106.07	£14,210,454.58	0.7954
2.5% Advance	24/04/2009	N/A	N/A	N/A	€9,398,946.10	24/04/2009	£8,327,466.24	£22,537,920.83	0.8950
1	10/09/2009	€1,697,245.70	€1,697,245.70	€848,622.76	€848,622.76	19/02/2010	£739,659.60	£23,277,580.43	0.8716
2	22/12/2009	€61,999,510.21	€63,696,755.91	€24,639,742.14	€25,265,256.17	19/02/2010	£22,021,197.28	£45,298,777.71	0.8716
3	22/11/2010	€72,515,722.81	€136,212,478.72	€25,630,503.61	€0.00		£0.00	£0.00	0.0000
Cumulative Community Support received					<b>€54,310,717.23</b>		<b>£45,298,777.71</b>		

## **2.1.4 Qualitative analysis**

### **Horizontal Themes**

The horizontal themes are a consistently key element of Scottish Structural Funds programmes. For over a decade, Scottish Programmes have actively pursued the integration, or mainstreaming, of the horizontal themes, particularly Equal Opportunities, Sustainable Development and Social Inclusion, into the design and delivery of projects. The responsibility for mainstreaming has lain at each operational level. Projects, to be eligible for support from European Structural Funds, have been required to demonstrate how they will promote equal opportunities, sustainable development and social inclusion, and to report on their achievements in these respects. At the same time, the Managing Authority and Intermediary Administration Body's Programme Managers have committed themselves to providing the resources and support for projects to do this.

The following sections provide summary detail of the activities in 2010 underpinning this embedding of good practice in the new programmes, particularly with respect to Equal Opportunities, Environmental Sustainability, and Social Inclusion.

#### Monitoring Horizontal Themes

2010 saw an increase in the number of Article 60b on the spot visits within the LUPS ERDF Programme. An integral part of the monitoring process is to ensure that the horizontal themes are being instituted as core values within the projects and the visiting team members ask to see clear examples and evidence of how the project management have considered and implemented the values of the three themes. The project management is also responsible for ensuring that partners and sub-contractors involved in the project also follow the same policy.

#### Mainstreaming the Horizontal Themes – Twin-track approach

The LUPS Programmes have is a 'twin-track' or dual approach to mainstreaming the horizontal themes, for example by combining scope for *positive action* through discrete projects which have a focus on environmental sustainability; and *mainstreaming* - a requirement that all funded projects evidence they address the horizontal themes in their project activity. In ERDF projects funded under the First Round of the LUPS Programme, there were a number of positive action projects, for example ERDF funding of renewable energy projects, resource efficiency and environmental sustainability, and the Community Planning Partnerships' job brokerage programmes which directly contribute to improving social inclusion and equal opportunities.

## **1. Social Inclusion**

The Scottish Government is committed to a Scotland which is wealthier and fairer, smarter, healthier, safer, stronger and greener - to provide the opportunities and the incentives for all to contribute to Scotland's sustainable economic growth, reducing poverty and the gap between the richest and the poorest support, with increased economic participation, improved social cohesion and stronger communities.

By reconnecting large numbers of people in disadvantaged groups and communities to the mainstream economy, and encouraging work that pays fairly, we help more people in Scotland to fulfil their potential; increase economic growth and participation in our labour market and create greater social equity across Scotland. This improves the capacity of individuals and their families to lift themselves out of poverty, and by developing their resilience it is felt that barriers to employment such as benefit disincentives, access to appropriate and affordable childcare can to be addressed along with greater focus on promoting equality.

The European Structural Funds Division is committed to working with organisations to support and advise on implementing the horizontal theme of Social Inclusion. Continual monitoring of all horizontal themes is built in to the Lowlands and Uplands ESF programme 2007 - 2013 and overseen by the Managing Authority and Intermediate Administrative Body partner ESEP Ltd.

### **Example of Social Inclusion Good Practice in Approved Projects**

#### **ERDF Priority 1: LUPS/ERDF/2009/3/2/0181 - Support for Enterprise II** **Project Sponsor: Fife Council**

The objective of Support for Enterprise (SfE) is to encourage residents of the most disadvantaged communities in Fife to consider self-employment and business start-up as an alternative to unemployment, a life on benefits or remaining in a low paid job. It has been recognised there is significant entrepreneurial potential in deprived communities that is difficult to reach. The latency is possibly a result of perceptions of what constitutes a business or business idea, and who Business Gateway services are targeted at. Whilst Business Gateway services are available Fife wide, the project identified a need to provide an enhanced outreach service in a bid to engage more effectively within these deprived areas. This client group faces additional barriers such as; lacking confidence, low skill sets, poorer access to finance and lack of affordable and suitable childcare. The SfE project addresses these barriers and offers a proactive response, tailored to complement the particular needs of this particular client group in a more informal approach. However, SfE endeavours to work in a complementary manner with the existing support networks and partner organisations operating within the various regeneration areas.

The SfE project has been branded “Be Your Own Boss” (BYOB). This clearly describes the aims of the initiative and is a simple message that clients can understand. The project works in a complementary manner with existing support networks and partner organisations and helps to promote the support information networks available to individuals through a sustained and recurring campaign of information sessions delivered in local regeneration communities. This presence complements the business start-up services available through Business Gateway. Providing basic introductions to the support network including commercial banks, HMRC, Jobcentre Plus, PSYBT and many others, helps individuals to connect with the services available and make better informed choices when considering self-employment.

SfE’s approach has been tailored to the needs of its client group, for example marketing has focused on delivering leaflets to homes, and events are held in venues which are accessible to clients, such as local community centres and other drop-in centres. It offers a confidential brokerage system to encourage the progressive formalisation of shadow economy activities, and has created a constant presence within the deprived communities that is easily identifiable, informed, effective and locally accessible;

The project also offers a small start-up grant of up to £1,000. The grants are an essential part of the BYOB toolkit in recognition that inability to access or even utilise small amounts of finance can be a major barrier to clients who come from regeneration areas in becoming self-employed.

## **2. Equal Opportunities**

### **Equality Schemes**

The UK Government’s Equality Act received Royal Assent in April 2010 with the majority of provisions coming into force in October 2010. A key element of the legislation is the introduction of a single Equality Duty, replacing the three existing public sector equality duties. This new duty covers race, disability, gender, age, religion and belief, sexual orientation, gender reassignment and pregnancy and maternity. Like the three existing duties, the new single Equality Duty is in two parts; a general duty, which is set out in the Act, and specific duties which can be placed on certain public authorities to ensure the better performance of the general duty. The Scottish Ministers’ have consulted on the specific duties which will be placed on public authorities, and plan to lay regulations early in 2011.

The duty is instrumental in driving both institutional and cultural change, ensuring that public bodies systematically consider the impact of all their policies and services on all communities and actively find ways to improve disadvantage and discrimination.

However, prior to the introduction of the new duty, the Scottish Government published the annual reports of the Gender Equality Scheme and the Disability Equality Scheme in 2010

*Gender Equality Scheme* - [www.scotland.gov.uk/Publications/2010/04/06112510/0](http://www.scotland.gov.uk/Publications/2010/04/06112510/0)

*Disability Equality Scheme* - [www.scotland.gov.uk/Publications/2010/12/24082632/0](http://www.scotland.gov.uk/Publications/2010/12/24082632/0)

### European Perspective

The European Social Fund Regulation 1081/2006, Articles 2 and 4.5 refer to the promotion of gender equality. Article 3 (b) (iii) specifies “mainstreaming and specific action to improve access to employment and increase sustainable participation and progress of women in employment, and to eliminate direct and indirect gender based segregation in the labour market inter alia by addressing the root causes of the gender pay gaps.

A global approach to gender equality in the 2007 - 2013 Programmes is required to ensure that the activities undertaken are not merely isolated measures with limited impact on the general situation in terms of equality.

The ESF regulations for the 2007 - 2013 Programme period reflect strongly the EU’s commitment to eliminating inequality between women and men. Specific actions aimed at women are combined with a strong gender mainstreaming approach, which means not only having specific activities for women in different fields, but incorporating the gender dimension into all stages of programming and implementation in order to increase women’s participation and progress in the world of work. Nevertheless, in 2007 - 2013 these ESF provisions are reinforced by the specific principle on gender equality in the Regulation common to all funds. The aim is to ensure that gender mainstreaming is more effectively applied in all ESF priorities within the frame of a structural approach to gender equality as well as in all other Structural Funds initiatives. This differentiates the new ESF regulations from their predecessors. Gender equality issues are no longer addressed as a separate specific priority within which positive, action-oriented activities are developed, but as a cross-cutting principle applicable to all ESF priorities.

### Equal Opportunities and Gender Mainstreaming

#### *Scottish Government Ministerial Priorities*

Included as a "specific duty" of the Gender Equality Duty in Scotland, there is a requirement for Scottish Ministers to set priorities for the advancement of equality of opportunity between men and women. After a process of consultation and data analysis, Scottish Ministers decided in June 2009 that the priorities would be tackling violence against women and occupational segregation. In July 2010 Ministers published reports giving an overview of progress made by listed public authorities in the priority areas towards tackling occupational segregation.

There is clear evidence that occupational segregation continues to be a significant problem in Scottish society with examples of gender inequality in employment and of a continued gender pay gap. The research identified many examples of work to challenge occupational segregation, including developments in structures, strategy and policy; information gathering, monitoring and reporting; initiatives and specific work; and training and awareness-raising. Whilst no conclusions were drawn about the level of change that had been achieved in tackling occupational segregation in recent years, nor the particular impact of all of the separate work, it is reasonable to infer that these developments indicate overall progress in tackling occupational segregation and suggest positive changes in addressing this.

[www.scotland.gov.uk/Publications/2010/07/01154459/0](http://www.scotland.gov.uk/Publications/2010/07/01154459/0)

### *Scottish Government Gender Equality Scheme*

The Scottish Government's Gender Equality Scheme published in 2008 covers the period 2008 - 2011 and sets out how SG will approach gender equality, outlining intended actions to ensure that policies, practices and services take into account the needs of women and men. The Scheme also emphasises the need to fully consider and understand the needs and experiences of women and men in policy development.

The Scheme details key actions for the Structural Funds Programmes in Scotland which are identified as contributing to progressing Scottish Government's gender equality policy objectives. Expected outcomes are to "reduce inequalities in the workplace. Increase opportunities for groups who may be disadvantaged in the workplace". "Evaluation should inform outcomes which can be mainstreamed across Scotland", and "Improve the projects receiving funding's awareness of gender equality issues and how to address them within their projects".

### *Women in Science, Engineering and Technology (SET)*

Despite inroads in other sectors, women are under-represented and an underutilised resource in science, engineering and technology (SET) in Scotland. The Chief Scientific Adviser to the Scottish Government believes that Scotland needs to use the resources of all sectors of society, and that overcoming gender stereotypes in science, engineering and technology is in everyone's interest, and will help Scotland to thrive beyond the current economic climate. A motion agreed by the Scottish Parliament following a debate on Science for Scotland in 2009 called upon the Scottish Government "to include in its science strategy specific action to improve the participation and employment of women in the science sector".

As a result of this motion, a think tank took place in February 2010 co-chaired by Professor Anne Glover, Chief Scientific Adviser, and Professor Alice Brown of the University of Edinburgh. A number of recommendations were agreed which are being taken forward.

### Equality Budget Statement 2010

In November 2010, the Scottish Government published an Equality Budget Statement which provides a summary of the action that the Scottish Government has taken to ensure equality has been considered within the Scottish Budget process for 2011 - 12. It further outlines the equality implications of the Scottish Budget proposals for each portfolio and how each contributes towards making Scotland a fairer and more just society. It also provides an overview of the impacts on those with the lowest incomes.

### **Gender Budget Analysis - Scottish Women's Budget Group - [www.swbg.org.uk](http://www.swbg.org.uk)**

A key driver of this process was the Scottish Government's engagement with the Scottish Women's Budget Group (SWBG). The SWBG was founded to promote gender equality in the Scottish budgetary process and brings together a cross-section of women with expertise from academia, local communities, the statutory and voluntary sectors and trade unions. A member of staff from the LUPS IAB participates in the SWBG.

The SWBG promotes Gender Budget Analysis (GBA) as a methodology that can connect priorities with resources and identify how public expenditure may benefit women and men differently. The SWBG aims to encourage the Scottish Parliament and the Scottish Government to change the way decisions are made about how public money is spent. The Group works together to:

- respond to published spending plans and government consultation opportunities;
- provide evidence and guidance to the Scottish Parliamentary Committees and Scottish Government on equality-proofing Budget proposals;
- meet Scottish Government Ministers, civil servants and MSPs;
- participate in the Scottish Government's Equality Proofing Budgets Advisory Group;
- share information with other initiatives and groups seeking to promote gender equality.

### Examples of Equal Opportunities Good Practice in Approved Projects

ERDF Priority 1: LUPS/ERDF/2008/1/1/0162 - Prospekt

Project Sponsor: University of Edinburgh

Prospekt is a joint partnership between the University of Edinburgh and Scottish Enterprise, was established in July 2006 to help commercialise research being carried out by the University of Edinburgh's School of Informatics. The Prospekt programme has helped stimulate those ideas into new businesses or to licence those ideas into existing Scottish-based growth businesses to increase productivity and improve performance.

This project provides:

- a dedicated commercialisation team to pro-actively engage with industry;
- refurbished accommodation providing 1,800m<sup>2</sup> of commercialisation facilities hosting the above team, and a floor dedicated to industry collaboration;
- programmes and activities to encourage entrepreneurship and resultant company formation;
- international promotion of the School of Informatics to affirm the message that Scotland is a great place to study, work and live.

The Prospekt project identified an issue of a shortage of female scientists engaged in commercialisation of informatics research, and developed a range of activity, including targeted events such as the two day conference “*New Approaches to Leadership for Aspiring Women Entrepreneurs*”. The project recognises that its media should appeal to younger audiences, and used Twitter, Linked-In and Facebook social networks to encourage debate and discussion, highlight what support sessions are available and signposting to further information. The project also links in to the Scottish ‘Girl Geeks’ network who organise weekend workshops, seminars and social events with the aim of increasing the involvement of women in SET and in commercialisation of research projects.

The project’s online groups also signpost interested women to *The Next Women*, the women’s business internet magazine. The project’s website also provided information on forthcoming events which may be of interest to female scientists.

### **3. Environmental Sustainability**

The Scottish Government are committed to the Scottish Sustainable Development Strategy. The key objectives of this Scottish Government strategy are to make Scotland:

- *Wealthier and Fairer*. The Government takes pride in Scotland's strong, fair and inclusive national identity. Its core aim is to help businesses and people increase their wealth and allow more people to share fairly in that wealth. The impact of a changing climate means that future growth must be achieved in a responsible and sustainable way;
- *Healthier*. Helping people to improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care;
- *Safer and Stronger*. Helping communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life;
- *Smarter*. Expanding opportunities to succeed from nurture through to lifelong learning ensuring higher and more widely shared achievements; and,
- *Greener*. Improving Scotland's natural and built environment and the sustainable use and enjoyment of it.

There are four key principles underpinning the Scottish Government approach to sustainable development. These are to promote:

- Sustainable consumption and production: essentially achieving more with less. As a result, projects need to show evidence that they have been able to make more efficient use of resources, consider the impact of the products and materials over their whole lifecycle and encouraging people to take into account the social and environmental consequences of their purchasing choices;
- Climate change and energy use: securing a profound change in the way in which energy is generated and used and reducing greenhouse gas emissions;
- Natural resource protection and environmental enhancement: protecting natural resources by developing a better understanding of environmental limits and actively improving the quality of the environment; and,
- Sustainable communities: creating communities that embody the principles of sustainable development locally.

#### Scotland - A Low Carbon Society

This is a flagship set of publications on climate change, energy and the low carbon economy which aims to support this transition and describe the benefits and opportunities of building a low carbon Scotland. The documents in this series are:

- ***Low Carbon Scotland: Meeting the Emissions Reduction Targets 2010-2022***, published on March 14, 2011, describes the measures identified to meet the emissions reduction targets established by the Climate Change (Scotland) Act 2009, over the period 2010-2022;
- The ***Low Carbon Economic Strategy***, published on November 15, 2010, sets the policy direction for low carbon economic opportunities, and aims to strengthen business confidence in exploiting those opportunities;
- The ***Low Carbon Scotland Public Engagement Strategy***, published on December 30, 2010, explains our approach to informing people about what they can do to help Scotland take action on climate change; and,
- ***Conserve and Save: The Energy Efficiency Action Plan***, published on October 06, 2010, sets out in detail the actions the Scottish Government is taking to achieve a step change in energy use.

### What is being done differently in 2010?

N-RIP: 2010 saw the introduction of a joint plan by the Scottish Government, its Enterprise Agencies and the private sector. The report centres around how we can work with industry to ensure that Scotland is in the best possible position to create economic growth in a new business sector that we have the natural resources to utilise and at the same time reduce our carbon emissions targets.

### Low Carbon

In the area of carbon reduction the Scottish Government have not considered this to be a sector specific challenge. The Low carbon economy will be a major step change for all business sectors, there are main contributors namely the Energy generation, Heat and Transport sectors however there will also be significant changes which can be developed through environmental and clean technologies and the adaptation of agriculture and land use to help us meet Scotland and Europe's climate change targets.

### Examples of Environmental Sustainability in Approved Projects

#### ERDF Priority 1: LUPS/ERDF/2008/2/1/0425- Hydrogen Office Wind Turbine Procurement

#### Project Sponsor: The Hydrogen Office Ltd

The Wind Turbine project forms part of a broader Scottish Enterprise and Fife Council strategy to develop the Fife Energy Park as an international centre of excellence for technology development and production in the energy sector. It builds on previous ERDF support for a range of activities on the Fife Energy Park, including the Hydrogen Office, Methil Docks Business Park (MDBP), and the Levenmouth Childcare Centre. ERDF support is required to provide the necessary leverage to match-fund contributions from Scottish Enterprise and the Energy Saving Trust to meet the costs of developing the wind turbine for the project.

The project specifically builds on previous ERDF support (2000-2006 Programme) to develop the Hydrogen Office project, including the Hydrogen Office demonstration centre and renewable, hydrogen and fuel cell energy systems. The proposal seeks funding to source and install a wind turbine in the 600kw – 800kw size range, to provide onsite, intermittent renewable electricity generation to support the wider aims of the Hydrogen Office project in order to demonstrate the importance to Scotland of developing energy storage technologies. With Scotland's ambitious plans to generate 50% of its electricity from renewable energy sources by 2020 and its proposed aim to reduce carbon emissions by 80% by 2050, the ability to store intermittent renewable energy will become increasingly important in the effective harnessing of Scotland's huge renewable energy resources.

ERDF funding enabled the Hydrogen Office Ltd (HOL) to install and operate a wind turbine in a size range where there is an identified shortage of available turbines with a proven track record in the European climate, and to establish a supply chain and maintenance and servicing capacity in Scotland. In so doing, HOL is seeking to overcome a key hurdle faced by a wide number small businesses and community groups seeking, but currently failing, to source turbines in this size range. In addition to demonstrating hydrogen energy storage, the turbine also facilitates a planned large-scale battery storage centre at MDBP. The turbine creates an opportunity to demonstrate and market-prove a number of cutting edge energy technologies in real life conditions whilst creating a range of economic benefits for Scotland.

The turbine forms part of a strategy to develop a centre of excellence at Fife Energy Park for the development of alternative and renewable technologies that will support the regeneration of an area that has been in decline since the collapse of the coal industry and is further disadvantaged by the scaling down of North Sea oil exploration. The area around the Fife Energy Park has an unemployment rate of 6.8% (2007) compared with 5.7% for Fife and 4.7% for Scotland. In addition, Fife's GVA for 2006 was 32% below the UK average (Office of National Statistics, 2007) and the GVA per employee in Fife fell by 8% between 1995 and 2004. The Wind Turbine project contributes to redressing the balance of the unemployment levels in the Levenmouth Regeneration Area and reversing the decline of Fife's GVA in relation to the rest of Scotland and the UK.

The technical performance of the wind turbine is being monitored by a bespoke software package under development by HOL to enable the real-time monitoring of the turbine performance. The Hydrogen Office's overall performance will be monitored by the Hydrogen Office steering group, comprising interested stakeholders from industry and the public sector. Dissemination of information resulting from the project will be undertaken by the Hydrogen Office and the Scottish Enterprise network.

## **LUPS IAB Activity on the Horizontal Themes**

### Proactive work on Horizontal Themes

IAB staff have been working with Close the Gap to provide advice and assistance to projects on gender equality and occupational segregation issues. Close the Gap has been operating since 2002, the first phase of the project (from 2002 until the end of 2005) was funded by the EQUAL Community Initiative. The project works across Scotland with those who can influence the gender pay gap as well as those who are affected by it. The main focus of Close the Gap is developing innovative methods for raising awareness and capacity building around the pay gap with employers and employees.

## Communications

ESEP newsletters continue to provide information and updates on horizontal themes at Scottish, UK and EU level. Information on the horizontal themes continues to be provided on the ESEP website, which contains separate sections on the horizontal themes, including guidance information and contact details for relevant organisations.

### **Contribution of the Operational Programme to supporting the Lisbon Goals**

An analysis has been undertaken of ERDF commitments made to 31 December 2010 that categorises them in line with Commission Regulation (EC) No 1828/2006 Annex II: Categorisation of Funds assistance for 2007 – 2013 and also their NUTS territorial classification code. This is attached for information as **Annex 3**. This shows that nearly 81% of ERDF resources have been allocated to Lisbon earmarked activities. In particular, there has been a high concentration on those Priority Theme indicators which are clearly aligned to promoting the Lisbon objectives of innovation and economic growth. For example, the indicators 'Other investment in firms', 'Assistance to R&TD, particularly in SME's (including access to R&TD services in research centres)' and 'R&TD activities in research centres' account for a significant level of all committed resources.

In assessing the Programme from the perspective of the economic sectors targeted, it should be noted that grant has been awarded to a good cross-section of other sectors. These include 'Activities linked to the environment' and 'Human health activities'.

Examples of the types of projects supported in the different ERDF operational priorities which were implemented during 2010 are attached for information as **Annex 4**.

## **2.2 Information about compliance with Community law**

The Scottish Government will ensure full compliance with all aspects of Community law during the implementation of the ERDF Programme. This has been a key principle which has influenced the design of the application form, appraisal processes and the monitoring and control environment governing approved operations. This is outlined in more detail in the remainder of this section.

### **2.2.1 Management and Control**

#### Outline of Management and Control System (MCS)

The Commission acceptance letter for the Management and Control System was received by the Scottish Authorities on 11<sup>th</sup> December 2009 and relates to both the ESF and ERDF 2007 - 2013 programmes.

During 2010 projects were rigorously assessed by means of a four-stage compliance process conforming to the requirements of Article 60 of Commission Regulation 1083/2006. Details of the project selection and appraisal processes were given in separate guidance available via the Scottish Government and Intermediate Administration Body (IAB) websites.

The four stages of checking cover project implementation, submission of financial claims by sponsors and on-the-spot verifications. A description of the four-stage compliance process was included in the 2009 AIR. The level of checking set out at the beginning of the programme in the absence of evidence levels and accuracy of claims and error rates may be subject to change in the light of experience. If the evidence emerging from any of the four stages supports an adjustment to the level or type of checks required, the MA will propose and agree amendments with the Audit Authority.

### **2.2.2 Competition Policy and State Aid**

As Priority 3 had widened the scope of the Priority to include CHP and renewable energy schemes, additional state aid cover was sought and granted on 30th July 2010.

The reference number given to the Scottish Government was: **X654\2010 European Regional Development Fund Scotland 2009 – 2013 Programme – Priority 3 Environmental Support Measures.**

Under this scheme there is an allocated budget of £15 million and the cover specifically targets “Environmental investment aid for high efficiency cogeneration” (**Article 22**) and “Environmental investment aid for the promotion of energy from renewable energy sources” (**Article 23**).

Due to the importance of state aid regulation the Managing Authority sought additional training from the State Aid Unit, and on the 20 October 2010 a workshop was held using project applications from the 3rd round as examples. The workshop helped staff to identify state aid issues and discuss the types of cover available.

This close-working has been further improved as the State Aid Team was re-positioned into the European Structural Funds Division in 2010.

Information on State Aids is provided in the ‘Guidance Notes for Applicants’ which is available from the IAB website ([ESEP website link to Guidance Notes for Applicants](#)) There is also a specific link on the State Aids Unit website which covers structural funds ([State Aids Scotland website - Structural Funds Link](#)).

Alternatively, the general website address is <http://www.stateaidscotland.gov.uk/>

### **2.2.3 Public Contracts**

There have been no public contracts advertised as part of the operational programmes. Beneficiaries of ERDF funds may advertise contracts for ERDF eligible activity within their projects; however this is at project-level and is not noted in the AIR.

### **2.3 Substantial modification under Article 57 of Regulation (EC) No 1083/2006**

There was no substantial modification under Article 57 of Regulation (EC) No 1083/2006 undertaken during the year.

### **2.4 Changes in the context of the operational programme implementation**

#### **2.4.1 Scotland's Recent Economic Performance in the Global Downturn**

##### **Summary**

This section provides information on Scotland's economy in 2010 within the context of earlier developments across the recent period of recession. The recovery in Scotland accelerated in the second and third quarters of 2010. However, Scotland's GDP contracted by 0.4% in the fourth quarter of 2010, possibly reflecting the adverse weather at the end of the year.

The employment rate in Scotland fell sharply at the end of 2009 and the start of 2010, but made some recovery in the second half of 2010. The unemployment rate peaked at 8.9% in May-July 2010, decreasing to 8.0% by the end of the year. Despite this recent improvement in labour market indicators, the employment rate remains lower than two years earlier and significantly below the rate at the start of Scotland's European Structural Funds programmes in 2007.

The Lowlands and Uplands Scotland region accounts for approximately 93% of Scotland's population. It therefore follows that the profile of the area is broadly in line with that of Scotland as a whole.

Over the period from 2006/2007 to 2009/2010, there has been a deterioration in the labour market of the Programme Area. The employment rate in the region has fallen by 2.9% over the three year period while the economic activity rate has fallen by 0.8%. The unemployment rate in the Programme Area has also deteriorated significantly, increasing by 2.7%. The claimant count, which provides a more up to date labour market indicator, shows that the number of people claiming Jobseeker's Allowance increased by 97% from December 2007 to December 2010, reflecting the rise in unemployment brought about by the recession.

Over the period 2006/2007 to 2009/2010, there has been an increase in the proportion of working men and women who work part time. The number of part-time workers increased slightly over this period, despite the decrease in the total employment level. The number of self-employed women has also increased.

The qualifications profile of the region has improved slightly over the three years, with the proportion with no qualifications falling and the proportion with a qualification above degree level increasing. The rate of business start-ups in 2009 was marginally lower than in 2006; the rate of business closures increased over this period.

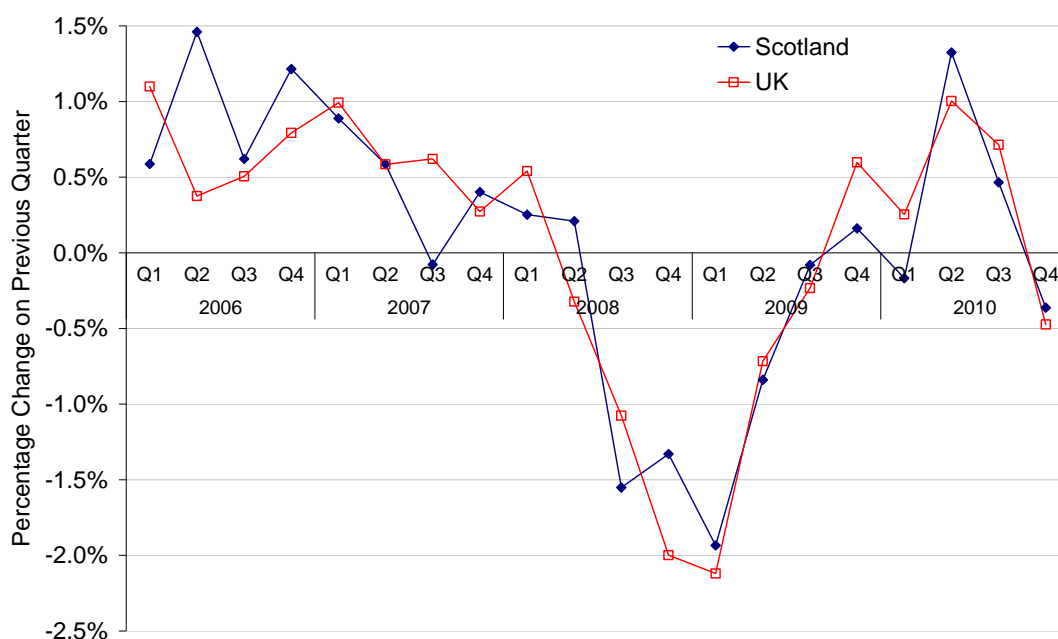
The most deprived areas within the Programme Area have a significantly lower employment rate and significantly higher unemployment rate than the region as a whole. The employment rate in these areas decreased slightly between 2006/2007 to 2009/2010, by 0.2%. The unemployment rate in these areas has experienced a greater deterioration, from 13.7% in 2006/2007 to 16.8% in 2009/2010. The qualifications profile of the most deprived areas is considerably poorer than that in the region as a whole with a significantly higher proportion of the population holding no qualifications

### Output

Following five consecutive quarters of falling output, the Scottish economy emerged from recession in 2009 Q4. The recovery accelerated in 2010 Q2 with a strong bounce-back in growth; Scottish GDP expanded by 1.3% in 2010 Q2 and by 0.5% in 2010 Q3. In the fourth quarter of 2010, GDP contracted by 0.4% in Scotland and by 0.5% in the UK as a whole. Output in the final quarter of 2010 was affected by heavy snow across the UK.

Output in Scotland in 2010 was 0.8% higher than in 2009, while output in the UK was 1.4% higher than in 2009. This is illustrated below in **Figure 1**.

**Figure 1: GDP Growth (Quarter on Quarter) in Scotland and UK, 2005 – 2010**



Source: Scottish Government & ONS

The IMF<sup>1</sup> forecasts that the UK economy will continue to grow in 2011 and 2012, albeit at a slower rate than the global economy. The UK's GDP is forecast to grow by 1.7% in 2011 and 2.3% in 2012. In the advanced economies taken together, GDP is forecast to increase by 2.4% in 2011 and 2.6% in 2012. The UK Office for Budget Responsibility,<sup>2</sup> which was created in 2010, forecasts GDP growth of 1.7% in 2011 and 2.5% in 2012. The Bank of England also forecasts positive growth in 2011 and 2012.<sup>3</sup>

Independent forecasters predict that the recovery in Scotland will continue in 2011, with the average forecast indicating growth of around 2% over the year.

### Retail Sales

Retail sales in Scotland and Great Britain, adjusted for inflation, have grown steadily since 2005.<sup>4</sup> Sales in 2010 grew by 2.4% in Scotland and 1.7% in Great Britain, compared to the previous year. However, the figures for the fourth quarter of 2010 represent a slight weakening compared the second and third quarter; this may be partly due to consumers' difficulties in reaching retail outlets due to heavy snow.

<sup>1</sup> IMF, World Economic Outlook, April 2011.

<sup>2</sup> Office for Budget Responsibility, Economic and Fiscal Outlook, March 2011.

<sup>3</sup> Bank of England, Inflation report, February 2011

<sup>4</sup> Scottish Government, Retail Sales Index (RSI) for Scotland for the 4<sup>th</sup> Quarter of 2010. <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/PubRSI>

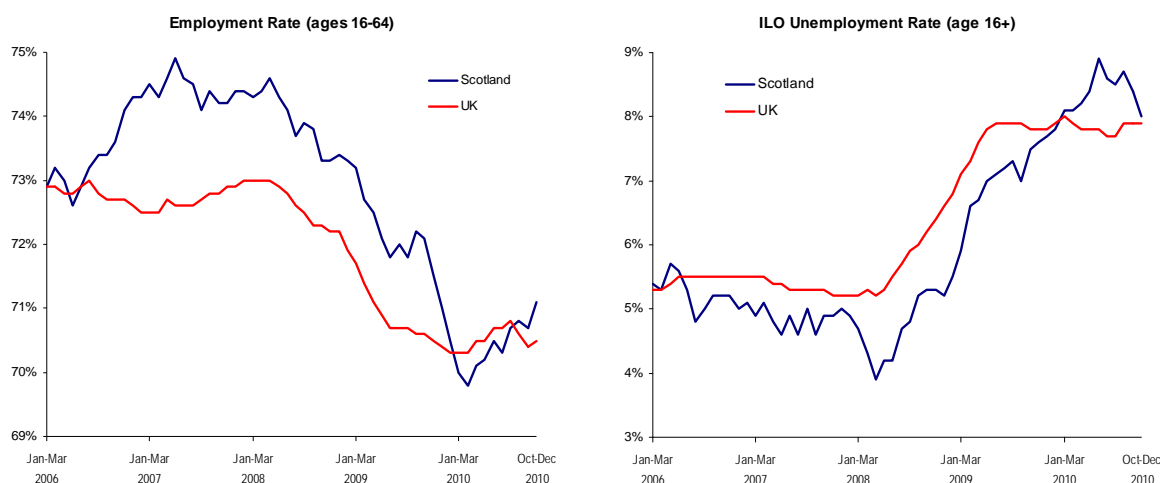
### Recent Labour Market Developments in Scotland

Following the onset of falls in output in the Scottish economy from 2008 Q3, the unemployment rate weakened significantly throughout 2009 and early 2010. Conditions in the labour market began to recover during 2010. After peaking at 8.9% in May-July 2010, the unemployment rate decreased to 8% in October-December 2010.

The number of people aged 16 and over in employment in Scotland fell by 5.1% from a pre-recession peak of 2,561,000 in March-May 2008 to 2,430,000 in February-April 2010. This was slightly smaller than the fall in GDP during the recession, which decreased by 5.7% from the second quarter of 2008 to the second quarter of 2009. The level of employment has since increased to 2,488,000 in October-December 2010, close to the level a year previously. The employment rate for people aged 16 to 64 in Scotland was 71.1% in October-December, slightly above the UK rate of 70.5%. This can be seen below in **Figure 2**.

**Figure 2: Employment and Unemployment Rates (seasonally adjusted)**

*Rolling three-month periods, Jan-March 2006 to October-December 2010*



Source: Office for National Statistics, Labour Force Survey

The ILO unemployment<sup>5</sup> rate in Scotland was 8.0% in October-December 2010, down from 8.9% in May-July 2010. The UK unemployment rate was 7.9% in October-December 2010, having remained fairly stable since the middle of 2009. The unemployment rate remains well above the pre-recession lows of 3.9% in Scotland and 5.2% in the UK (in March-May 2008 in both cases). The unemployment rate has been higher in Scotland than in the UK rate since the start of 2010, after more than three years below the UK rate.

<sup>5</sup> The International Labour Organisation (ILO) measure of unemployment is a survey based estimate of the number of people out of work who are actively seeking a job and are available to start work. It provides the most comprehensive measure for changes in the overall Scottish labour market and is reported on a rolling 3-month basis, with the latest data available for the period December – February 2010.

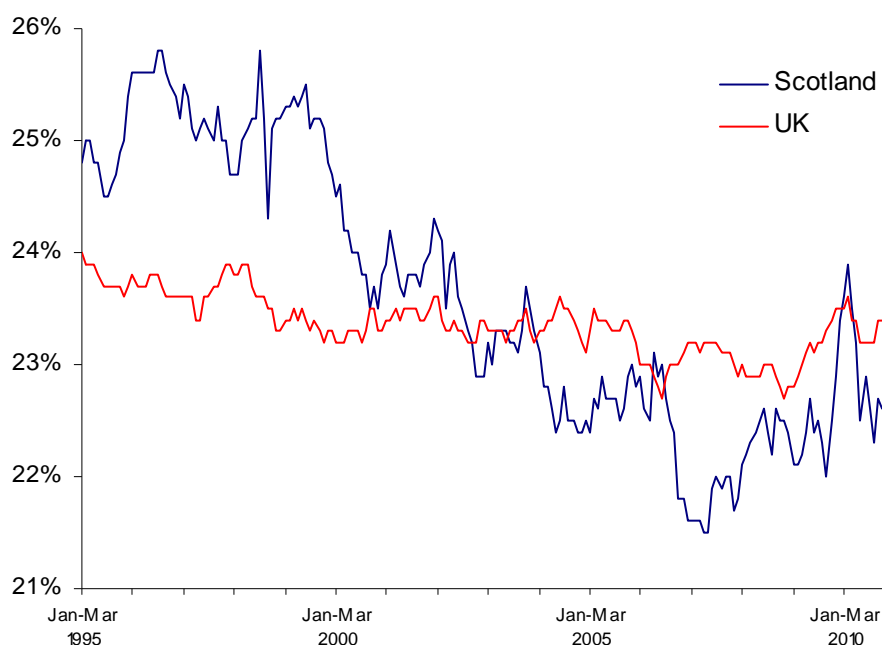
The claimant count<sup>6</sup> in Scotland was 139,700 in January 2011. The claimant count rate was 5%, the same rate as a month and a year previously, and the highest rate since 1999.

### Rate of Economic Inactivity

The rate of economic inactivity (those who are neither in employment nor ILO unemployed) among those aged 16 to 64 in Scotland declined over a period of more than a decade to 21.5% in April-June 2007. The rate rose gradually in 2008 and 2009, before rising sharply at the start of 2010 to 23.9% in February-April 2010. The economic inactivity rate has since decreased to 22.6% in October-December 2010. This is illustrated in **Figure 3**.

**Figure 3: Economic Inactivity Rate, age 16-64 (seasonally adjusted)**

*Rolling three-month periods, Jan-March 1995 to October-December 2010*



Source: Office for National Statistics, Labour Force Survey

Looking ahead, prospects for the Scottish labour market remain uncertain and are dependent on the strength of the recovery in private sector output, the implications of fiscal consolidation and macroeconomic conditions such as commodity costs and inflation.

### Youth Unemployment

In October-December 2010, Scotland's ILO unemployment rate for 18 - 24 year olds (not seasonally adjusted) was 16.4%, and the UK rate was 17.7%. The rate in Scotland was 2.2% higher than a year previously and 5.1% higher than two years previously. In the UK as a whole, the rate was up 0.7 percentage points on a year previously and 3.6% on two years previously.

<sup>6</sup> Claimant Count data is based on Jobseeker's Allowance records and is reported on a monthly basis, with the latest data available for March. While more timely and disaggregated than the ILO measures, it is less comprehensive as it excludes those in the labour force who are not entitled to claim benefit and those who choose not to claim benefit.

The youth employment rate in October-December 2010 was higher in Scotland (63.7%, up 0.3% from a year earlier) than in the UK (58.5%, down 0.1% from a year earlier).

In January 2011, 8.1% of people aged 18 - 24 were on the claimant count in Scotland, a decrease of 0.2% (970 individuals) on the previous year. This is higher than in the UK where 7.2% of people in this age group were claimants, a decrease of 1.1% on the previous year. Over the last month, the claimant count rate (age 18 - 24) increased by 0.6% in Scotland and by 0.4% in the UK.

Historically there are more young males on the claimant count than females. The claimant count level for young males is currently around 2.6 times higher than that for young females.

The latest Annual Population Survey data for Scotland shows that 14.8% of 16 - 19 year olds in Scotland (39,000 individuals) were NEET (not in education, employment or training) in the year ending June 2010. This is a 2.5% increase on a year previously, and a 3.6% increase on two years previously.

#### *Small and Medium Enterprises' Access to Finance*

Surveys carried out for the Scottish Government<sup>7</sup> show that small and medium enterprises' (SME) demand for finance was lower in November 2010 than in March 2009. The proportion of firms that applied for any kind of finance over the previous three years (irrespective of whether they succeeded in obtaining it) decreased from 53% to 43% over this period. However, demand for finance remains greater than it was in 2007, a time when lending was at its peak.

The percentage of firms which applied for finance over a three year period and were rejected outright has increased since 2009, with 24% of all firms being rejected outright in 2010. This compares to rejection rates of 12% in 2007 and 19% in 2009. On this basis, the supply of finance to SMEs has fallen.

For firms which are not rejected outright, there has been an improvement in the proportions that apply and successfully secure some of the amount they applied for. The mean proportion of finance secured has risen to 66% of the total amount sought, from 57% in 2009. This increase has been driven by micro firms (0 - 9 employees); small (0 - 49 employees) and medium (50 - 249 employees) firms secured a smaller proportion of the total amount sought in 2010 than in 2009.

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<sup>7</sup> <http://www.scotland.gov.uk/Topics/Economy/access-finance>

## Region

The Lowlands and Uplands Scotland (LUPS) region described in this section consists of all areas of Scotland not included in the Highlands and Islands NUTS 2 region.<sup>8</sup> The Annual Population Survey and Claimant Count data in this section uses the 2003-revision NUTS boundaries, as these correspond more closely than the current NUTS revision to the programme boundary.

## Population

The population of the LUPS region was estimated at 4,764,600 over the period October 2009 - September 2010 (hereafter referred to as 2009/2010).<sup>9</sup> This represents a 1.2% increase on the population in 2006/2007. The Lowlands and Uplands region accounts for approximately 93% of Scotland's population; the profile of the area is therefore broadly in line with that of Scotland as a whole.

The breakdown of the population by age group is shown below in **Figure 4**. The make-up of the population of the Lowlands and Uplands region is broadly in line with Scotland as a whole, with 29.4% of the population aged under 25, 47.9% aged 25 - 59 and 22.7% of the population aged 60 and above.

The age profile of the region shifted slightly towards older age groups between 2006/2007 and 2009/2010. Over this period, the proportion of the population aged 60 and above increased by 0.9%.<sup>10</sup>

Historically, the population growth rate has been lower in Scotland than in the EU15 as a whole. Over the 10 years from 1999 to 2009, average annual population growth in Scotland was 0.24 per cent<sup>11</sup> compared to 0.54% in the EU15.<sup>12</sup> This gap has closed in recent years; in 2009, Scotland's population growth rate (0.49%) exceeded the EU15 rate (0.46%).

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<sup>8</sup> NUTS (Nomenclature of Territorial Units for Statistics) is a standard system for referencing sub-national areas for statistical purposes. There are 23 areas at NUTS 3 level in Scotland.

<sup>9</sup> Except where stated otherwise, all further references to years in this format refer to October-September.

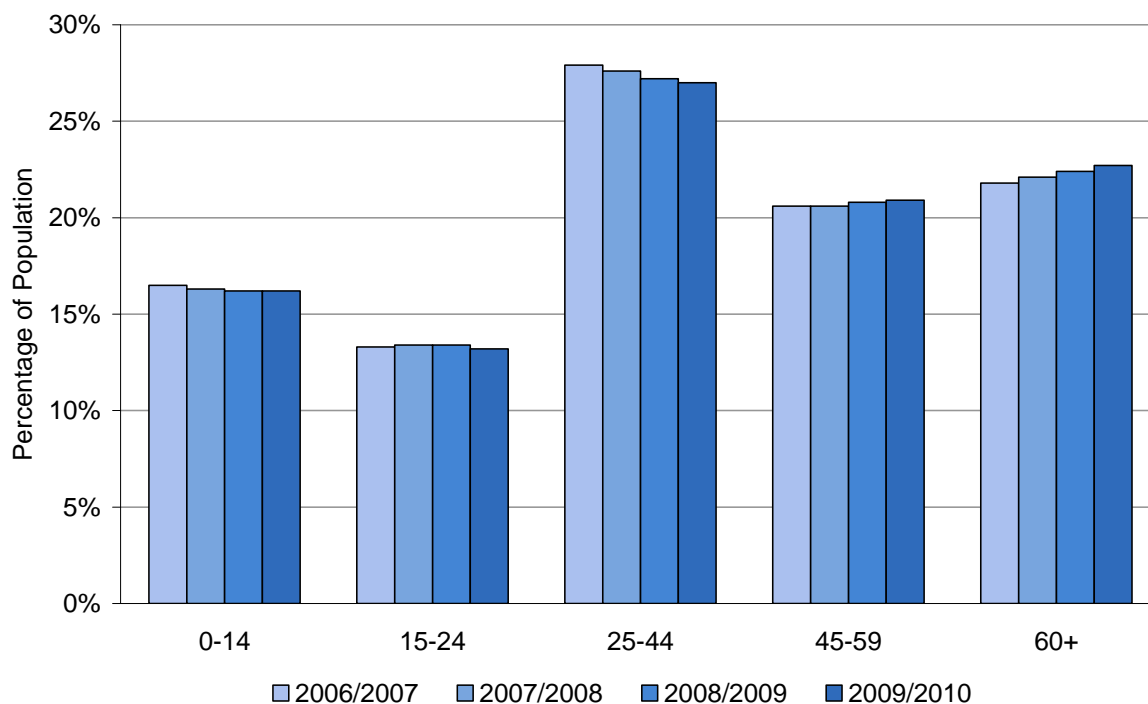
<sup>10</sup> As the Annual Population Survey is a sample survey, the results are subject to a degree of sampling error. Differences between groups may not be statistically significant.

<sup>11</sup> Scotland Data: mid-year estimates from General Register Office for Scotland. EU15 data: estimates for 1 January from Eurostat.

<sup>12</sup> The EU15 countries are those countries in the European Union prior to May 2004. The EU15 comprised the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

Flows of migrant workers from the A8 nations<sup>13</sup> have been an important factor in Scotland's population growth since 2004. Figures from the Worker Registration Scheme (WRS)<sup>14</sup> show that between May 2004 and December 2010, over 92,000 individuals from the A8 countries registered to work in Scotland. These workers are heavily represented in agriculture, food processing, and hospitality and catering.

Figure 4: Age Breakdown, 2006/2007 – 2009/2010



Source: Annual Population Survey<sup>15</sup>

## Output

Total economic output in the Lowlands and Uplands, measured as nominal gross value added (GVA), stood at £96.65 billion in 2008<sup>16</sup>. The Lowlands and Uplands Region accounted for around 7.5% of UK output.

Nominal GVA per capita was approximately £20,500,<sup>17</sup> slightly above the Scottish average of £20,000.

<sup>13</sup> The A8 "Accession eight" nations are the eight Eastern European countries that joined the EU in May 2004. These are: Poland, Czech Republic, Latvia, Lithuania, Estonia, Hungary, Slovakia and Slovenia. Cyprus and Malta which joined the EU at the same time already had arrangements with the UK permitting movement of labour.

<sup>14</sup> Local Government Association, Worker Registration Scheme data, downloaded from <http://www.lga.gov.uk/lga/core/page.do?pageId=1095223>. WRS data are based on Management Information, are provisional and may be subject to change. The data are not National Statistics. Figures are for registered workers rather than the number of applications made. The figures are for initial applications only.

<sup>15</sup> Population estimates have been sourced from the Annual Population Survey to aid consistency with sources used for other indicators in this report.

<sup>16</sup> Source: ONS Regional Accounts. Gross value added figures use the current NUTS revision, which excludes the North East Moray area from the Lowlands and Uplands.

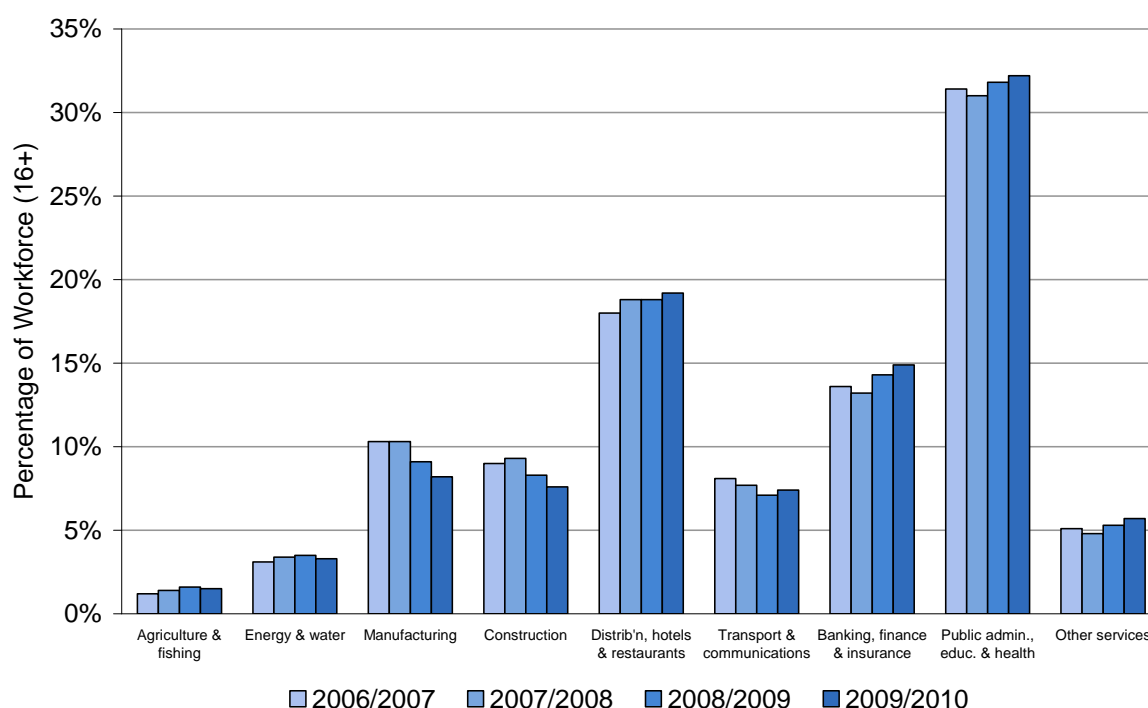
<sup>17</sup> Note: GVA per capita was calculated based on an estimate of the population of LUPS derived from ONS Regional Accounts.

## Industrial Structure

The breakdown of the workforce (aged 16+) by industry of main job<sup>18</sup> in 2009/2010 in the Lowlands and Uplands is shown below in **Figure 5**. As in Scotland as a whole, employment in the region is concentrated in the public administration, education & health and distribution & hospitality sectors. Together, these sectors accounted for 51.4% of employment in the Lowlands and Uplands in 2009/2010. The differences when compared to Scotland as a whole are minor: the Lowlands and Uplands Area has a slightly higher proportion of employees in banking, finance and insurance sectors (14.9% compared to Scotland's 14.5%) and a slightly lower proportion in distribution, hotels & restaurants (19.2% compared to Scotland's 19.4%) and agriculture and fishing (1.5% compared to Scotland's 1.8%).

The industrial structure of the Programme Area has shifted slightly towards the service sector over the last three years. Manufacturing's share of the workforce declined from 10.3% in 2006/2007 to 8.2% in 2009/2010, while construction's share declined from 9% to 7.6%; this reflects greater falls in employment and output in these sectors over the recession. All service sectors saw an increase in their share of the workforce over this period, with the exception of transport and communications, with a fall from 8.1% in 2006/2007 to 7.4% in 2009/2010.

**Figure 5: Industry Breakdown of Workforce, 2006/2007-2009/2010**



Source: Annual Population Survey

<sup>18</sup> The industries shown here are on the SIC 2007 basis, equivalent to NACE Revision 2. Previous years' reports used SIC 2003, equivalent to NACE Revision 1.1. For workers with more than one job, only the main job is included. The Workforce Jobs Series, available at <http://www.scotland.gov.uk/Topics/Statistics/Browse/Labour-Market/Datasets/Employment>, is an alternative data source that covers all jobs including second jobs; this is not available for geographical areas smaller than Scotland as a whole.

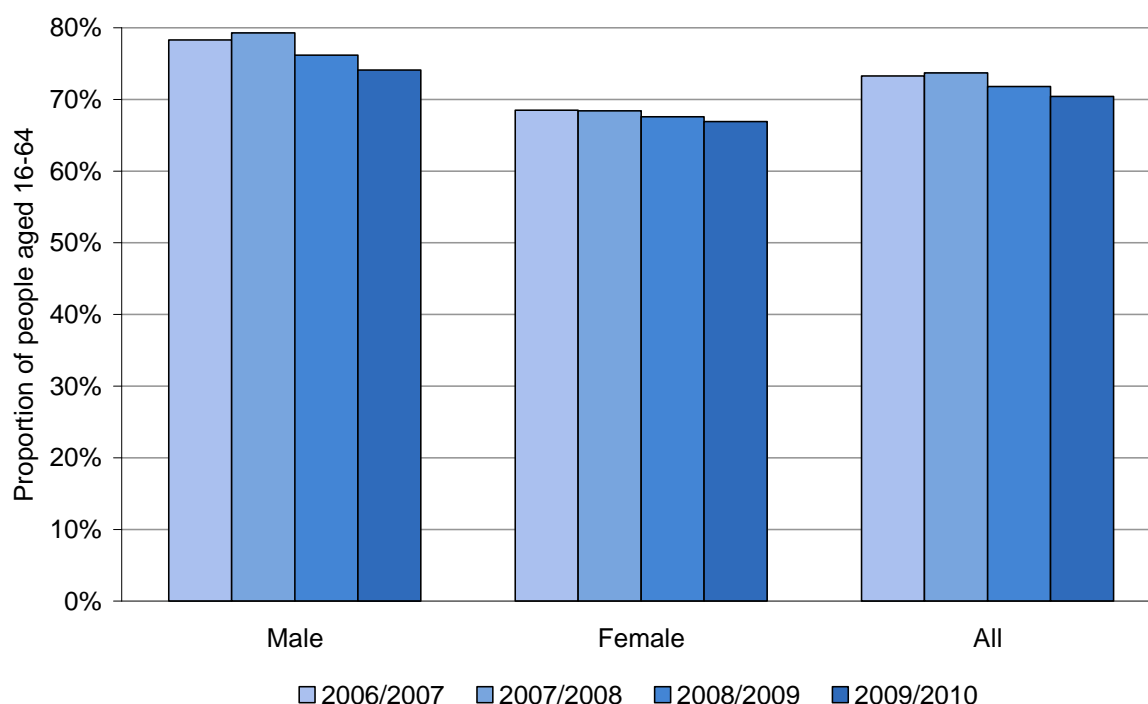
### Employment and Economic Activity

The latest labour market data for 2009/2010 shows employment in the Lowlands and Uplands (aged 16+) of 2,271,500. The area accounted for 92.1% of total Scottish employment. The employment rate for people aged 16 - 64 was 70.4% in the Lowlands and Uplands Region.<sup>19</sup> This was lower than the rate for Scotland as a whole (71%), but slightly higher than that for the UK as a whole (70.2%). The employment rate varies considerably across the seventeen NUTS 3 regions which make up the Lowlands and Uplands Area, from 60.4% in Glasgow City to 79.3% in Aberdeen City, Aberdeenshire and North East Moray.

The employment rate for men living in the Lowlands and Uplands region in 2009/2010 stood at 74.1% slightly lower than the male employment rate for the whole of Scotland (74.7%). The employment rate for women living in the Programme Area for 2009/2010 stood at 66.9%, also slightly lower than the female employment rate for the whole of Scotland (67.4%).

The employment rate in the region has fallen by 2.9% over the three year period from 2006/2007, broadly in line with Scotland as a whole which saw a decrease of 2.8%. These points are illustrated below in **Figure 6**.

**Figure 6: Employment Rate by Gender, 2006/2007-2009/2010**



Source: Annual Population Survey

<sup>19</sup> The employment rate and a number of other measures in this report are expressed as a percentage of the population aged 16-64. In previous years' reports, working age population (16-64 for men, 16-59 for women) was used as the denominator.

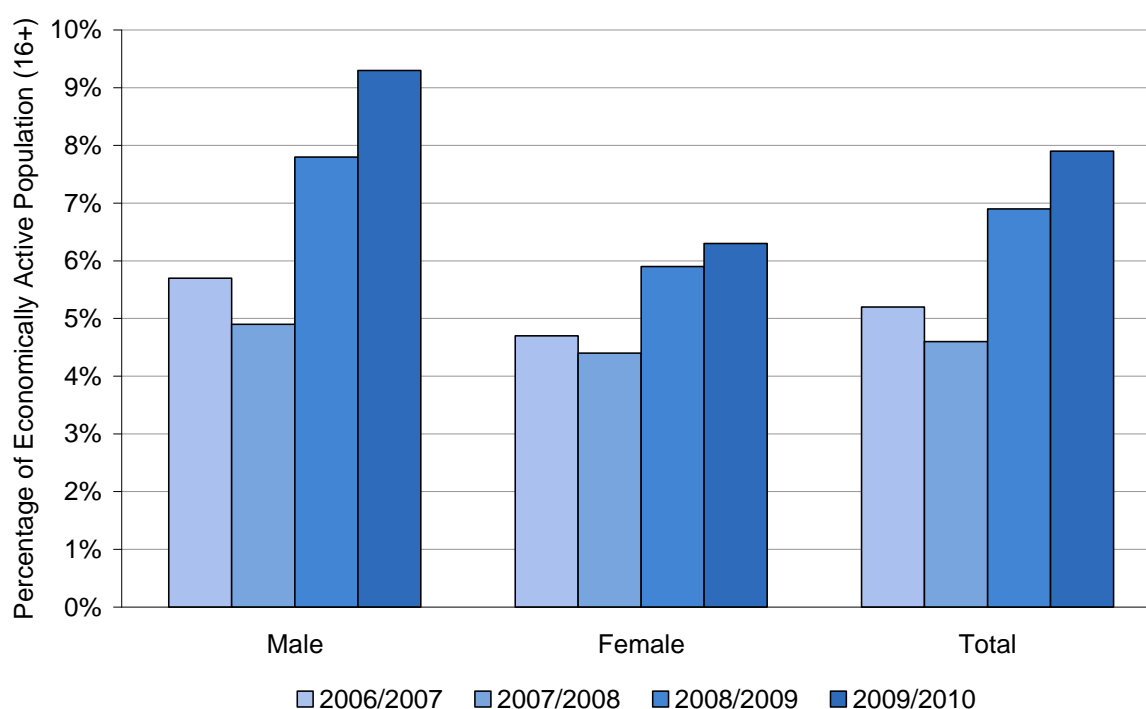
The economic activity rate (those employed or looking for work, as a proportion of the population aged 16 - 64) in the LUPS Area was 76.6% in 2009/2010. This was also marginally lower than the whole of Scotland, which had a rate of 76.9%. The economic activity rate has fallen by 0.8% in the LUPS Region between 2006/2007 and 2009/2010; Scotland as a whole saw the same decrease over this period.

### Unemployment

Unemployment in the Lowlands and Uplands stood at 194,700 in 2009/2010, representing 7.9% of those economically active (aged 16+). This compares with a slightly lower unemployment rate of 7.5% for the whole of Scotland. The unemployment rate varies considerably across the individual NUTS 3 regions which make up the Lowlands and Uplands area, from 4.2% in Aberdeen City, Aberdeenshire and North East Moray to 11.7% in Glasgow City. As **Figure 7** below illustrates, the unemployment rate was higher among males (9.3%) than females (6.3%).

The unemployment rate in the Lowlands and Uplands deteriorated over the three years to 2009/2010, increasing by 2.7% from 5.2% in 2006/2007.

**Figure 7: Unemployment Rate by Gender, 2006/2007 – 2009/2010**



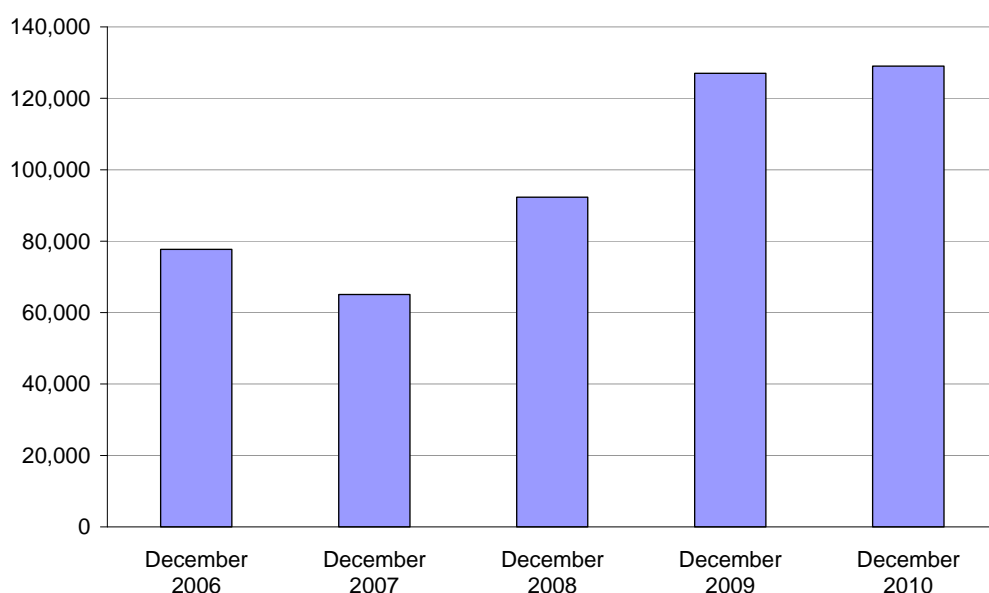
Source: Annual Population Survey

### Job Seekers Allowance Claimant Count

The claimant count<sup>20</sup>, which measures the number of people claiming unemployment benefits, Jobseeker's Allowance (JSA), provides a more up to date labour market indicator. In December 2010, the claimant count stood at 129,010 in the LUPS Area<sup>21</sup>. This represents an increase of 98% from the figure three years earlier, reflecting the rise in unemployment brought about by the recession. In Scotland as a whole, the claimant count stood at 136,200 in December 2010, an increase of 97% from December 2007. This is shown below in **Figure 8**.

In the Lowlands and Uplands and in Scotland as a whole, the claimant count in December 2010 was 2% higher than a year previously.

**Figure 8: Claimant Count in Lowlands and Uplands, December 2006-2010**



Source: Claimant Count

There is considerable variation, in terms of the percentage increase in the claimant count, across the NUTS 3 regions which make up the LUPS area. In East Lothian and Midlothian the claimant count level of unemployment rose by 179%, from 1,390 to 3,872, over the three years to December 2010. This compares to considerably smaller percentage increases in other parts of the area such as Dumfries and Galloway, where the claimant count increased by 41%, from 1,971 to 2,783. Glasgow City had the largest numerical increase in claimant count from December 2007 to December 2010, with a rise of 11,450.

<sup>20</sup> The data on which the count is based are derived from the Jobcentre Plus administrative system for paying JSA. They relate to all JSA claimants, including people who do not receive any benefit payment but who sign on for National Insurance credits only to preserve their eligibility for state pension. The claimant count is not the same as unemployment; it only measures the number of people claiming benefits.

<sup>21</sup> It is possible to provide the level, but not the rate, of claimant count unemployment for the Lowlands and Uplands NUTS region. The denominator used to calculate the latest claimant count rates is the economically active population (source: Annual Population Survey, Jan-Dec 09). Rates from previous years are calculated using a different denominator (2001 census data, adjusted using APS data and mid-year population estimates) and are currently under review.

### Job Vacancies

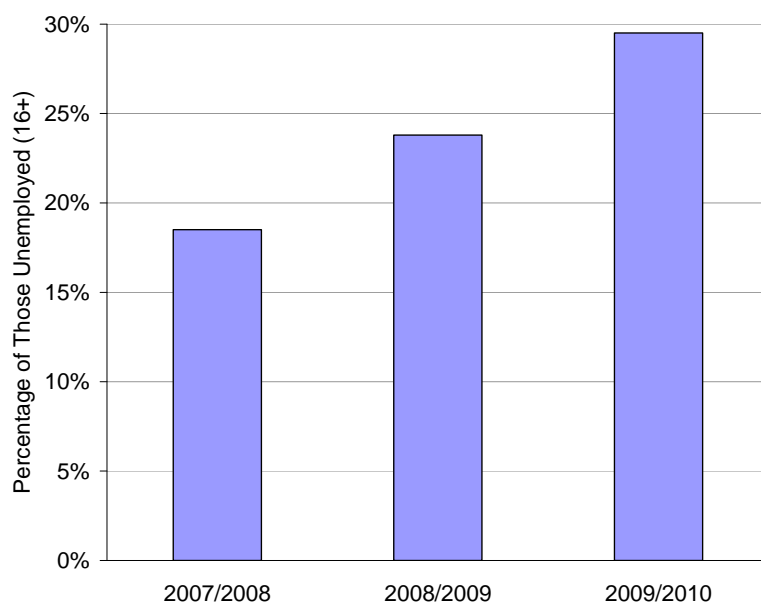
The latest unfilled vacancy count statistics from Jobcentre Plus show 12,185 unfilled vacancies across the LUPS Region<sup>22</sup> in December 2010, accounting for 93% of unfilled vacancies in Scotland. This is less than half (39%) the number of unfilled vacancies advertised three years previously (30,966 during December 2007), and 10% below the number in December 2009.<sup>23</sup>

### Long-term Unemployment

Long-term unemployment (those unemployed for 1 year or more) in the LUPS Area stood at 57,300 in 2009/2010. This represents 29.4% of all those unemployed in the region, and is in line with the corresponding proportion for Scotland as a whole (29.8%). The long-term unemployment rate in the region, as a percentage of all those unemployed, has increased by 11% over the two years from 2007/2008, as **Figure 9** below shows.

The long-term unemployment rate for 2006/2007 in the Lowlands and Uplands is unavailable, as it is below the reliability threshold.

**Figure 9: Long-term Unemployment Rate, 2007/2008 – 2009/2010**



Source: Annual Population Survey

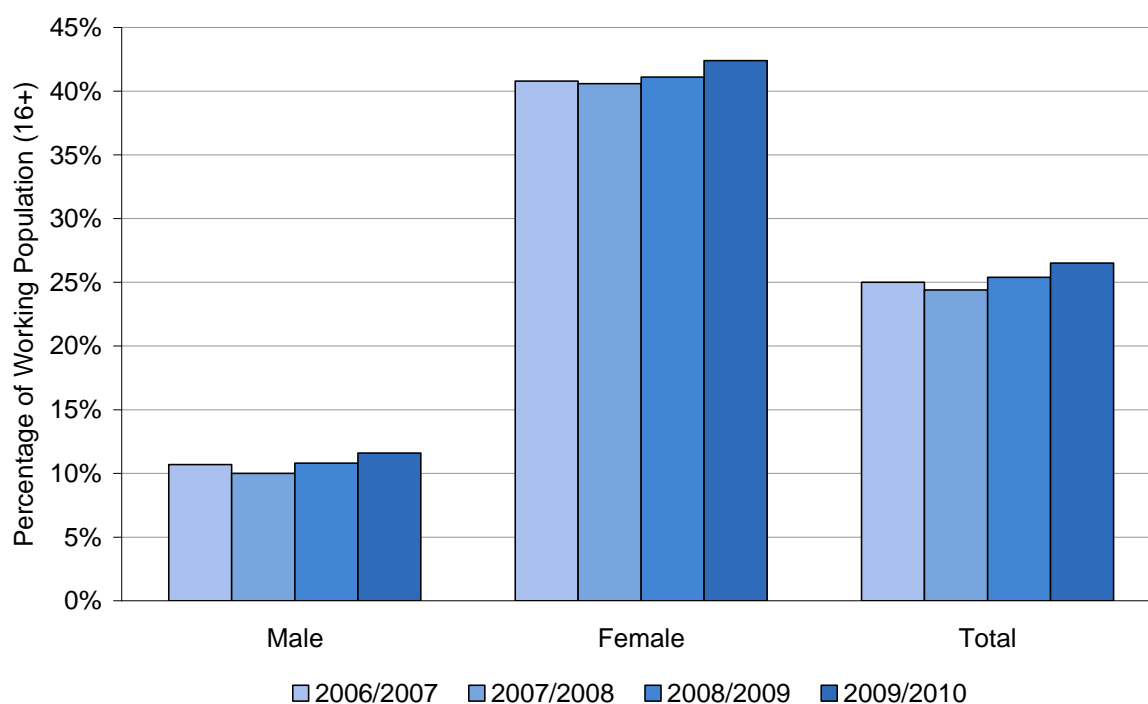
<sup>22</sup> Vacancy data is provided at the local authority (rather than NUTS) level. For the purposes of this paper, the Lowlands & Uplands region is defined as the following 26 local authorities: Aberdeen City, Aberdeenshire, Angus, Clackmannanshire, Dumfries & Galloway, Dundee City, East Ayrshire, East Dunbartonshire, East Lothian, East Renfrewshire, City of Edinburgh, Falkirk, Fife, Glasgow City, Inverclyde, Midlothian, North Ayrshire, North Lanarkshire, Perth & Kinross, Renfrewshire, The Scottish Borders, South Ayrshire, South Lanarkshire, Stirling, West Dunbartonshire and West Lothian.

<sup>23</sup> Interpretation of these data needs to take account of changes in recent years to Jobcentre Plus procedures for taking and handling vacancies. These figures are not fully comparable over time and may not indicate developments in the labour market.

### Work Pattern

In 2009/2010, 26.5% of those in employment (aged 16+) who were living in the Region worked part-time. In both the LUPS Region and Scotland as a whole, women are much more likely than men to work part-time. This can be seen below in **Figure 10**.

**Figure 10: Proportion Working Part-Time, 2006/2007 – 2009/2010**



Source: Annual Population Survey

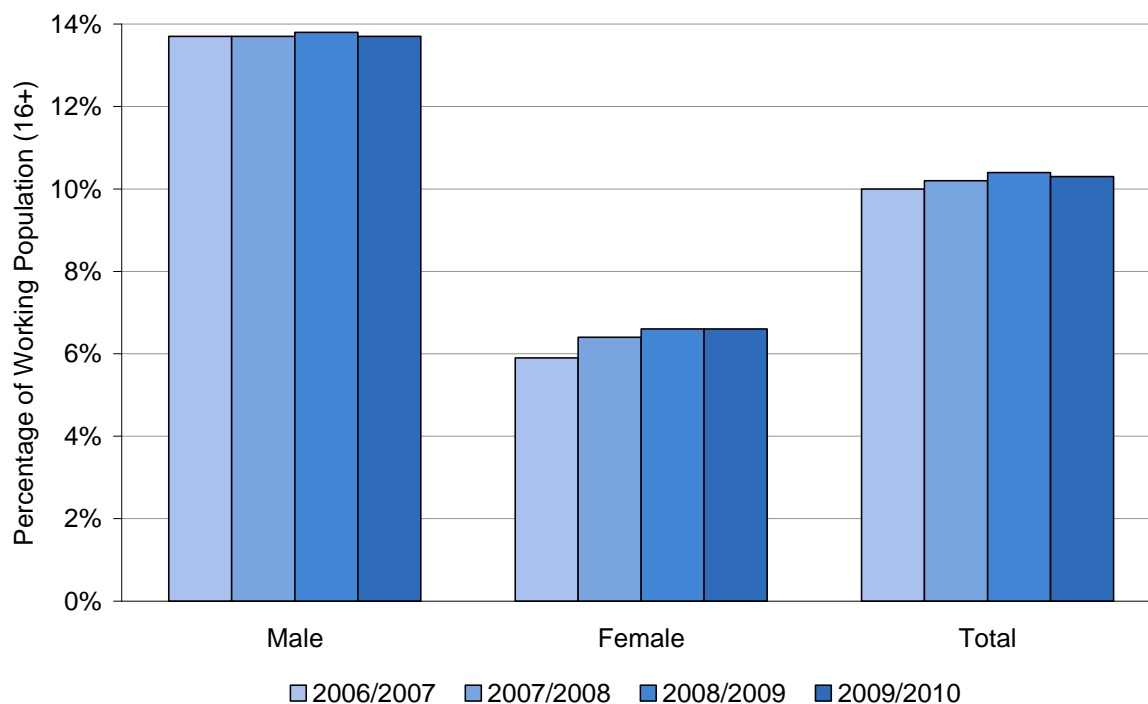
The proportion of the working population in the LUPS Area working part-time increased from 2007/2008 to 2009/2010, among both men and women. The proportion of all workers who worked part time was 1.5% higher in 2009/2010 than in 2006/2007. The *number* of part-time workers increased slightly over this period, despite the decrease in the total employment level

### Self-Employment

In 2009/2010, 10.3% of those in employment (aged 16+) and living in the LUPS Region were self-employed. This is marginally lower than the proportion in Scotland as a whole, which stands at 10.7%. Men are around twice as likely as women to be self-employed, both in the Programme Area and in Scotland as a whole.

The rate of self-employment among men in the LUPS Area has remained broadly unchanged over 2006/2007–2009/2010. The rate for women has increased over this period from 5.9% to 6.6%. These points are illustrated below in **Figure 11**.

**Figure 11: Proportion Self-Employed, 2006/2007 – 2009/2010**



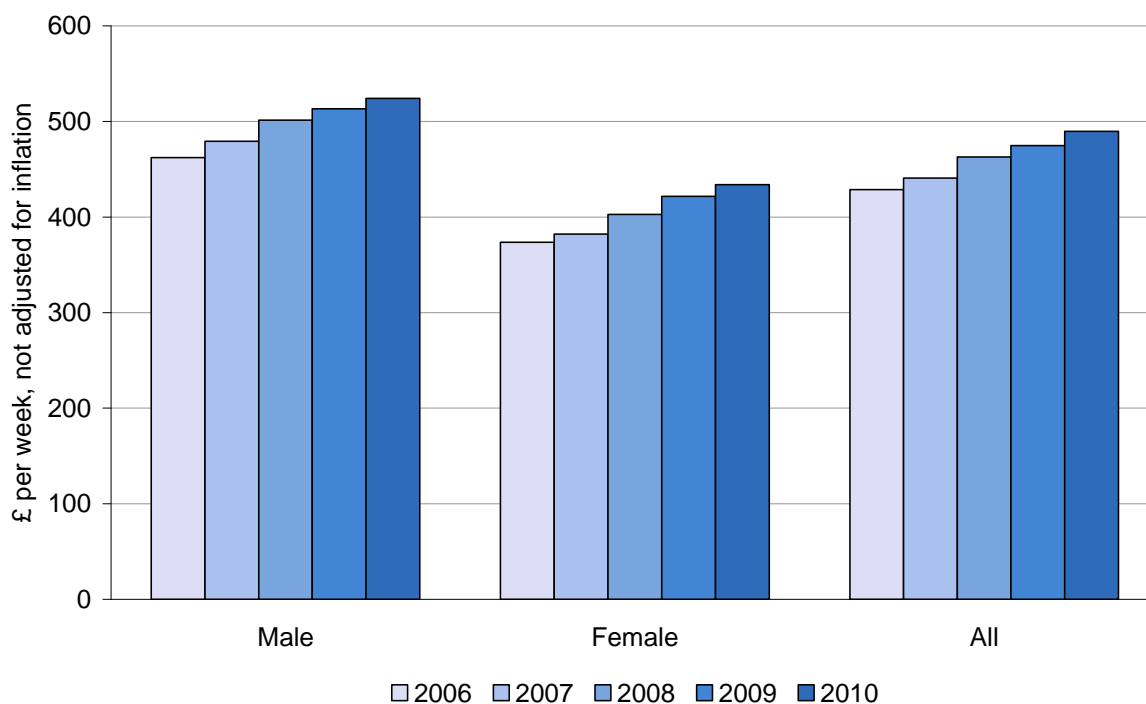
Source: Annual Population Survey

### Earnings

Median full-time weekly earnings for employees in the Lowlands and Uplands stood at £489.7 in April 2010. This was close to the median for Scotland as a whole (£488.2), and slightly lower than the UK median (£498.8). A breakdown of earnings by gender shows that female median earnings are 83% of male median earnings in the LUPS Area. Nominal median full-time weekly earnings in the region have grown at an average annual rate of 3.4% from 2006 to 2010.

Looking at the median hourly earnings of all, rather than full-time, employees, it can be seen that average earnings stood at £11.07 in the LUPS Region in April 2010. Female hourly wages were 82% of male wages. Nominal median hourly earnings in the region have grown at an average annual rate of 3.6% over 2006-2010. These points are shown in **Figure 12**.

**Figure 12: Median Weekly Earnings of Full time Employees, 2006 - 2010**



Source: Annual Survey of Hours and Earnings

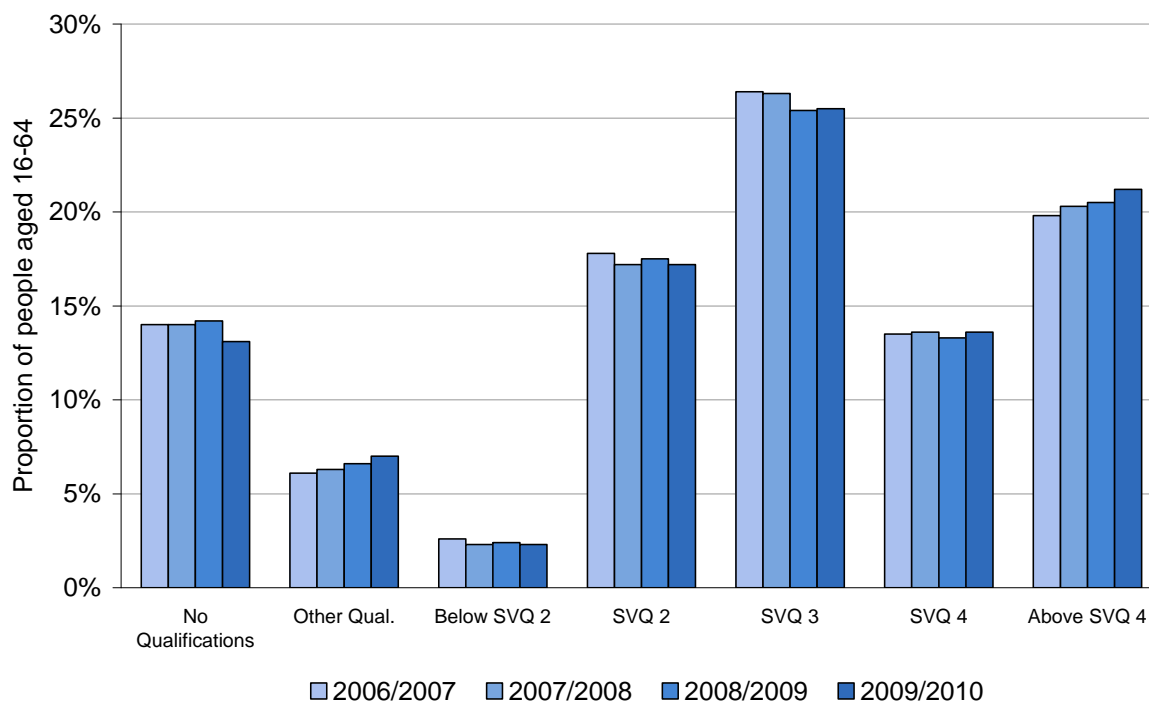
### Qualifications

The qualifications profile in the Programme Area is very much in line with Scotland as a whole; with 60.3% of people aged 16 – 64 being qualified to SVQ 3 or above.<sup>24</sup> This compares with 60.4% for Scotland as a whole. Of the minor differences that do exist, a slightly higher proportion holds no qualifications in the LUPS Region (13.1% compared to 12.7% in Scotland).

The qualifications profile of the region has shown steady improvement over the last three years. The proportion with no qualifications has fallen by 0.9% while the proportion with a qualification above SVQ 4 has increased by 1.4%. This can be seen below in **Figure 13**.

<sup>24</sup> SVQ 1 & 2 relates to Standard Grade qualifications, SVQ 3 relates to Highers, SVQ 4 is Degree level or equivalent and SVQ 5 relates to Post-Graduate education.

**Figure 13: Qualifications Profile, 2006/2007 – 2009/2010**

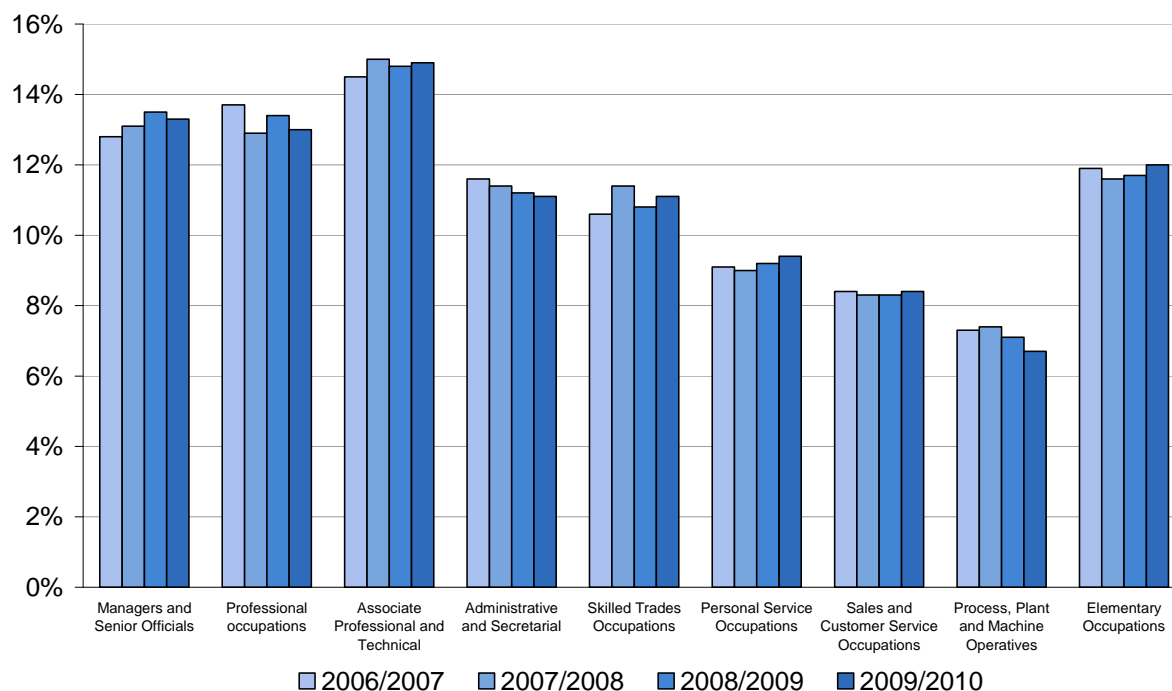


Source: Annual Population Survey

### Occupations

As shown below in **Figure 14**, professional or managerial occupations made up 41.2% of the workforce in the LUPS Area in 2009/2010. A total of 12% of the workforce were employed in elementary occupations. The occupational breakdown of the labour force is broadly the same as it was in 2006/2007.

**Figure 14: Occupational Split, 2006/2007 – 2009/2010**



Source: Annual Population Survey

### Business Start-ups and Closures

The rate of business start-ups can be measured as the number of VAT/PAYE registrations per 10,000 resident adults (16+) in the area.<sup>25</sup> The latest available data shows that in 2009,<sup>26</sup> the VAT/PAYE registration rate stood at 34 per 10,000 adult residents in the LUPS Region,<sup>27</sup> matching the average for Scotland. This represents a marginal decrease on the rate three years previously when the rate in the region stood at 35 per 10,000 resident adults. The rate of business start-ups varies considerably across the local authorities which make up the Programme Area, varying from a rate of 44 registrations in Aberdeen City to a rate of 22 registrations in West Dunbartonshire.

Scotland has historically had a considerably lower rate of registrations than the UK average, which stood at 47 per 10,000 adults in 2009, down from 52 in 2006.

<sup>25</sup> VAT/PAYE registrations are the most reliable official indicator of business start-ups but exclude the very smallest businesses.

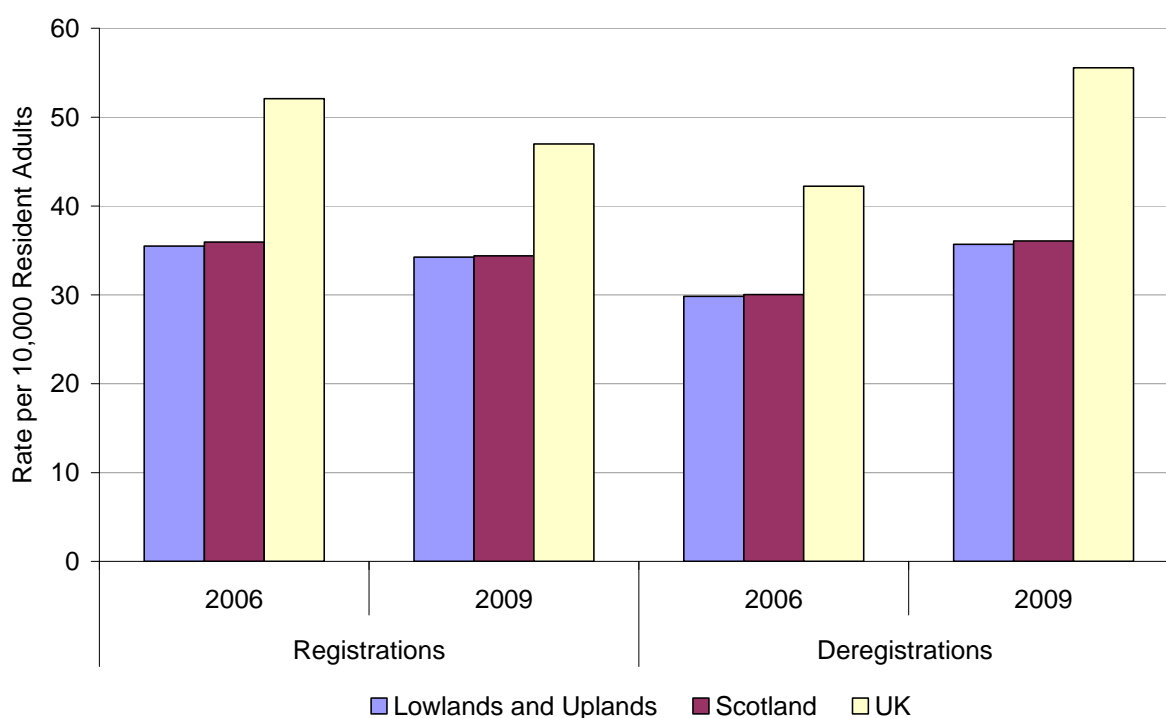
<sup>26</sup> VAT/PAYE registration and de-registration data is provided on a mid-year basis.

<sup>27</sup> VAT/PAYE registration and de-registration data is provided at the local authority (rather than NUTS) level. For the purposes of this paper, the Lowlands & Uplands region is defined as the following 26 local authorities: Aberdeen City, Aberdeenshire, Angus, Clackmannanshire, Dumfries & Galloway, Dundee City, East Ayrshire, East Dunbartonshire, East Lothian, East Renfrewshire, City of Edinburgh, Falkirk, Fife, Glasgow City, Inverclyde, Midlothian, North Ayrshire, North Lanarkshire, Perth & Kinross, Renfrewshire, The Scottish Borders, South Ayrshire, South Lanarkshire, Stirling, West Dunbartonshire and West Lothian.

The number of VAT/PAYE de-registrations per 10,000 resident adults can be used as a proxy measure of business closures. The latest data shows that the VAT de-registration rate increased from 30 per 10,000 adult residents in 2006 to 36 per 10,000 adults in 2009, both in the Lowlands and Uplands and in Scotland as a whole. The rate of de-registrations varies considerably across the local authorities which make up the LUPS Region, varying from a rate of 45 de-registrations in Glasgow City to a rate of 19 in West Dunbartonshire.

Scotland has historically had a lower rate of de-registrations than the UK average, which stood at 56 per 10,000 adults in 2009. A summary of these points are shown below in **Figure 15**.

**Figure 15: VAT/PAYE Registrations and De-registrations, 2006 and 2009**



Source: Office for National Statistics

### Employment in the 15% Most Deprived Areas

The 15% most deprived areas within Scotland are identified from the Scottish Index of Multiple Deprivation (SIMD), which is the Scottish Government's official measure for identifying small area concentrations of deprivation across Scotland.<sup>28</sup>

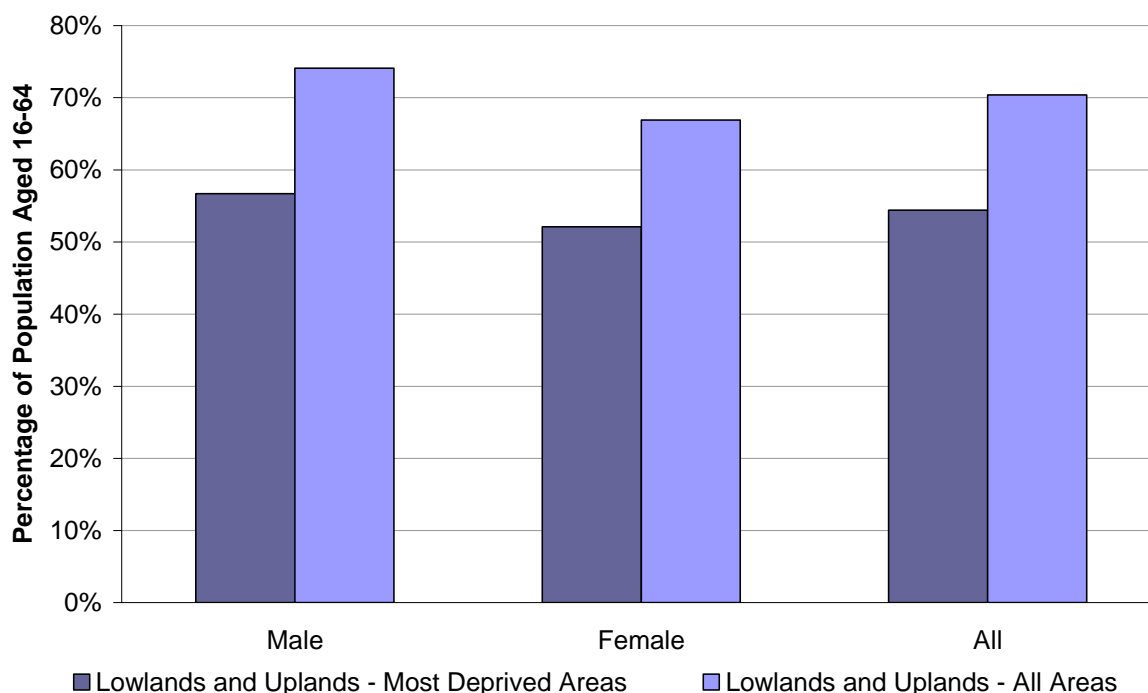
In 2009/2010, approximately 708,000 people within the LUPS Region were classed as living within one of Scotland's 15% most deprived areas, accounting for 93% of the total across Scotland. Within the Programme Area, those living within one of Scotland's 15% most deprived areas accounted for 15% of the population of the region.

<sup>28</sup> Please note that the 2009 SIMD is used throughout to aid consistency and comparability over time.

The employment rate for those aged 16 - 64 in the most deprived areas within the LUPS Area stood at 54.4% in 2009/2010. This is significantly below that of the region as a whole, where the employment rate stood at 70.4%. As in the region as a whole, the employment rate was higher among males than females (at 56.7% compared to 52.1%).

The employment rate in the most deprived areas within the region improved from 54.6% in 2006/2007 to 59.2% in 2007/2008, but has since declined to 54.4% in 2009/2010. **Figure 16** helps illustrate these points.

**Figure 16: Employment Rate - Most Deprived Areas and Region as a Whole, 2009/2010**



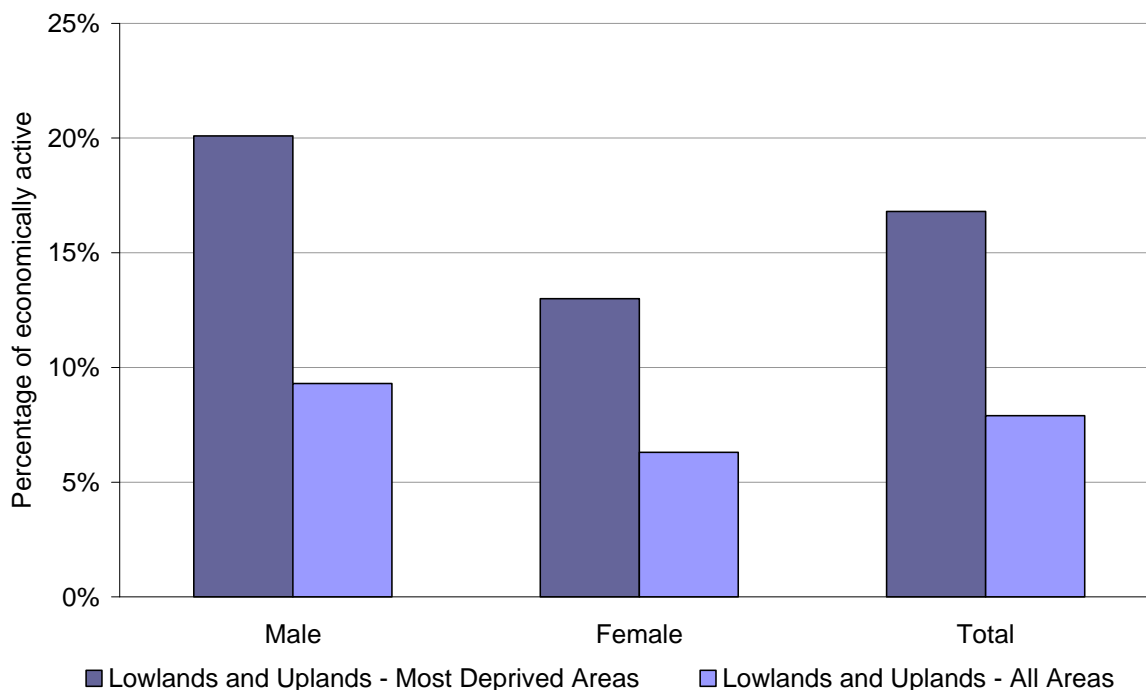
Source: Annual Population Survey

### Unemployment in the 15% Most Deprived Areas

The unemployment rate in the most deprived areas within the LUPS Region stood at 16.8% in 2009/2010. As **Figure 17** below illustrates, this is significantly higher than that in the region as a whole, where the unemployment rate stood at 7.9%. As in the region as a whole, the unemployment rate was higher among males, at 20.1% compared to 13% for females.

The unemployment rate in the most deprived areas within the Programme Area improved from 13.7% in 2006/2007 to 9.7% in 2007/2008, but has since deteriorated to 16.8% in 2009/2010. This is higher than the rate at the start of the programme period.

**Figure 17: Unemployment Rate — Most Deprived Areas and Region as a Whole, 2009/2010**



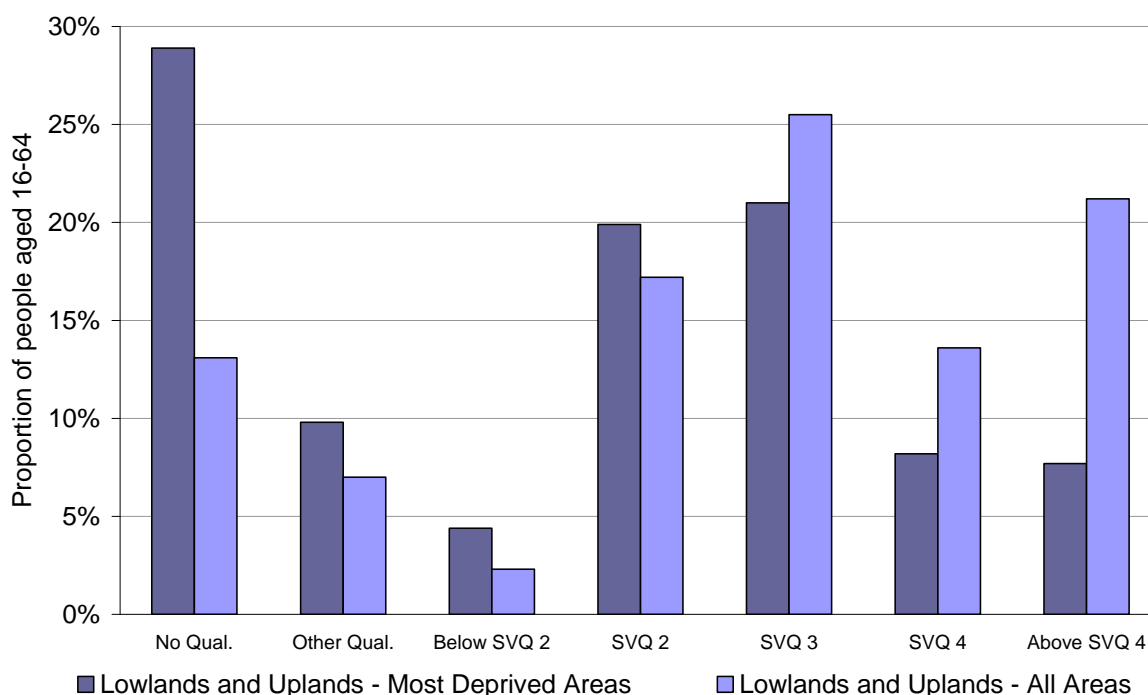
Source: Annual Population Survey

### Qualifications Profile of the 15% Most Deprived Areas

The proportion of people aged 16 - 64 within the most deprived areas of the LUPS Region that hold a degree level qualification (SVQ 4 or above) stands at 15.9%, which is notably lower than across the region as a whole (at 34.8%). This is illustrated in **Figure 18**. Moreover, the proportion with no qualifications is significantly higher in the most deprived areas (at 28.9%) than in the region as a whole (at 13.1%).

The qualifications profile of the most deprived areas has remained broadly the same from 2006/2007 to 2009/2010.

**Figure 18: Qualifications Profile - Most Deprived Areas and Region as a Whole, 2009/2010**



Source: Annual Population Survey

## 2.5 Significant problems encountered and measures taken to overcome them

No formal modification was made during the year to the ERDF Operational Programme, although a significant level of development work was done with potential sponsors in rural areas in order to identify and increase the numbers of applications received in Priority 4 – Rural Development.

## 2.6 Complementarity with other instruments

### 2.6.1 European Social Fund

The overall framework for implementing the Lowlands and Uplands Scotland ESF Programme 2007 – 2013 is the same as that for ERDF therefore providing consistency in the application of management controls and delivery. These include:

- a single Intermediate Administration Body (IAB) to administer the programmes;
- a single Monitoring Committee with members appointed to take decisions and make recommendations on both funds;
- Monitoring Committee meetings with agenda items which cover both funds;

- The Managing Authority for both funds are co-located within the same Scottish Government Division;
- common training between Managing Authority Staff;
- regular liaison and technical & operational meetings between the IAB and the heads of both Managing Authorities; and,
- a common set of verification and compliance arrangements.

However, the clear distinction is made between the types of activity that will be supported through the two Programmes as set out in the approved Operational Programmes. Whilst it is important that the funds do not and should not support the same activity, the promotion of the need for integration is still required and actively pursued.

There was no 10% use of ESF for ERDF activities in 2010.

During December 2010 the LUPS Managing Authority teams held a joint Portfolio Management meeting. The aim of the meeting was to share good practice and develop a more consistent approach across both teams in the LUPS area. The meeting is the start of an ongoing process where portfolio managers can reflect on how they work and make the best use of resources.

### ***2.6.2 European Investment Bank***

The EIB, although providing Scotland with assistance in the form of support to transport, infrastructure and environmental projects does not duplicate the work of Structural Funds in Scotland. The organisations to which these loans have been granted are not in receipt of other EU funding. Overall, the Scottish Government remains committed to maintaining a continuing dialogue with the EIB and to exploring the possibility of EIB supported projects.

### ***2.6.3 European Agricultural Fund for Rural Development***

The Scottish Rural Development Programme implements relevant measures in Regulation 1698/2005. These comprise those related to Axis 1, improving the competitiveness of the agricultural and forestry sectors, Axis 2 improving the environment and the countryside, Axis 3 the quality of life in rural areas and diversification of the rural economy and axis 4 Leader. It takes full account of other Community support instruments, setting out the demarcation criteria for the operations supported by the EAFRD and those supported by other Community support instruments. The Scotland Rural development Programme runs from 2007 to 2013. The operational programme was approved in early 2008.

To ensure co-ordination at the level of approved projects, a member of the ESFRD sits on the LUPS Programme Monitoring Committee.

#### **2.6.4 European Fisheries Fund**

The European Commission published the regulation for the European Fisheries Fund (EFF) in July 2006. The EFF succeeds FIFG in all Member States and operate over the 2007 – 2013 programming period (2007-2013). In consultation with stakeholders and other UK Administrations, the Scottish Government developed an Operational Programme for the EFF and the new schemes were launched during 2008. Again, the Managing Authorities for both Programmes will continue to liaise closely to avoid overlap and secure complementarity between the Programmes.

#### **2.6.5 Co-ordination between LUPS and Highlands & Islands Programmes**

During the year liaison and joint working agreements between the two programmes took place within the following fields:

- applicant registration;
- application processing/appraisal; and,
- Preparations for on the spot verification visits under Article 60b.

##### Applicant registration

The Scottish Government requires all organisations to register for the 2007 – 2013 Programmes in order to:

- allow an assessment of their eligibility to apply for Structural Funds; and,
- for eligible organisations to provide access to the online application system (EUROSYS).

Registration is required only once during the lifetime of the Programme (although a re-registration was required following the launch of the EUROSYS system in 2008).

Organisations are required to register with one Intermediate Administrative Body (IAB) only, and this covers them for all four Scottish Programmes. Once the recipient body is satisfied regarding the status of the applicants, the remaining IAB is informed accordingly.

##### Application processing/appraisal

Where applications are received in respect of pan-Scottish projects or where applicants pursue support for projects in both programme areas, the assessment and appraisal information is shared between the respective IABs. This approach seeks to ensure consistency in decision-making, in respect of outputs and in terms of any conditions that may be applied.

## 2.7 Monitoring Arrangements

This section covers activity undertaken during 2010 to monitor progress made under the Programme and processes established to ensure the Programme is effectively monitored and evaluated. In terms of data collection, the development of the EUROSYS system will ensure that the necessary data both to monitor eligibility, expenditure and outputs and results will be captured which allows systematic and qualitative monitoring. The Progress Report function in particular demands more information on project progress to allow full monitoring at all stages of the project – this report is required on a quarterly basis and the system has been developed to ensure that steps are taken if reports are not submitted timeously or with sufficient detail.

This more regular dialogue using the online system and supplemented with on the spot visits to projects for Article 60b activity provides an effective and efficient monitoring framework of which evaluations can gain the benefit.

### 2.7.1 Programme Monitoring Committee

The management arrangements for the Programme are based on a two tier structure comprising:

- (i) Programme Monitoring Committee, responsible for monitoring and reviewing progress of the ERDF and ESF Operational Programmes, for consideration of operational issues and approval of project recommendations; and,
- (ii) Advisory Groups, responsible for detailed project appraisal, development of guidance and advice on selection criteria.

The Committee and the Advisory Groups are chaired by an official of the Scottish Government and serviced, under contract, by the Intermediate Administrative Body (IAB).

In accordance with Article 63 of Council Regulation (EC) No 1083/2006 of 11 July 2006 a single Monitoring Committee was established with responsibility for the ERDF and ESF Operational Programmes.

In order to ensure quality and effectiveness of the Programme, the Committee has agreed its own:

- (i) Terms of Reference; and,
- (ii) Rules of Procedure,

within the institutional, legal and financial framework of the Member State. These were attached for information as Annex 2 in the 2007 AIR.

Membership of the Committee combines representatives of the key public, educational and voluntary bodies operating within the Programme area together with “social partners”. During the year, there were three changes made in the Committee membership by Scottish Ministers. Liz Connolly was replaced by Jim McFarlane as the representative from Scottish Enterprise. Charlie McMillan was replaced by Douglas Guest as the representative from the Equalities and Human Rights Commission. The final change saw Councillor David Berry being replaced by Councillor Robert Murray from the Local Authority network.

### Meetings held

The Monitoring Committee met three times during the year on 17 March 2010, 19 May 2010 and 27 October 2010. A number of items were agreed or discussed at these meetings which included:

- Approval of 3<sup>rd</sup> Round Projects and projects submitted under the Exceptional Projects procedure;
- Approval of the ERDF and ESF Annual Implementation Reports for 2009;
- Report on the Initial Outcomes and Recommendations of the ERDF Priority 4 Rural Development Scoping Workshop;
- Progress Report on the development of a potential JESSICA proposal in the LUPS area;
- Papers outlining options for the remaining use of funds in the ESF and ERDF Operational Programmes;
- Update reports on the Scottish Economy; and,
- Update reports of financial and physical progress.

In addition, the written procedure arrangement was used on eight occasions during the year.

### Advisory Groups

Five advisory groups support the Programme Monitoring Committee in the implementation of the ERDF Programme. There is one for each Operational Priority and one for the Global Grants Body. They undertake the technical appraisal of projects in accordance with the approved selection criteria and thereafter make recommendations in respect of projects to the Committee. The Advisory Groups are chaired by an official of the Scottish Government and comprise “technical experts” in the various economic development/regeneration subject areas. Although predominantly drawn from the wider partnership, the Advisory Group members are not there as representatives of specific organisations or sectors. Appointment to the different advisory groups was made by the Scottish Government following an open recruitment process. In the Structural Fund Programme 2007 - 2013 the Advisory Groups will work largely on a ‘virtual’ basis with a smaller Standing Advisory Group meeting for each Priority to make final recommendations to the Programme Monitoring Committee. This approach is expected to offer time and travel efficiencies, and may also help to overcome timetabling difficulties inherent in setting up numerous meetings involving members from a wide geographical area.

Details of the Advisory Group Structure, Terms of Reference and Rules of Procedure were attached for information as Annex 3 in the 2007 AIR.

### **2.7.2 Intermediate Administration Body**

The IAB is the main point of contact for advice on applying for funding in the ESF Programme 2007 - 2013. They will be responsible for:

- publicising the Programme and forthcoming application rounds;
- advising applicants on potential projects;
- assisting in project appraisal;
- processing grant claims;
- undertaking expenditure verifications on each claim; and,
- undertaking, with the MA, on the spot Article 60b monitoring visits

In addressing the first two objectives during 2010, the IAB undertook a number of positive activities in partnership with the Scottish Government to ensure organisations were made aware of the Programme and its implementation arrangements. These are detailed in Section 7: Information and Publicity.

In addition to these specific events, the IAB also held a number of bilateral meetings with individual partners and attended sectoral partnership meetings during the year, such as the CPP working group where issues of common concern were discussed

### **2.7.3 Managing Authority Action**

The work of the Managing Authority (MA) continued to concentrate on the essential elements for effective implementation of the programmes. The MA was responsible for the assessment and payment of Progress Reports and Financial Claims received from the IAB through the Eurosyst IT system. The MA was also responsible for the planning and arrangement of Article 60(b) on-the-spot audits of projects, in line with the Monitoring and Compliance System agreed with the Commission. In addition, a number of groups continued to lead the development of both Evaluation and Communication Plans, which the MA was a member of.

#### **Steering Group**

A Steering Group, comprising members of the MA and the Certifying Authority (CA) was convened on average every 4-6 weeks during 2010 and considered strategic aspects to programme implementation. Business processes, guidance and other 'operational' issues were considered and developed by the MA with any specific guidance on compliance and monitoring discussed at a regular Compliance Monitoring Group (CMG) which comprised members of the IABs, the MA and the CA.

### Community Planning Partnership (CPP) Liaison Group

Throughout 2010, the MA was a regular attendee at the quarterly CPP Liaison Meeting that is chaired by a representative of the 13 eligible CPPs who have received ESF and ERDF funding. This meeting continues to be an important forum at which the CPPs can raise strategic and operational issues with the MA.

#### **2.7.4 Ongoing evaluation activity**

The Monitoring and Evaluation Group (MEG) met three times in 2010 – in March, June and October - all meetings taking place in Scottish Government offices in Glasgow. This group brings together officials from the Scottish Government (both policy and analytical services) with representatives of partner organisations (the two economic development bodies in Scotland, several from local government, and the two IABs). The group provides advice on evaluation of the European Structural Funds in Scotland. Its remit covers both ESF and ERDF and geographically it covers both the LUPS and the Highland & Islands. The members are also a valuable source of advice between meetings.

Meetings follow a regular format with reports on current research, update on programme commitments, messages from EU network meetings, and discussion of the forward programme in light of programme needs and resources available, with a detailed discussion on a proposed study.

In September 2008 a “framework contract” was established following competitive tendering. This allows a shorter process for commissioning, which should make it easier to commission projects that are more focused and more timely. The agreement lasts until the end of 2011 with three contractors, who are invited to bid for any new work.

The main purpose of evaluation carried out is to identify the additionality achieved by providing European funding so much of the activity in the plan is looking at the effectiveness of delivery mechanisms introduced in the 2007-2013 programme looking for lessons for the next programme: a study of Community Planning Partnerships has been completed and one on Strategic Delivery Bodies is in preparation. The studies will look at whether these mechanisms have improved the effectiveness of the Programmes. It is expected that the larger projects, such as Scottish Enterprise and the CPPs, will carry out their own evaluations to assess the impact of the activities they deliver..

A major challenge in 2010 was making improvements to the management information system. During preparation of the 2009 Annual Implementation Report at the start of 2010 problems were found in the data extracted from the EUROSYS management information system. It was therefore necessary to resolve these problems: taking steps to ensure greater consistency in how data was processed, involving redesign of forms and guidance, and cleaning the data. These were mostly resolved by the time the final reports were delivered to the Commission. This activity meant that there was limited resource available of managing new research. In 2010 one new study was commissioned while another came to an end.

- The study of Community Planning partnerships was begun in 2009 and lasted eighteen months. The study looked at the effects of delivering funds through the CPPs which was an innovation in the 2007-13 programme to achieve a more strategic use of the funds and to encourage more partnership at a local level. The study covers both Scottish Programmes. The plans from all of the CPPs included both ESF and ERDF projects. The study, carried out by Blake Stevenson, found that the use of the European funds had stimulated more strategic behaviour at a local level and that had contributed to more effective use of the ESF. The interim findings influenced the development of the new Priority 5. A final report will be published March 2011.
- In the autumn work began on a survey of ESF Priority One participants in projects to help people prepare for work. The study covers both Scottish Programmes. This should complement the management information, providing more information on results. The first stage is to construct a single database to provide a sampling frame. Only when this task has been successfully completed will a decision be made to proceed to the actual survey.

Officials from Scotland also attended meetings of the ESF Evaluation Partnership and the ERDF Evaluation Network.

## **2.8 National performance reserve**

This is not relevant to the LUPS ERDF Programme.

## **2.9 Compliance**

This section details activity undertaken during 2010 to maintain an efficient and effective compliance system to support the implementation of the Scottish Structural Funds Programmes.

During the course of 2010 the Managing Authority updated the National Rules, to clarify issues raised by both the IABs and project sponsors. This will be supplemented by an updated Q & A in the early months of 2011

## **2.9.1 Compliance and Monitoring 2010**

### The Compliance Monitoring Group

The remit of the Compliance Monitoring Group (CMG) is to consider analyses of the results of desk-based checks and on-the-spot visits to projects and to identify problems that recur across projects. In doing this work, the CMG will have regard to the results of audit work carried out from time to time by DG Regio, DG Employ, the ECA and Audit Scotland, as well as to the results of Art. 62b checks made by the Audit Authority and checks made by the Certification Authority.

The CMG has now met 6 times since its 1<sup>st</sup> meeting on 07 September 2009. Following a recent System Audit by the Audit Authority it has been agreed that CMG will move from quarterly to bi-monthly meetings.

Over the period it has discussed, monitored and acted upon:

- Progress on 20% checks.
- Progress towards N+2 – declarable expenditure to date.
- Progress on Article 60(b) on-the-spot checks.
- Analysis of findings from checks conducted to date (both 20% and on-the-spot checks), i.e. trends, systemic weaknesses, actions required to address shortcomings and recording of action taken on Eurosyst.
- National Rules and Q & A.
- Progress on Article 62(b) visits - analysis of findings and reports on system audits carried out on MA, CA and IAB.
- Proposed changes to the MCS.
- Treatment of irregularities, i.e. items found at Article 60(b) which has been stripped out in a verification check, processes regarding items being stripped out of claims and under spends and de-commitment processes.
- Community Planning Partnerships eligibility issues – decisions to be ratified by the group.
- Other CA issues.

### Community Planning Partnerships (CPP) Compliance Working Group

A CPP Compliance Working Group chaired by the MA met on a quarterly basis during 2010 to discuss specific issues arising from the verification checks on the CPPs. The Compliance Working Group has reported compliance and eligibility issues to the Compliance and Monitoring Group – these issues have been reviewed by the CMG and an agreed response has been signed-off and circulated to the CPP network liaison group. This process has worked particularly well in order that compliance issues relating to CPPs are identified at an early stage and that the response is distributed to all CPPs.

## Other Managing Authority Activity

In light of the low error rates identified by the Article 60(b) checks, the Managing Authority is now in discussion with the Audit Authority with regards to changes to the MCS. The main proposed changes are set out below:

- reduction from 20% to 10% on desk based checks;
- how we gain a level of assurance on the work of internal audit activity of CPPs and the UHI-MI SDB;
- a reduction in the level of expenditure checked at the Article 60(b) on-the-spot verification; and,
- that the MA would no longer be required to visit projects which had been subject to on-the-spot checks from other bodies such as the ECA, Commission and Art 62 body.

If the changes are agreed they will be uploaded to SFC 2007 for consideration by EC colleagues with the intention of introducing them with effect from 01 April 2011.

During the course of 2010 the Managing Authority updated the National Rules, to clarify issues raised by both the IABs and project sponsors. This will be supplemented by a Q and A in the early months of 2011.

### **2.9.2 Article 60(b) On-the-Spot Checks**

During 2010 the Scottish Government initiated 25 Article 60(b) ERDF visits. These are detailed in the table below. All follow-up action was noted within the Article 60b form completed by the audit team following the on-site audit, wash-up meeting and follow-up work. There were no systemic errors found during these visits.

<b>Project Reference</b>	<b>Applicant</b>	<b>Project Title</b>
LUPS/ERDF/2007/1/1/0124	Farm Animals Genetics and Genomics Faraday	Animal Health and Animal Genetics
LUPS/ERDF/2008/1/3/0129	GSWRA	Southwest Glasgow Employment Centre Cluster
LUPS/ERDF/2008/1/2/0158	Princess Scottish Youth Business Trust	Supporting Youth Enterprise In Scotland
LUPS/ERDF/2008/2/1/0267	Glasgow Caledonian University	Kit Out
LUPS/ERDF/2008/1/2/0210	North Lanarkshire Council	Gateway to Growth
LUPS/ERDF/2008/1/2/0164	North Ayrshire Council	North Ayrshire Business Growth Programme
LUPS/ERDF/2008/1/2/0128	Edinburgh Napier University	eBusiness Innovation in Eastern Scotland
LUPS/ERDF/2008/2/1/0425	Hydrogen Office Limited	Hydrogen Office Wind Turbine Procurement
LUPS/ERDF/2008/1/1/0240	University of Dundee	Scottish Construction Centre
LUPS/ERDF/2008/1/2/0204	University of Abertay	Industrial Eco Park
LUPS/ERDF/2008/1/1/0496	Midlothian Science Triangle	Edinburgh Science Triangle
LUPS/ERDF/2008/2/1/0445	Scottish Stem Cell Network	Scottish Stem Cell Network
LUPS/ERDF/2008/1/2/0123	Stirling Enterprise Park/Ceteris	IT and E-commerce Business Strategy Programme
LUPS/ERDF/2009/1/1/0047	University of Edinburgh	Clinical Research Imaging Centre
LUPS/ERDF/2008/2/2/0406	Edinburgh Business Development	Scottish Ethnic Minority Trust
LUPS/ERDF/2008/1/1/0154	Genecom Ltd	Increasing Enterprise and Innovation in Animal Health and Life Science Sector
LUPS/ERDF/2008/2/1/0323	Scottish Agricultural College	Green Cow
LUPS/ERDF/2008/1/2/0146	University Of Strathclyde	Strathclyde Entrepreneurial Network

LUPS/ERDF/2008/1/1/0347	Edinburgh Napier University	National Technology Centre
LUPS/ERDF/2008/1/1/0217	University Of Strathclyde	Knowledge Transfer (and Commercialisation) to aid Company Growth
LUPS/ERDF/2008/1/1/0174	University Of Glasgow	SIGMA (Scottish Innovation in Global Market Applications)
LUPS/ERDF/2008/1/2/0513	LINC Scotland	Scottish Angel Capital Programme
LUPS/ERDF/2009/1/1/0046	University of Edinburgh	Ark Genomic Services Key Equipment
LUPS/ERDF/2008/2/2/0339	Forestry Commission Scotland	Scottish Biomass Heat Scheme for Business
LUPS/ERDF/2009/2/1/0052	University Of Dundee	Innovation Pipeline for Translation Science

### **2.9.3 IAB Expenditure Checks**

As part of the 4 Stage Compliance System introduced by the Scottish Government, the IAB undertake an Administrative Check of all submitted progress reports. This involves IAB staff doing a 100% summary check of expenditure headings included in the progress report. This is done through reference to a supporting transaction list which claimants are also required to provide. Following the processing of a claim, the IAB then undertake a more detailed expenditure check (minimum 20% of declared expenditure) to follow the audit trail back to bank statement. This latter check is undertaken either as a desk-based exercise or through a visit to the project sponsor.

In order to increase the number of these expenditure checks undertaken, seven full time additional ESEP Staff were recruited and in place from July 2010 within the IAB. In addition, ESEP appointed 3 external contractors to assist staff with verification work during the latter part of 2010.

By 31 December 2010, checks on up to 20% declared expenditure had been initiated or completed on 344 projects.

### **2.9.4 Role of MA Portfolio Managers**

The role of the Portfolio Managers (PMs) is two-fold: appraisal of ERDF funding applications and management of successful projects. There is a Portfolio Manager for each of the 4 priorities including the Global Grants Body. By 31 December 2010, 282 second stage ERDF applications had been appraised by Portfolio Managers over the course of the Programme. This had converted into 150 approved projects being actively managed by the end of 2010, worth over £244.6m.

#### ERDF funding applications assessment

PM's assess applications, attend the relevant Standing Advisory Group (SAG) meeting and provide an MA view of the project at the meetings. There is a set of guidelines followed during the assessment process and the PMs must assess specific areas of an application for funding (4.3 – Need for Grant, 4.7 – Outputs, Results and Impacts, 4.8 – Past Performance). PMs are also involved in the preparation of the Ministerial submission prior to release.

## Portfolio Management

The PM's role is to get to know their projects and be aware of any potential problems by way of scrutinising progress reports and setting the "RAG" status (Red, Amber, Green) as necessary. In addition, all projects are assigned an admin officer responsible for the processing of claims and any other ad-hoc admin duties involving their project.

During 2010, PMs developed a much more involved role in managing their projects in conjunction with the IAB arranged ad hoc visits as required to resolve any issues related to progress reports/eligibility queries. The process is outlined in more detail below:

- PM meets with IAB to discuss the status of each and every project and agree action required.
- Spreadsheet held by PM updated to include any actions agreed.
- Portfolio management visit arranged by the IAB/MA accompanied by the IAB if available.
- Pre-meeting with MA and IAB to highlight any concerns relating to the project prior to the visit.
- Admin Officer prepares the file for the visit i.e application form, current PRC and any significant e-mails.
- Following the visit the MA produces a one page summary report in bullet point format of discussion and actions agreed between the MA/IAB and project sponsor . This report is filed in the project file in the electronic file, copied to the IAB, MA Team Leader and Compliance Manager.
- Spreadsheet held by the PM is updated at this stage to reflect the outcomes of the portfolio visit.
- Spreadsheet continually updated with project progress i.e. PRCs, NOCs
- MA/IAB maintain regular contact on an ongoing basis to discuss/address project concerns immediately when identified.

The PM's are also involved in the monitoring compliance system (Article 60b) visits and attend as part of an audit team (comprising the PM, the IAB and a Managing Authority Compliance Manager). The PM is responsible for collating the 60b on the spot audit work into a final report which is then sent to the organisation (with any follow-up action points noted). The PMs have regular contact with the IAB and are also involved in ad hoc duties as and when required.

### **2.9.5 Irregularities**

There have been no irregularities reported during 2010 for the LUPS ERDF Programme.

### **2.9.6 Audit Authority View of the Programme**

The Audit Authority submitted the 2010 Annual Control Report and Opinion to the Commission via SFC2007 on 23 December 2010. These were not accepted by the Commission due to issues surrounding the audit of operations. In particular, the initial visit sample had not been completed and the number of operations selected in the sample was insufficient in view of the limited assurance obtained from systems audits. These points are currently being addressed and a response sent to the Commission by their deadline.

#### Audits of Operations

Article 62 1 (b) of Council Regulation 1083/2006 states that the AA of an operational programme shall be responsible for ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared. The audits shall verify that:

- a) Operations meet the selection criteria for the operational programme, have been implemented in accordance with the approval decision and fulfil any applicable conditions concerning functionality and use or the objectives to be attained;
- b) expenditure declared corresponds to the accounting records and supporting documents held by the beneficiaries;
- c) expenditure declared by the beneficiaries is in compliance with Community and national rules; and
- d) the public contribution has been paid to the beneficiaries in accordance with Article 80 of Regulation (EC) No 1083/2006.

*Indication of the bodies that carried out the sample audits, including the audit authority.*

The AA has commenced the programme of audits of operations under Article 62 b of Commission Regulation (EC) 1828/2006.

#### **Summary list of the audits carried out by the Audit Authority**

As per the Audit Strategy, three systems audits have been completed. These are:

1. LUPS Applications processes;
2. MA Article 60b checking procedures; and,
3. Monitoring procedures of the Intermediate Administration Bodies' contracts

In addition a systems review of the claim payments system is nearing completion as is an overview of Eurosyst (the computerised application, claims and system). For the completed systems audits, the following provides an outline of the coverage and key findings:

## **1. LUPS Application Process**

### Scope

Arrangements for attracting applications to the Fund, including publication, promotion and other publicity activity and the establishing of a record of organisations interested in applying;

Applications approval, including the support given to applicants, scrutiny of applications, assessment of applications and the decision making process for awarding/rejecting applications (including Eurosyst record keeping); and approval, notification and acceptance of awards.

### Assurance and Key Findings

The AA was able to provide reasonable assurance that the management or operation of risk and control systems was mainly satisfactory, but required some improvement. Under the 4 categories for the assessment of the effectiveness of key requirements, our assessment equates to category 2: works, but some improvements are needed.

The following areas were deemed to be satisfactory:

- Publicity arrangements
- Provision of advice and support to applicants by the IAB
- Scrutiny and assessment of applications

The following areas needed to be addressed:

- The awards recommended by the PMC were not being formally approved.
- IAB performance reporting
- The audit trail in respect of approval of applications

## **2. Monitoring procedures of the Intermediate Administration Bodies' contracts**

### Scope

The scope of the audit covered the procurement exercise undertaken to tender for the contracts to deliver the 2007-13 Structural Funds Programmes; the contract monitoring systems for ensuring IABs' compliance with the terms and conditions of their contracts and the achievement of Key Performance Indicators (KPIs); the systems for addressing non-compliance issues and poor performance by the IABs; and the arrangements for business continuity.

## Assurance and Key Findings

The AA provided substantial assurance on the MA's contract procurement arrangements and the procedures in place to monitor the IABs' compliance with the contracts to administer the Structural Funds. In general they found that the contract procurement systems were satisfactory. The key risks associated with the tendering process had been minimised by the extensive input from the Scottish Procurement Directorate (SPD) which ensured that the tenders were widely advertised including the Official Journal of the EU and that EC Public Procurement rules were followed. Under the 4 categories for the assessment of the effectiveness of key requirements, their assessment equates to category 2: works, but some improvements are needed.

There were occasions when the IABs undertake tasks or services outwith the terms of the contracts, the Contract Manager (CM) post requires clearly defined aims and objectives or formal delegated authorities and associated procedural guidance was incomplete and, in some respects, out of date. It was also noted that there was no procedural guidance governing the checking of the Quarterly Monitoring Reports (QMRs) by the MA, there was inconsistency in the completion of QMRs by the IABs and in 2 cases there was no evidence of follow up action by the CM. MA checking of the QMRs should also be underpinned by guidance and documentation to guide checking and facilitate recording and reporting of findings and the CM should maintain a record of all issues arising from the contract monitoring regime. Finally, dispute escalation procedures should be set out in procedural guidance.

While invoice payments systems were effective and there was a satisfactory level of separation of key duties, the AA were unable to determine the criteria to be applied in deciding whether to withhold some or all of the invoiced amounts when an IAB's performance is considered to be below the expected standards or where KPI targets are not met.

### **3. Managing Authority Article 60b Checks**

#### Scope

The scope of the audit was a review of the following systems:

- Stage 1 - desk based checks carried out by the Intermediate Administration Bodies (IABs)
- Stage 2 – MA on the spot checks as required by Article 60b of Council Regulation (EC) No 1083/2006
- Stage 3 - Analysis of Findings from compliance checks from Stage 1 and 2 above

#### Assurance and Key Findings

IAD provided only limited assurance on the arrangements the MA has put in place to comply with Article 60 of EC Regulation No 1083/2006. Under the 4 categories for

the assessment of the effectiveness of key requirements, our assessment equates to category 3: works partially; substantial improvements are needed.

In mitigation, the AA are aware that the MA efforts to comply with Council Regulation (EC) No. 1083/2006 have been hampered by the diversion of resources to ensure that targets for the submission of the closure packs for the 2000 - 2006 programmes were met. Notwithstanding this, and delays on the part of the EC to approve the Management and Control Systems (MCS) for the 2007-13 Structural Funds Programmes, the MA has, in our opinion, made good progress in getting the 2007-13 programmes up and running.

Inevitably, the downturn in the UK economy has had an adverse impact on the Division's ability to meet N+2 targets. In a bid to address the consequences of this problem, Scottish Ministers decided that PRCs on which checks had been initiated but not necessarily completed should be included in the first drawdown of funds from the EC. The MA has given assurances that the necessary action will be taken to ensure that the retrospective checking and many of the other issues raised in the report will be effectively addressed during the course of 2011.

The audit report also recognised the quality of training support but also highlighted that the training event and the Article 60(b) Internal Control Questionnaire (ICQ) did not cover the durability of operations and recommended that it should now be included. The MA accepted the Action Point and this will be included in future events and the ICQ will be updated to include a section that will in appropriate cases require visiting officers to make an assessment of the durability of operations.

It should be noted that the Audit Authority are currently undertaking a follow-up audit of the Article 60(b) checks to confirm that the Managing Authority have complied with the MCS in relation to the 2010 declaration and ensure that all expenditure Progress Reports and Claims included have been subject to an administrative check and that any other areas of concern have been addressed.

## SECTION 3: IMPLEMENTATION BY PRIORITY

### Introduction

The socio-economic analysis contained in the Operational Programme and updated in Section 2.1 of this report describes the strengths and opportunities upon which the region can build, particularly with respect to its research and innovation and enterprise development as well as the localised challenges of urban and rural areas within the region.

A number of key challenges have been identified for the ERDF Programme. These include:

- increasing the regional benefits of a strong higher and further education sector;
- improving RTD and innovation across the region;
- increasing the number of people becoming entrepreneurs;
- addressing the development bottlenecks for new and growing businesses;
- improving the indigenous enterprise development of the most disadvantaged urban communities;
- improving the ability of disadvantaged urban communities to access economic growth in the areas of opportunity;
- increasing the diversification of the rural economy into new activities, while supporting sustainable competitiveness of traditional industries; and,
- improving key support services to underpin the sustainability of rural economic development.

A total of **€375,957,844** (approx £338,362,060 at an average exchange rate of 1 EURO = £0.90 or £1 = 1.11) has been allocated to the ERDF Programme during the 2007 – 2013 programming period and it will be delivered through five Priorities. These are:

Priority 1 – Research and Innovation (€92,109,671);

Priority 2 – Enterprise Growth (€122,186,299);

Priority 3 – Urban Regeneration (€101,508,618);

Priority 4 – Rural Development (€51,130,268); and,

Priority 5 – Technical Assistance (€9,022,988).

The revised financial tables for the Operational Programme are attached for information at **Annex 1 (i)**.

### Achievement of Indicators

The following reports on the implementation of the four operational priorities highlight a much higher level of forecast activity and reported achievements than was envisaged in the targets set in the original Operational Programme. Although further work needs to be done by the Scottish Government and the IAB to review the approved targets, there are a number of factors which may partly explain these variances:

- the nature of the interventions have been less intensive with SMEs than was originally envisaged in 2006. The average cost per intervention has been lower than expected thus enabling more SMEs to be assisted overall;
- In Priorities 3 and 4, some sponsors have selected a number of indicators which they believe reflect the range of activities covered by their project, rather than one principal indicator which represents the best fit. As a consequence there is some double-counting particularly with capital projects;
- The average grant intervention rate for project commitments is lower in all four priorities than that detailed in the revised financing plan to the Programme Complement. As a result more projects are being supported than the original budget anticipated.

### **3.1 Priority 1: Research and Innovation**

#### **3.1.1 Achievement of targets and analysis of the progress in Priority 1**

##### Summary of Financial Performance in Priority 1 in 2010

Financial Information expressed in £

	Number of Projects approved in 2010	Committed Expenditure in 2010	Expenditure in Declared Claims in 2010	Grant Committed in 2010	Grant Declared in 2010
<b>Total</b>	<b>12</b>	<b>0</b>	<b>32,112,150</b>	<b>3,681,772</b>	<b>10,198,256</b>

Financial Information expressed in MEUROS

	Number of Projects approved in 2010	Committed Expenditure in 2010	Expenditure in Declared Claims in 2010	Grant Committed in 2010	Grant Declared in 2010
<b>Total</b>	<b>12</b>	<b>0</b>	<b>36.372695</b>	<b>4.090817</b>	<b>11.503455</b>

## Cumulative Summary of Financial Performance in Priority 1 as at 31 December 2010

Financial Information expressed in £

	<b>Number of Projects approved to date</b>	<b>Committed Expenditure to date</b>	<b>Expenditure in Declared Claims made to date</b>	<b>Grant Committed to date</b>	<b>Grant Declared to date</b>
<b>Total</b>	<b>54</b>	<b>176,688,971</b>	<b>39,455,589</b>	<b>68,143,553</b>	<b>13,276,235</b>

Financial Information expressed in MEUROS

	<b>Number of Projects approved to date</b>	<b>Committed Expenditure to date</b>	<b>Expenditure in Declared Claims made to date</b>	<b>Grant Committed to date</b>	<b>Grant Declared to date</b>
<b>Total</b>	<b>54</b>	<b>196.319116</b>	<b>44.594502</b>	<b>75.714302</b>	<b>14.948760</b>

Comparison of Approved Average Grant Rate for Priority 1 envisaged in Operational Programme with Total Grant Committed and Declared as at 31 December 2010 (%)

	<b>Average Grant Rate – Operational Programme</b>	<b>Average Grant Rate - Commitments</b>	<b>Average Grant Rate – Declarations</b>
<b>Total</b>	<b>37.294%</b>	<b>38.570%</b>	<b>33.522%</b>

## Analysis of Priority 1 Indicators

### **Outputs**

<b>Approved Indicator</b>	<b>Approved Programme Target</b>	<b>Forecast Targets to date</b>	<b>% Allocation Committed</b>	<b>% Programme Target met by Forecast</b>	<b>Actual Achieved to date</b>	<b>% Allocation Declared</b>	<b>% Programme Target met by Actual</b>
Number of Enterprises supported	2,500	7,064	82%	283%	3,791	16%	152%
Number of research networks/ collaborations supported	600	1,133	82%	189%	598	16%	99%
Number of renewable energy projects supported	150	285	82%	190%	119	16%	79%

### Results and Impacts

Approved Indicator	Approved Programme Target	Forecast Targets to date	% Allocation Committed	% Programme Target met by Forecast	Actual Achieved to date	% Allocation Declared	% Programme Target met by Actual
Number of new products and services developed by supported enterprises	1,800	1,600	82%	89%	250	16%	14%
Increase in turnover by supported enterprises (£m)	150	248	82%	165%	53	16%	35%
Number of new products and services developed by supported research networks	900	657	82%	73%	69	16%	8%
Number of gross jobs created	6,100	4,868	82%	80%	552	16%	9%
Number of net new jobs created	*	*	82%	*	*	16%	*
Increase in research/innovation expenditure by supported enterprises	*	*	82%	*	*	16%	*

\*Not possible to establish figures from individual applications. Programme-wide figures to be confirmed at Evaluation stage

### Progress to date in implementing Priority 1 and key operational issues

There has been strong interest in this priority to date and nearly **82%** of the available budget has been allocated to 54 projects. Amongst this allocation figure are included the two SDB bids submitted by Scottish Enterprise which have been awarded nearly £20 million grant. As a consequence of this high commitment level it has resulted in some of the indicators already being forecast for full achievement. This is of course dependent on all approved commitments being fully delivered in accordance with their applications.

The average grant intervention rate for Priority 1 commitments is currently higher than the approved average designated for the priority in the revised financial tables. This factor will need to be considered by the Committee when approving new commitments in the priority in order to ensure a realignment in the average grant rate by Programme closure.

Of the projects approved to date in Priority 1, there has been a concentration of applications and resources to three organisational types. These are the SE/HIE Network, Higher Education and Others sector, all of whom are involved in the development of technology transfer and applied research initiatives with local SMEs.

The attached **Annex 2** reviews the physical progress of ERDF Priority 1 and compares declared activity for various output and result indicators against their agreed programme targets.

### **3.1.2 Significant problems encountered and measures taken to overcome them**

There were no significant problems encountered during 2010 in implementing Priority 1.

## **3.2 Priority 2: Enterprise Growth**

### **3.2.1 Achievement of targets and analysis of the progress in Priority 2**

#### Summary of Financial Performance in Priority 2 in 2010

Financial Information expressed in £

	Number of Projects approved in 2010	Committed Expenditure in 2010	Expenditure in Declared Claims in 2010	Grant Committed in 2010	Grant Declared in 2010
<b>Total</b>	<b>13</b>	<b>87,356,764</b>	<b>25,264,239</b>	<b>34,316,068</b>	<b>10,073,107</b>

Financial Information expressed in MEUROS

	Number of Projects approved in 2010	Committed Expenditure in 2010	Expenditure in Declared Claims in 2010	Grant Committed in 2010	Grant Declared in 2010
<b>Total</b>	<b>13</b>	<b>97.062100</b>	<b>28.890107</b>	<b>38.128583</b>	<b>11.517547</b>

## Cumulative Summary of Financial Performance in Priority 2 as at 31 December 2010

Financial Information expressed in £

	<b>Number of Projects approved to date</b>	<b>Committed Expenditure to date</b>	<b>Expenditure in Declared Claims made to date</b>	<b>Grant Committed to date</b>	<b>Grant Declared to date</b>
<b>Total</b>	<b>42</b>	<b>266,630,413</b>	<b>66,643,815</b>	<b>105,247,700</b>	<b>26,512,460</b>

Financial Information expressed in MEUROS

	<b>Number of Projects approved to date</b>	<b>Committed Expenditure to date</b>	<b>Expenditure in Declared Claims made to date</b>	<b>Grant Committed to date</b>	<b>Grant Declared to date</b>
<b>Total</b>	<b>42</b>	<b>296.253052</b>	<b>76.122570</b>	<b>116.940719</b>	<b>30.284716</b>

Comparison of Approved Average Grant Rate for Priority 2 envisaged in Operational Programme with Total Grant Committed and Declared as at 31 December 2010 (%)

	<b>Average Grant Rate – Operational Programme</b>	<b>Average Grant Rate - Commitments</b>	<b>Average Grant Rate – Declarations</b>
<b>Total</b>	<b>40.000%</b>	<b>39.473%</b>	<b>39.784%</b>

### Analysis of Priority 2 Indicators

#### **Outputs**

<b>Approved Indicator</b>	<b>Approved Programme Target</b>	<b>Forecast Targets to date</b>	<b>% Allocation Committed</b>	<b>% Programme Target met by Forecast</b>	<b>Actual Achieved to date</b>	<b>% Allocation Declared</b>	<b>% Programme Target met by Actual</b>
Number of enterprises receiving financial support	250	6,445	96%	2,578%	2,091	25%	836%
Number of individuals/ enterprises receiving advice/ consultancy	11,600	29,128	96%	251%	17,661	25%	152%
Number of enterprises receiving support for e-commerce	5,700	5,004	96%	88%	3,763	25%	66%
Number of enterprises receiving support for energy-saving and resource efficiency	5,700	3,311	96%	58%	2,155	25%	38%

### Results and Impacts

Approved Indicator	Approved Programme Target	Forecast Targets to date	% Allocation Committed	% Programme Target met by Forecast	Actual Achieved to date	% Allocation Declared	% Programme Target met by Actual
Increase in turnover in supported enterprises (£m)	140	150.11	96%	107%	17.13	25%	12%
Number of new business starts	5,500	8,299	96%	151%	5,534	25%	101%
Number of e-commerce strategies developed	4,100	2,353	96%	57%	1,199	25%	29%
Number of enterprises implementing environmental audits and energy-saving/ resource efficiency systems	4,100	1,572	96%	38%	312	25%	8%
Number of gross jobs created	13,600	17,481	96%	129%	7,024	25%	52%
Number of net new jobs created	*	*	96%	*	*	25%	*
Gross value added in supported enterprises	*	*	96%	*	*	25%	*

\*Not possible to establish figures from individual applications. Programme-wide figures to be confirmed at Evaluation stage

### Progress to date in implementing Priority 2 and key operational issues

There has been a strong interest in this Priority to date and **96%** of the available budget has been allocated to 42 projects. Of the £105m grant committed to date, a total of £74.45m is comprised of five awards to support risk capital funds in order to promote investment in SMEs in the Programme Area. These are the Scottish Co-investment Fund, the Scottish Venture Fund, the Scottish Investment Bank Loan Fund, the East of Scotland Investment Fund and the West of Scotland Loan Fund.

On the basis of the commitments made to date some of the approved indicators are already being forecast for full achievement. With regard to the 'Number of enterprises receiving financial support' the forecast figure, in view of the greater than anticipated investment in VCLFs, understandably exceeds the approved programme target. This is of course dependent on all approved commitments being fully delivered in accordance with their applications and all original output/impact/result planning assumptions proving realistic.

Of the projects approved to date in Priority 2, there has been a reasonable spread of applications between organisational types. However, due to the concentration of resources on VCLF activity, a majority of the awards have gone to the SE/HIE Network.

The attached **Annex 2** reviews the physical progress of ERDF Priority 2 and compares declared activity for various output and result indicators against their agreed programme targets.

### **3.2.2 Significant problems encountered and measures taken to overcome them**

There were no significant problems encountered during 2010 in implementing Priority 2.

### **3.3 Priority 3: Urban Regeneration**

#### **3.3.1 Achievement of targets and analysis of the progress in Priority 3**

##### Summary of Financial Performance in Priority 3 in 2010

Financial Information expressed in £

	Number of Projects approved in 2010	Committed Expenditure in 2010	Expenditure in Declared Claims in 2010	Grant Committed in 2010	Grant Declared in 2010
<b>Total</b>	<b>9</b>	<b>81,684,196</b>	<b>2,773,226</b>	<b>34,877,088</b>	<b>919,530</b>

Financial Information expressed in MEUROS

	Number of Projects approved in 2010	Committed Expenditure in 2010	Expenditure in Declared Claims in 2010	Grant Committed in 2010	Grant Declared in 2010
<b>Total</b>	<b>9</b>	<b>90.759310</b>	<b>3.202015</b>	<b>38.751932</b>	<b>1.060906</b>

##### Cumulative Summary of Financial Performance in Priority 3 as at 31 December 2010

Financial Information expressed in £

	Number of Projects approved to date	Committed Expenditure to date	Expenditure in Declared Claims made to date	Grant Committed to date	Grant Declared to date
<b>Total</b>	<b>27</b>	<b>127,583,675</b>	<b>4,393,323</b>	<b>51,347,241</b>	<b>1,544,299</b>

Financial Information expressed in MEUROS

	Number of Projects approved to date	Committed Expenditure to date	Expenditure in Declared Claims made to date	Grant Committed to date	Grant Declared to date
<b>Total</b>	<b>27</b>	<b>141.758221</b>	<b>5.109486</b>	<b>57.051919</b>	<b>1.796537</b>

Comparison of Approved Average Grant Rate for Priority 3 envisaged in Operational Programme with Total Grant Committed and Declared as at 31 December 2010 (%)

	<b>Average Grant Rate – Operational Programme</b>	<b>Average Grant Rate - Commitments</b>	<b>Average Grant Rate – Declarations</b>
<b>Total</b>	<b>48.000%</b>	<b>40.246%</b>	<b>35.161%</b>

### Analysis of Priority 3 Indicators

#### **Outputs**

<b>Approved Indicator</b>	<b>Approved Programme Target</b>	<b>Forecast Targets to date</b>	<b>% Allocation Committed</b>	<b>% Programme Target met by Forecast</b>	<b>Actual Achieved to date</b>	<b>% Allocation Declared</b>	<b>% Programme Target met by Actual</b>
Number of job brokerage initiatives supported	30	121	56%	403%	89	2%	297%
Number of ICT and e-learning facilities supported	40	74	56%	185%	44	2%	110%
Number of childcare and other community facilities supported	30	64	56%	213%	11	2%	37%
Number of transport hub projects supported	25	6	56%	24%	0	2%	0%
Area of business space created or modified (m <sup>2</sup> )	7,500	9,769	56%	130%	75	2%	1%
Number of renewable energy and resource/energy-efficiency projects supported	90	1	56%	1%	1	2%	1%

### Results and Impacts

Approved Indicator	Approved Programme Target	Forecast Targets to date	% Allocation Committed	% Programme Target met by Forecast	Actual Achieved to date	% Allocation Declared	% Programme Target met by Actual
Increase in the number of individuals gaining employment through job brokerage schemes	650	14,980	56%	2,305%	5,616	2%	864%
Increase in the number of individuals gaining employment through supported e-learning/ ICT facilities	650	1,987	56%	306%	459	2%	71%
Increase in the number of individuals gaining employment through supported childcare/ community facilities	500	889	56%	178%	0	2%	0%
Number of enterprises supported	1,100	1,432	56%	130%	430	2%	39%
Number of social enterprises supported	350	74	56%	21%	17	2%	5%
Number of gross jobs created	4,500	3,439	56%	76%	481	2%	11%
Time saved per journey (journey time x freight/ passenger volume)	*	*	56%	*	*	2%	*
Increase in share of energy from renewable resources in supported areas	*	*	56%	*	*	2%	*
Number of net new jobs created	*	*	56%	*	*	2%	*

\* Not possible to establish figures from individual applications. Programme-wide figures to be confirmed at Evaluation stage

### Progress to date in implementing Priority 3 and key operational issues

There has been a reasonable level of interest in this Priority to date with **56%** of the available budget being allocated to 27 projects. The allocation figure for the Priority has improved in recent months with the formal approval of the JESSICA Holding Fund. In addition, the IAB has undertaken additional work with the partnership in order to stimulate interest and highlight the scope of what can be funded through this Priority, This has already been noticed in the higher number of potential projects being submitted.. It is however surprising that despite the small number of project commitments albeit at a lower average level of grant intervention, some of the approved indicators are already being forecast for full achievement. This is of course dependent on all approved commitments being fully delivered in accordance with their applications and all original output/impact/result planning assumptions proving realistic. A number of approved CPP proposals in respect of ERDF are highly focussed on job brokerage, ICT and business incubation facilities.

It can also be seen that there has been a concentration of applications and resources in Priority 3 on projects from the local authority sector. This can be explained by the key role that local authorities have in the organisation, resourcing and leadership of many Community Planning Partnerships. A figure of £10m has also been ring-fenced (although not formally approved) for associated JESSICA infrastructure projects.

The Managing Authority continued to monitor the development of the JESSICA mechanism during the year. Changes to the rules governing JESSICA proposed by the Commission late in 2008 made the proposition more attractive to the MA. The PMC directed that a Steering Group should be established to manage the implementation of JESSICA in Scotland. A JESSICA Steering Group was established and a detailed evaluation was commissioned in 2009.

The attached **Annex 2** reviews the physical progress of ERDF Priority 3 and compares declared activity for various output and result indicators against their agreed programme targets.

#### ***3.3.2 Significant problems encountered and measures taken to overcome them***

There were no significant problems encountered during 2010 in implementing Priority 3.

### 3.4 Priority 4: Rural Development

#### 3.4.1 Achievement of targets and analysis of the progress in Priority 4

##### Summary of Financial Performance in Priority 4 in 2010

Financial Information expressed in £

	Number of Projects approved in 2010	Committed Expenditure in 2010	Expenditure in Declared Claims in 2010	Grant Committed in 2010	Grant Declared in 2010
<b>Total</b>	<b>10</b>	<b>20,537,477</b>	<b>2,696,619</b>	<b>7,989,739</b>	<b>940,416</b>

Financial Information expressed in MEUROS

	Number of Projects approved in 2010	Committed Expenditure in 2010	Expenditure in Declared Claims in 2010	Grant Committed in 2010	Grant Declared in 2010
<b>Total</b>	<b>10</b>	<b>22.819191</b>	<b>3.143214</b>	<b>8.877399</b>	<b>1.094749</b>

##### Cumulative Summary of Financial Performance in Priority 4 as at 31 December 2010

Financial Information expressed in £

	Number of Projects approved to date	Committed Expenditure to date	Expenditure in Declared Claims made to date	Grant Committed to date	Grant Declared to date
<b>Total</b>	<b>27</b>	<b>52,897,816</b>	<b>6,343,352</b>	<b>19,922,280</b>	<b>2,207,392</b>

Financial Information expressed in MEUROS

	Number of Projects approved to date	Committed Expenditure to date	Expenditure in Declared Claims made to date	Grant Committed to date	Grant Declared to date
<b>Total</b>	<b>27</b>	<b>58.774763</b>	<b>7.237365</b>	<b>22.135645</b>	<b>2.514578</b>

Comparison of Approved Average Grant Rate for Priority 4 envisaged in Operational Programme with Total Grant Committed and Declared as at 31 December 2010 (%)

	Average Grant Rate – Operational Programme	Average Grant Rate - Commitments	Average Grant Rate – Declarations
<b>Total</b>	<b>40.000%</b>	<b>37.662%</b>	<b>34.744%</b>

## Analysis of Priority 4 Indicators

### Outputs

Approved Indicator	Approved Programme Target	Forecast Targets to date	% Allocation Committed	% Programme Target met by Forecast	Actual Achieved to date	% Allocation Declared	% Programme Target met by Actual
Number of enterprises supported	1,400	6,397	43%	457%	278	5%	20%
Number of e-learning/ childcare and other community facilities supported	40	51	43%	127%	0	5%	0%
Area of business space created or modified (m <sup>2</sup> )	2,400	21,082	43%	878%	0	5%	0%
Number of educational access projects supported	20	5	43%	25%	1	5%	5%
Number of local transport projects supported	20	6	43%	30%	1	5%	5%

### Results and Impacts

Approved Indicator	Approved Programme Target	Forecast Targets to date	% Allocation Committed	% Programme Target met by Forecast	Actual Achieved to date	% Allocation Declared	% Programme Target met by Actual
Number of new marketing initiatives	910	151	43%	17%	50	5%	5%
Number of enterprises introducing new supply and production processes	910	301	43%	33%	75	5%	8%
Number of enterprises benefiting from supported facilities	900	600	43%	67%	60	5%	7%
Occupancy rates of business space by the end of the Programme	90%	90%	43%	100%	0	5%	0%
Number of gross jobs created	1,400	1,131	43%	81%	1,553	5%	111%

Number of enterprises accessing higher and further education research/ training resources	*	*	43%	*	*	5%	*
Time saved per journey (journey time x freight/ passenger volume)	*	*	43%	*	*	5%	*
Increase in gross value added per employee in supported enterprises	*	*	43%	*	*	5%	*
Number of net new jobs created	*	*	43%	*	*	5%	*
Increase in turnover in supported enterprises	*	*	43%	*	*	5%	*
Increase in gross value added in supported enterprises	*	*	43%	*	*	5%	*

\* Not possible to establish figures from individual applications. Programme-wide figures to be confirmed at Evaluation stage

### Progress to date in implementing Priority 4 and key operational issues

There has been a low level of interest in this Priority to date with only **43%** of the available budget being allocated to only 27 projects. This can partly be explained by delays experienced in establishing the South of Scotland Global Grants body (GGB), meaning that up until April 2009 no Priority 4 activity had been supported in this part of the Programme Area. Following the changes to the eligible activity scope of the Priority agreed by the Commission a considerable amount of proactive development work has been undertaken with the partnership in order to identify and help develop potential new funding opportunities.

Three Rural Development Scoping Workshops were held in April and May 2010 to explore the potential for Fourth Round applications under Priority 4 of the ERDF Programme. Attendees were encouraged to bring to the table examples of projects currently being worked on, particularly those that required a level of collaboration between partner organisations and across local authority areas. It is hoped that this will be translated into more mature applications being submitted in future months.

There has been a reasonable spread of applications and resources between different organisational types in Priority 4 with seven receiving some support. Of these, the two biggest grant recipients to date have been the further education sector and tourist organisations.

The attached **Annex 2** reviews the physical progress of ERDF Priority 4 and compares declared activity for various output and result indicators against their agreed programme targets.

### Global Grants

The Global Grant Body (GGB), established under the terms of Articles 42 and 43 of Regulation 1083/2006, came into operation in January 2009. A memorandum of understanding between the South of Scotland European Partnership (the GGB) and ESEP Ltd was signed on 7 July 2009.

The Global Grant Body provide quarterly monitoring reports to ESEP Ltd for use by them in reporting to the Monitoring Committee and also to the Compliance Monitoring Group meetings chaired by the Scottish Government. In addition to this there are regular meetings held with representatives from the GGB/IAB/MA where updates on projects and developments within P4 are discussed. These are held on a 6-weekly basis.

During the year, the GGB received one application to be considered under the Exceptional Project Procedures, requesting grant of £0.48m. This was recommended for approval by the Advisory Group at its meeting in June 2010 and was subsequently approved by the PMC by written procedure.

The GGB call for applications which followed the same timescale as the Challenge Fund, resulted in 10 applications being submitted, requesting total ERDF grant of £10.5m. These applications were issued to Advisory Group members late in 2010 for scoring, in advance of the meeting of the Standing Advisory Group due to take place in early 2011.

#### ***3.4.2 Significant problems encountered and measures taken to overcome them***

There were no significant problems encountered during 2010 in implementing Priority 4.

## SECTION 4: COHERENCE AND CONCENTRATION

### 4.1 Policy Actions

#### The Economy and Macro Economic Policy

The March 2010 UK Budget contained a number of measures intended to provide additional support to the unemployed during 2010/11. A small number of reforms to the tax and benefit system were also implemented, the most significant of which was a one off additional payment to pensioners through the Winter Fuel Payment. A number of significant tax measures which had been pre-announced at earlier Budgets also came into effect from April 2010 including the introduction of a new 50% income tax rate for those earning over £150,000 and the removal of income tax personal allowances for those earning above £100,000.

Following the election of a new UK Government in May 2010 the new government created a new Office for budget responsibility to provide independent economic forecast and analysis. The new Chancellor of the Exchequer delivered an 'Emergency' Budget in June 2010. Reflecting the new UK Government's intention to reduce public sector borrowing more rapidly than its predecessor, the Chancellor announced £5 billion of in year cuts to public spending (the Scottish Government was able to defer its share of these cuts until 2011/12). The standard rate of VAT was also increased from 17.5% to 20% with effect from 4 January 2011. The Chancellor also used his Emergency Budget, and the subsequent Comprehensive Spending Review, to announce a series of tax rises and spending cuts which will take effect between 2011/12 and 2014/15. The Institute for Fiscal Studies, an independent economic think-tank, estimates that the planned spending cuts will represent the tightest four years for public spending since 1945 with significant cuts in both departmental spending and social transfers. The UK Government also announced a series of tax rises including a new Bank Levy and higher National Insurance contributions. However these will be partly offset by reductions in other taxes including the headline rate of corporation tax and an increase in income tax personal allowances.

#### Scottish Government's Economic Strategy

The Scottish Government's core focus remains on its "single Purpose" set out in the [Government Economic Strategy \(GES\)](#) - *to create a more successful country where all of Scotland can flourish through increasing sustainable economic growth*. The GES is measured in four parts which support and reinforce each other:

- The Government's [Purpose](#) and its associated targets;
- Five [Strategic Objectives](#) that describe where it will focus its actions the Scottish nation is becoming wealthier, safer, healthier, greener and smarter;
- 15 [National Outcomes](#) that describe what the Government wants to achieve; and,
- 45 [National Indicators](#) that enable us to track progress.

Progress towards the five [Strategic Objectives](#) of the GES. – reported in the [Scotland Performs website](#). Scotland Performs follows the [National Performance Framework](#), which was published as part of the [2007 Spending Review](#). It draws on the success of the outcomes-based performance model used in the Commonwealth of Virginia in the United States. Over time, and as more data becomes available, it will provide further assessments of progress.

The GES identified seven key sectors for the Scottish economy:

- Tourism
- Creative industries
- Energy
- Financial and Business services
- Food and drink
- Life sciences
- Universities

Within the framework of the GES, the Scottish Government also publishes an [Economic Recovery Plan](#). This was first published at the end of 2008 and has been updated regularly, most recently in March 2010. The Plan aims to reshape capital expenditure, to help in the current financial climate, and to align activities across the public sector. The report published in March 2010 identifies measures taken over the past year. The main themes are; developing a low carbon economy, support for the key sectors, supporting internationalisation, improving the planning system, improving access to finance for business, support for innovation, strengthening education and skills (e.g. through support for apprenticeships) and through capital spending.. Some of these are described more fully below,

European Structural Funds have played a key part in the delivery of the Economic Recovery Plan. Scottish Ministers decided in August 2008, to front- load a high share of the programme.

The [Council of Economic Advisers \(CEA\)](#), set up in 2007 to advise the First Minister, brings together an array of highly regarded economic. It considers issues such as migration, productivity, and key sectors. It has made recommendations covering finance and food sector and for the Scottish government to exploit borrowing opportunities. The Council publishes a report with recommendations at the end of each year – the [Third Annual Report](#) appeared in December 2010. The recommendations covered reform of the banking sector, key sectors, innovation. Fiscal policies, services for job seekers, training, and planning. In February 2010 the Scottish Government published its progress report on the recommendations in the first Annual Report (2008) and its response to the recommendations in the second annual report.

[Single Outcome Agreements \(SOAs\)](#) with all 32 of Scotland's local authorities. The SOAs set out how local government will take advantage of greater flexibility to deliver services to meet local needs, in line with national priorities

## Scottish Budget 2010-11

The Scottish Government's 2010-11 Budget was approved by the Scottish Parliament in February 2010, with Scotland facing a fundamentally different financial landscape to that experienced in any year since devolution.

After year on year real terms increases to the Scottish Budget, the 2010-11 budget marked the first time since 1999 that the budget faced a reduction in real terms, one of 0.9% compared to 2009-10. The Government therefore had to face difficult choices about where to reduce planned spending so as best to support the fragile economic recovery and go on supporting thousands of jobs across Scotland in tough economic times.

In meeting that challenge, the priority was on protecting the programmes most valued by the Scottish people – spending on frontline services; on our economic recovery plan; and on programmes that help protect households. This approach reaffirmed the commitment to delivering the Scottish Government's Purpose: to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

In protecting frontline services, the government we continued to deliver sustained investment in Scotland's health service, maintaining the fight against Hospital Acquired Infection, and ensuring that Scotland was well prepared to respond to the flu pandemic and tackling the problem of alcohol abuse. It continued towards abolition of prescription charges in 2011 and support for other key commitments, such as those on extra police numbers and the school building programme.

Resources were provided to freeze council tax and prioritise spending on action to combat climate change, including the investment of some £150 million over three years in the Zero Waste programme. The Scottish government invested in the industries and new technologies of the future with a further £10 million to boost the marine renewables sector, providing additional support for wave and tidal energy. An additional £30 million was provided to the Education budget, to meet rising demand, and invest in the skills programme by making available 14,000 Modern Apprenticeship opportunities, which, alongside other flexible training opportunities, amounted to a package of 34,500 new training places in 2010-11.

As result so further efficiencies there was a 5 per cent cut to the Administration budget and a 50 per cent reduction to the amount spent on communications and marketing. Senior Civil Service pay in the Scottish Government was frozen, as were the salaries of Scottish Ministers. The Efficient Government Programme delivered a further £1.6 billion in 2010-11, all of which will be recycled within portfolios to support frontline services.

Tough choices had to be taken on the capital budget to put the budget on a sustainable footing in the medium term. Cancelling the branch element of the Glasgow Airport Rail Link project, while protecting a range of other, hugely significant infrastructure projects, was part of that strategy.

To inform the Scottish Government's thinking going forward, it established in February 2010 the Independent Budget Review to consider the implications of forecasts of reductions in public spending in Scotland and make recommendations about the options for delivering public services within a more constrained public expenditure environment. The review panel presented their findings in July 2010, which then provided Ministers with an opportunity to engage with people in communities across the country and seek their views about the future shape of public services in Scotland. The feedback received from these consultations informed Minister's thinking ahead of the Draft Budget 2011-12 presented on 17 November 2010.

### ***Employability and Skills***

#### ***Refreshed Skills for Scotland Skills Strategy***

The Scottish Government published a refresh of its skills strategy in October 2010. The refresh outlined our skills approach to accelerating the recovery and increasing sustainable growth within the context of the Government Economic Strategy. The focus, through an inclusive partnership approach, is on empowering Scotland's people, supporting Scotland's employers, and simplifying the skills system.

The strategy highlights a range of actions across the skills system to accelerate recovery. In particular we have funded 34,500 new training opportunities to support individuals and businesses in 2010-11 and have used European funding to increase this to 40,000. This includes 20,000 modern apprenticeship places, support for small businesses to help them invest in training including workforce development opportunities in low carbon technologies, and pre-employment support.

#### ***Modern Apprenticeships***

For the second successive year Skills Development Scotland is on track to roll out 20,000 new apprenticeship starts. In 2009-10 and 2010-11 the Scottish Government has supported over 20,000 16-19 year olds into real jobs with training. At the same time opportunities have been provided for older people to enter the programme and develop skills which will open up prospect on long term, sustainable employment. Within the existing workforce, the programme offers individuals the opportunity to develop skills which will enhance the productivity and profitability of the business which employs them.

Once someone starts an apprenticeship it is critical that we work with employers to support them to complete their training in the workplace. In April 2010 the Scottish Government announced a continuation of two ESF supported programmes for apprentices who have been made redundant or who face the risk of redundancy. The Adopt An Apprentice and Safeguard An Apprentice programmes provide incentives to companies to employ or keep on apprentices who have already started their training. Businesses across Scotland have responded superbly to these schemes allowing the Scottish Government to support over 1,000 apprentices whose apprenticeships were at risk.

In summer 2010 the Scottish Government introduced the ESF supported Employer Recruitment Incentive. Through this programme, a £1,000 incentive has been made available for up to 2,000 employers who offer a Modern Apprenticeship to a young person who may otherwise struggle to secure such an opportunity, with a particular focus on looked after children and others who may need additional support. ESF support is also helping the Scottish Government, through Skills Development Scotland, to provide 5,000 all age Modern Apprenticeships in 2010-11.

### Targeted Pathways

In response to rising youth unemployment, the Scottish Government also made provision for the delivery of 800 targeted pathway places. Targeted Pathways will be delivered by Skills Development Scotland for 16 and 17 year olds who cannot secure a job or a Modern Apprenticeship place but have the potential to do so. Supported by ESF funding, this targeted pathway to employment programme will develop career planning and vocational skills provision to help young individuals find sustainable employment.

### Flexible Training Opportunities

The Flexible Training Opportunities (FTOs) programme was launched in June, providing SMEs in Scotland with the opportunity to apply for up to £500 towards employee training costs. The aim of this initiative is to add value to the economy through improved performance and productivity of our smaller companies which have not traditionally engaged in training. ESF funding is being used by Skills Development Scotland to deliver a maximum of 5,000 FTOs across 2010-11.

### College Places

The Scottish Government has acted to address the high demand for college places which has occurred as a result of the economic downturn. An ESF award of £6.9m was granted to the Scottish Funding Council to support a £15.3m project which allocated support to 27 Colleges throughout the LUPS area to provide an additional 58,632 WSUMS during the 2010/11 academic year for 16 – 24 year olds. Colleges are able to use the funding to support teaching costs, fee waiver costs and student support costs. Plans were drawn up by each college detailing the types of courses they would provide with the additional funding and these were shared with the relevant Community Planning Groups for the areas served by the College. There is a strong vocational emphasis on the provision and the majority will be a National Qualification and Higher National level courses. Many will include work placements and other ‘hands on’ experience. These additional resources are being targeted at colleges in areas of highest youth unemployment and, taken together, have led to the creation of around 8,500 additional college places over two years.

### PACE

The Partnership Action for Continuing Employment (PACE) programme was strengthened and deepened across Scotland in 2010, with effort and funding focussed from a range of partners on providing a rapid response when support is most needed.

### Employability

The integration of employment and skills services, promoted jointly by Skills Development Scotland and Jobcentre Plus, was fully rolled out nationally across Scotland in August 2010. This will improve the service received by those seeking work, irrespective of the agency that they first make contact with.

Under the community planning arrangements, there are now active employability partnerships in all local authority areas in Scotland. Through the employability learning network and associated infrastructure support, the Scottish Government continued to promote innovation and promote good practice in 2010, creating practical ways for local partners to come together to plan and deliver services to unemployed people.

### **Third Sector**

The Scottish Government has invested over £91m in the third sector over the current Spending Period; this investment is designed to improve the sector’s business performance. Included in this are the Social Investment Fund (£28.8m), the £12m Third Sector Enterprise Fund, which includes £1m for the Social Entrepreneurs Fund, and the £2.2m Resilience Fund.

The [Scottish Investment Fund \(SIF\)](#) was launched in June 2008 to help enterprising Third Sector organisations become more effective and efficient. SIF provides support to established Third Sector organisations with the potential to grow their

turnover or become financially sustainable. The fund ties in with the GES and is targeted at organisations that can make a key contribution to delivering the Scottish Government's Strategic Objectives of creating a wealthier and fairer, healthier, safer and stronger, smarter and greener Scotland. By the end of December 2010, 39 organisations were successful in applying to the fund, and over £23m had been invested.

The [Third Sector Enterprise Fund](#) opened to applications in January 2009 and closed in November 2009. 440 applications were submitted, of these 186 were successful, and awards of between £25k and £100k have been made to enable organisations to increase their sustainability and build their capacity.

In response to the recession, £1.7m of the Enterprise Fund budget was set aside for the [Third Sector Resilience Fund](#), which aimed to mitigate the twin impacts of recession on some organisations of increased demand for their services and cash flow difficulties, was open for five weeks from late October 2009. Grants of between £10,000 and £100,000 were potentially available to Third Sector organisations which could demonstrate how the recession had led to increased demand or significantly undermined their services. An additional £0.5m was subsequently awarded to the Fund from other resources, making the total allocated to the sector through the Fund over £2.2m. A total of 64 awards were made.

The £1m [Social Entrepreneurs Fund](#) opened in March 2009 and will run until the end of March 2011. This provides support to individuals who wish to set-up and run businesses with a social and/or environmental purpose.

The [Enterprising Third Sector Action Plan \(2008-11\)](#), was launched in June 2008 and aims to create the right conditions in which an enterprising Third Sector - including social enterprises - can thrive. This will help to enable the third sector to play a full role in the development, design and delivery of policy and services in Scotland. It contains a series of actions to be delivered over the period 2008-11, based around the following seven objectives.

- Opening markets to an enterprising third sector
- Investing more intelligently
- Promoting social entrepreneurship
- Investing in skills, learning and leadership across the third sector
- Providing support for business growth
- Raising the profile of enterprise in the third sector
- Developing the evidence base

## ***Energy and Climate Change***

The Scottish Government's ambition is for Scotland to become the green energy capital of Europe. Scotland's low carbon market was worth around £8.5 billion in 2007-08 (within a GDP of around £100 billion), and is forecast to rise to around £12 billion by 2015-16. Jobs in the low-carbon sector in Scotland are estimated to grow by 4 per cent a year to 2020, rising from 70,000 to 130,000, over 5 per cent of the Scottish workforce. Offshore wind alone is estimated to bring £30 billion of inward investment and up to 20,000 jobs to Scotland.

In 2008, the Scottish Parliament agreed historic targets for the reduction of emissions in Scotland – the most stretching in the world – in recognition of the central role that the actions of Government must play in catalysing societal change.

As part of the Scottish Government's broader approach to meet Scotland's climate change targets and secure the transition to a low carbon economy which will underpin the Economic recovery in Scotland the Scottish Government published [The Low Carbon economic strategy](#) on 15 November 2010.

A number of specific actions are been taken forward including:

- Reprioritising the £15m of innovation funding in the Lowlands European Structural Funds Programme towards the Low Carbon Economy. To support the development of those innovative low carbon technologies where Scotland has the greatest competitive advantage. This match funding could create £60m of support;
- Publishing the [draft Electricity Generation Policy statement for Scotland](#) in November 2010, which sets out the Scottish Government's position on the role for renewable electricity and fossil fuel thermal generation in Scotland's future energy mix. It sets out new developments and implications in the following areas: renewable generation; thermal electricity generation; energy efficiency; transmission infrastructure and interconnection;
- Establishing the [Carbon Capture and Storage \(CCS\) Road Map in March 2010](#) which sets out the economic opportunities for the development of the CCS based industry in Scotland;
- Establishing the £70m National Renewables Infrastructure Fund - to strengthen port and manufacturing facilities and supply chain provision for manufacturing offshore wind turbines and related components - will leverage significant private sector investment in the next four years and help deliver an estimated 28,000 jobs and £7.1 billion in value to Scotland's economy over the coming decade;
- Publishing the Draft [Report on Proposals and Policies](#) on November 17, 2010, which describes the measures identified to meet the emissions reduction targets established by the Climate Change (Scotland) Act 2009, over the period 2010-2022;

- Publishing the [Energy Efficiency Action Plan](#) in October 2010. This describes a programme of activity to improve energy efficiency in households, business and the public sector. In doing so it seeks to create employment, promote new technologies, and secure wider economic benefits for the low carbon economy; and,
- Consulting on how the development of renewable and low carbon energy can be supported, while ensuring that Scotland and its local communities enjoy long-term returns from the assets on their door step. The consultation paper [Securing the Benefits of Scotland's Next Energy Revolution](#) sets out proposals to maximise Scottish benefit from renewables projects.

## ***Tourism***

A number of external influences had a significant impact on tourism in 2010. These ranged from the flight disruption to Scottish and European airspace, caused by the ash cloud from the Icelandic volcano severe weather affecting airports and transport at both the start and the end of the year, and the overall difficult economic climate. All these brought added pressure to Scottish tourism, in an already competitive worldwide picture. Despite these impacts, tourism generally has held up well. with only a small fall in numbers and expenditure for the first 9 months, compared to 2009.

During the year, VisitScotland was able to react quickly to the factors affecting tourism by arranging new marketing campaigns aimed particularly at European and domestic customers and including, for the first time, campaigns aimed specifically at Scots to make the most of the “staycation” effects that have been prevalent.

The main focus for future improvements has been the bringing together of representatives of the main tourism leaders to form a Group to re-consider the Tourism Strategy over the next few years. Following the success of Homecoming Scotland in 2009, and building on the strong partnerships that were developed, 2010 saw the first of a series of year’s activity focussed on different themes highlighting some our greatest assets in the build up to the next planned Homecoming, in 2014. Scotland’s year of Food and Drink is aimed at celebrating and enhancing the reputation as a Land of Food and Drink. A core budget of £0.5m will support funding for events in Scotland, communications, marketing and PR activity internationally. Further themes will be Active Scotland (2011), Creative Scotland (2012) and Natural Scotland (2013).

## ***Housing and Regeneration***

Scottish Ministers signed a funding agreement with the European Investment Bank (EIB) in June 2010 to establish a £50m Joint European Support for Sustainable Investment in City Areas (JESSICA) Holding Fund in Scotland. The Scottish Holding Fund has been jointly financed by the Scottish Government (£26m) and European Commission (£24m), and will invest in one or more Urban Development Funds, run by specialist fund managers, that will offer debt or equity investment to projects capable of generating sufficient revenues. The EIB is currently running a procurement exercise to identify the first Scottish Urban Development Fund (UDF), which will be completed by mid-2011.

The Scottish Government continues to tackle fuel poverty and reduce CO2 emissions through its Energy Assistance Package and Home Insulation Scheme. From April 2009 to 31 December 2010 these programmes have provided a lifetime reduction in CO2 emissions of 634,474 tonnes due to energy efficiency measures installed.

Over the period 2008-11, the Scottish Government has allocated £1.7 billion to investment in affordable housing. This includes funding for new build by housing associations and councils (the first central government support for council housing in a generation) and also shared-equity products for first-time buyers. The Scottish Government has also launched the innovative National Housing Trust scheme, through which the Scottish Government will offer loan guarantees to help kickstart construction on stalled housing sites in order to make more homes available for affordable rent.

Measures to support for home owners affected by the credit crunch and the recession included the Home Owner's Support Fund as well as the enactment of the Home Owner and Debtor Protection (Scotland) Act 2010, which provides the strongest legislative protection anywhere in the UK for homeowners at risk of repossession.

Other measures included allocating (over the period 2008-11) £36.6m to five local authorities to remediate long-term vacant and derelict land as well as over £30m to support Registered Social Landlords in tackling poverty through early intervention with vulnerable communities. Furthermore, Right to Buy legislation was reviewed and the Scottish Parliament has approved a Housing Bill to safeguard social housing and make Right to Buy more responsive to local needs.

## ***Transport in Scotland - National Transport Strategy***

An efficient transport system is one of the key enablers for enhancing productivity and delivering the Scottish Government's overarching Purpose of increasing sustainable economic growth. Since 2007, the Scottish Government has prioritised improvements to Scotland's transport system through the Government Economic Strategy.

The National Transport Strategy (NTS), published in 2006, was founded on 3 Key Strategic Outcomes focused on: improving journey times and connections; reducing emissions; and, improving quality, access and affordability. Scotland's broad strategic direction for transport over the coming years is based around two key transport hierarchies. The infrastructure development hierarchy seeks to maintain the transport networks and make best use of the existing assets, before considering targeted new infrastructure enhancements. Combined with this, the sustainable transport hierarchy promotes options such as walking, cycling, public transport and car sharing before single occupancy car use for the movement of people, and promotes rail and water carriage over road for the movement of goods.

As the Scottish Government seeks to recover from the global economic recession, a flexible transport strategy is vital in order to support the needs of business and industries and also to respond to emerging economic opportunities for transport, such as those related to reducing transport emissions or in the expanding renewables sector.

Concerted efforts are required across all sectors, to meet ambitious targets for reducing greenhouse gas emissions by 42% by 2020 and 80% by 2050. Transport has a key role to play, for example, through enhanced travel planning, promotion of active travel, driving more efficiently, widening travel choices and the decarbonisation of road transport.

The Scottish Government also aims to renew its focus on the role transport can play in tackling the equity issues which act as drags to the economy, for example by connecting regions and individuals with opportunities, creating a more cohesive Scotland with increased social equity, and further promoting sustainability by ensuring transport impacts positively on environment and health.

Underpinning all of these challenges, the Scottish Government is now operating in a climate of scarce resources, therefore prioritisation of transport investment, greater efficiency in delivery, and harnessing the energy and innovation of all partners will all be vital.

## **4.2 Progress towards the National Reform Programme**

According to the format for annual reporting as laid down in Annex XVIII of Commission Regulation (EC) No 1828/2006 Section 4 should only be included for ESF Programmes.

## **SECTION 5: MAJOR PROJECTS**

### Scottish Centre for Regenerative Medicine – University of Edinburgh

This application was submitted by the University of Edinburgh. The project is to build on the current and planned research and clinical facilities within the University by providing capital infrastructure to accommodate development of research, manufacturing and commercialisation of stem cell lines. The total eligible expenditure is €21,682,397 with expected ERDF grant of €6,630,000. Due to the size of this grant request it went forward as a major project which meant that it had to be formally submitted onto the SFC2007 database which directly links to the European Commission. This was a complex process which saw the application, along with several supporting appendices loaded onto the database. The Commission's technical authorities assessed the information and worked with the Managing Authority, ESEP Limited and the sponsor to complete the application process. The Project was approved and an offer of grant was submitted by the Commission on the 20 September 2010. The project is now well under way.

### Technology Innovation Centre – University of Strathclyde

During 2010 the Managing Authority has been assisting with the development of another Major Project. The Technology Innovation Centre is a project that has been developed by the University of Strathclyde and aims to focus on providing a research and development base for the Renewable Technologies and Low Carbon Economies in Scotland. A main objective of the project is to enhance the partnership between academia and enterprise by linking research to commercialisation of business opportunities in what will be a developing growth sector in the Scottish Economy. The Total project costs will be around £89m with an ERDF application for around £7m anticipated.

The project sponsor and Managing authority have met with European Commission officials and have provided initial site visits to see the outline of the development plans for the initiative. Further work with the Commission will take place in the early part of 2011 with a major project application being submitted by March 2011.

## **SECTION 6: TECHNICAL ASSISTANCE**

Under Article 45 of the General Regulation (EC) No 1083/2006 of 11<sup>th</sup> July 2006, Technical Assistance may finance the preparatory, monitoring, administrative and technical support, evaluation, audit and inspection measures necessary for programme implementation.

Such actions shall include in particular:

- (i) assistance for project preparation and appraisal;
- (ii) evaluations and studies;
- (iii) measures aimed at partners, beneficiaries and the general public relating to the provision of information;
- (iv) measures to disseminate information and raise awareness;
- (v) the installation, operation and interconnection of computer systems for management, monitoring, inspection and evaluation; and,
- (vi) improvement in evaluation methods.

The Monitoring Committee agreed in principle at its meeting of 08 November 2007 to the use of Technical Assistance from the ERDF programme, subject to the provision of an additional costs breakdown to support a range of implementation and evaluation initiatives. This additional information was provided to the Monitoring Committee meeting held on 19 March 2008.

In the period to 31 December 2010, technical assistance from the ERDF Programme was used on five separate expenditure items. The breakdown of costs included in the last payment request made to the Commission in December 2010 as detailed in Section 2.1.1 – Financial Information is outlined below:

<b>Technical Assistance Item</b>	<b>Eligible ERDF Project Costs</b>	<b>ERDF Grant</b>	<b>Comments</b>
Eurosyst Development	€211,024.33	€105,512.02	As the web-based application and claims system operates on a pan-Scotland basis, the total project costs have been apportioned by the Scottish Government between the LUPS and the Highlands Programme and then between ERDF and ESF. The apportionment was determined by the total grant value of the programmes. The LUPS ERDF share of the total Eurosyst project costs was 46%.
IAB Contract costs	€2,787,490.74	€1,393,745.37	These represent the agreed contract costs for ESEP Ltd – the IAB for the LUPS Programme. The costs have been apportioned by the Scottish Government between ERDF and ESF. The apportionment was determined by the total grant value of the programmes. The LUPS ERDF share of the total IAB contract costs was 58%.
Programme Publicity	€19,205.13	€9,602.57	As the Scottish Government publicity campaign operated on a pan-Scotland basis, the total project costs have been apportioned by the Scottish Government between the LUPS and the Highlands Programme and then between ERDF and ESF. The apportionment was determined by the total grant value of the programmes. The LUPS ERDF share of the total publicity costs was 46%.
Programme Evaluation	€22,591.87	€11,295.94	The total costs for evaluation in the LUPS Programme have been apportioned by the Scottish Government between ERDF and ESF. The apportionment was determined by the total grant value of the programmes. The LUPS ERDF share of the total evaluation costs was 58%.
JESSICA	€108,244.46	€54,122.23	The costs of a scoping study for the development of a JESSICA Fund in the LUPS Programme Area. The LUPS ERDF share of the total costs was 100%.
<b>Total</b>	<b>€3,148,556.23</b>	<b>€1,574,278.12</b>	

## **SECTION 7: INFORMATION AND PUBLICITY**

### **7.1 Scottish Communication Plan**

#### **7.1.1 Introduction**

The Communication Plan defines how information and publicity of the European Structural Funds in Scotland for 2007 - 2013 will be communicated. It identifies key stakeholders and other interested parties; the messages and information to be communicated; how these will be communicated. It sets out how the Scottish Government will provide information that is timely, clear, and reliable in a form compatible with EC Regulation 1828/2006.

The Communication Plan was submitted to the Commission, and agreed. A copy of the Communication Plan can be found on the Scottish Government website at <http://www.scotland.gov.uk/Topics/Business-Industry/support/17404/2007-2013PublicityInfo>

All the targets set out in the Communication Plan for 2010 were met the most significant being the Mid-term Best Practice Awards ceremony held on Tuesday 23 November 2010, which is outlined below.

#### **7.1.2 Publicity and Information**

##### Major Information Activity

The Scottish Government held a very successful Mid-term Best Practice Awards ceremony on Tuesday 23 November 2010, where awards were presented to projects which demonstrated best practice in one or more of 7 categories. The event was held in the Mackintosh Building at Glasgow School of Art, which was provided free of charge because it had previously received ERDF funding. The categories, drawing on the Scottish Government's strategic objectives were:

Wealthier and Fairer  
Greener  
Smarter  
Rural Development  
Urban Regeneration  
Partnership Working  
Publicity

The event was introduced by Dr John Rigg, Head of European Structural Funds Division, and by Keith Brown, Scottish Government Minister for Skills and Lifelong Learning. Awards were presented by Agnes Lindemans-Maes from DG Regio and Adrian Neale from DG EMP standing in for Peter Stub Jorgensen.

There was an excellent response from projects funded via the 2007 - 2013 European Regional Development Fund and European Social Fund programmes in Scotland, with very stiff competition for each of the awards. All shortlisted candidates were invited to the awards ceremony.

Full details of all the media coverage and press releases generated, can be found on the Scottish Government website.

### Publicity and Communication Guidance

The Scottish Government and the IABs have published the European Structural Funds 2007 - 2013 Programme Publicity Guidance, in line with requirements under Articles 8 and 9 of Regulation 1828/2006. The guidance covers how and when to acknowledge the European Union's Structural Funds contribution, information on the promotion of the 'Europe and Scotland: Investing In Your Future' logo and the technical specification of using it.

A copy of the guidance, the relevant Commission Regulation and the agreed Structural Funds logos for Scotland, can be found on the Scottish Government and the IAB website. Please see links below:

- <http://www.scotland.gov.uk/Topics/Business-Industry/support/17404/2007-2013PublicityInfo>
- <http://www.esep.co.uk/02-applications-publicity.html>

### IAB Website

The IAB website – <http://www.esep.co.uk> – provides essential, detailed, targeted information for applicants interested in finding out more about the Lowlands and Uplands Scotland ERDF and ESF Programmes 2007 – 2013. It provides a range of updated information including:

- Programme Structures - membership and roles of Committees and Advisory Groups, minutes of meetings;
- Details of Programme Priorities;
- Downloadable documents – ERDF and ESF Programme Complements, National Expenditure Rules, and AIRs;
- Application Guidance;
- Policy and Horizontal Themes Information;
- Details of other funding sources, e.g. FP7, INTERREG; and,
- Contact information for ESEP staff.

### Announcement of List of ERDF Beneficiaries and Press Releases

During the year a number of announcements were made to publicise the Programme. These are listed below:

#### 11 January 2010

Announcement of CPP allocations by the First Minister

<http://www.scotland.gov.uk/News/Releases/2010/01/11120012>

19 March 2010

Announcement of East of Scotland Investment Fund by the First Minister

<http://www.scotland.gov.uk/News/Releases/2010/03/19111416>

14 April 2010

ERDF announcement by the First Minister

<http://www.scotland.gov.uk/News/Releases/2010/04/14111057>

19 April 2010

ERDF Priority 1 announcement by the First Minister

<http://www.scotland.gov.uk/News/Releases/2010/04/19112723>

20 April 2010

ERDF Priorities 3 and 4 announcements by the Finance Secretary

<http://www.scotland.gov.uk/News/Releases/2010/04/20120958>

22 April 2010

Announcement on the Scottish economy by the First Minister

<http://www.wired-gov.net/wg/wg-news-1.nsf/ifi/DNWA-84RC4C>

06 July 2010

Launch of the JESSICA Fund by the Housing Minister

<http://www.wired-gov.net/wg/wg-news-1.nsf/ifi/DNWA-874GET>

30 December 2010

Announcement on new ERDF business support projects by the Enterprise Minister

<http://www.scotland.gov.uk/News/Releases/2010/12/30115258>

The full list of approved projects is also posted on the IABs website -  
<http://www.esep.co.uk/152.html>

## Publicity Events from the IAB

During 2010, two key activities consistent with the Communications Plan were undertaken by the IAB. These were:

### Claims Seminar

A seminar was held on 18 August 2010, in conjunction with the Scottish Council for Voluntary Organisations, specifically targeted at voluntary sector organisations, to take project sponsors through the process of completing and submitting Progress Reports and Claims on the EUROSYS online management system. The workshop also highlighted key requirements in terms of the verification checks that the IAB is required to carry out declared expenditure. The seminar was attended by 59 delegates.

### Rural Development Seminars

Three Rural Development Scoping Workshops were held in April and May 2010 to explore the potential for Fourth Round applications under Priority 4 of the ERDF Programme. Attendees were encouraged to bring to the table examples of projects currently being worked on, particularly those that required a level of collaboration between partner organisations and across local authority areas. Details on these seminars which were held in the IAB offices are summarised below:

<b>Date of Seminar</b>	<b>Theme and Location of Rural Development Seminar</b>	<b>Number of Attendees</b>
28 April 2010	Sector Priorities and Supply Chain Linkages in Rural Areas - Inverkeithing	14
30 April 2010	Innovation in Rural Knowledge Exchange and Transfer - Inverkeithing	8
4 May 2010	Rural Town Centres as new drivers for SMEs and regeneration - Glasgow	12
<b>Total</b>		<b>34</b>

In a follow-up letter regarding the 2009 AIR, the Head of European Structural Funds Division also sent the Commission additional information on seminars and training courses run by the IAB in order to illustrate the pro-active work being undertaken to improve the overall quality of programme implementation.

### Newsletters and e-Bulletins

During 2010, the IAB issued two newsletters, 12 e-bulletins and a number of email alerts to update partner organisations of progress and future plans for implementation. The LINK-UP newsletters covered a range of topics, including examples of projects approved in the Third Round of funding; information on the timetable for applications to the Fourth Round; and update on JESSICA in Scotland; Structural Funds Good Practice Awards; details of Priority 5 ESF; and policy updates on the European Commission's Europe 2020 Strategy and the European 5th Cohesion Report. The UP-date e-newsletter also covered a wide range of issues, including State Aids, environment statistics, information on publicity, on the Programme Monitoring Committee, and labour market statistics.

E-bulletins and newsletters can be downloaded from <http://www.esep.co.uk>

### IAB Editorial Group

In February 2008, the IAB set up an internal Editorial Group with the remit of co-ordinating publicity and information provision for the LUPS Programmes. The Group met 5 times in 2010 and discussions focused on such issues as the production of the UP-date e-newsletter and the LINK-UP bi-annual newsletters, as well as considering opportunities for external publicity and promotion for the Programmes, updating website information and effective use of databases.

### Progress Against Indicators and Targets in the Communications Plan

#### *Scottish Government*

<b>Indicator</b>	<b>Annual Target</b>	<b>Activity Achieved</b>
Number of website visitors per year	20,000	20,566
Quantity of information downloaded	Not available	Not available
Numbers of promotional material produced i.e. fact sheets, leaflets etc in conjunction with the IAB's	4,000	Figure to be provided in evaluation
Number of promotion events held (Major Information Event)	1	1
Number of press releases issued	3	15

#### *ESEP Ltd*

<b>Indicator</b>	<b>Annual Target</b>	<b>Activity Achieved</b>
Number of website visitors per year	30,000	40,407
Quantity of information downloaded	Not available	Not available
Number of IAB e-bulletins issued	4	12
Number of IAB hard copy newsletters distributed	2	2
Numbers of promotional material produced i.e. fact sheets, leaflets etc	See Scottish Government table above	See Scottish Government table above
Number of promotion events held	6	5
Number of press releases issued	See Scottish Government table above	See Scottish Government table above

## **SECTION 8: PROMOTION OF PARTNERSHIP**

There is involvement by a variety of local and national partners in all aspects of monitoring and evaluating the ERDF programme. Local authorities, Scottish Enterprise, Government agencies active in the LUP's region, the higher education sector, the further education colleges and social partners are actively involved in different levels of monitoring activity. They have members on the Advisory Groups, the Programme Monitoring Committee and the Monitoring and Evaluation Group.

Social partners are involved in the Advisory Groups as well as the Programme Monitoring Committee and include smaller voluntary organisations as well as from national third sector bodies and trades unions.

The involvement of these partners strengthens delivery as they have the knowledge of the area and the background in economic and social development required to ensure that funding is focussed on the projects that will add value and hopefully achieve the programme's objectives. .

### ***Community Planning Partnerships (CPPs) and Partnership Working***

Partnership working has been at the heart of the Community Planning Partnerships approach to delivering Structural Funds in the LUPS ERDF and ESF programmes.

Some of the key elements which support good practice in this area include:

- the existence of an Employability Partnership formed as part of involvement in and funding from Workforce Plus;
- Jobcentre Plus/DWP being a key and active partner;
- partners contributing to match funding;
- partners working to an agreed employability pathway or pipeline; and
- partners sharing a common tracking and monitoring system.

Generally speaking the voluntary sector and the further education sector have been reasonably well engaged in the partnership approach to European Structural Funds. There has however been variation across CPPs in the roles undertaken by partners actively involved in local Partnerships as well as variation in the inclusiveness of representation from these sectors. The active involvement of representatives from these sectors adds to the strategic nature of the approach adopted.

In addition to the above, there is added value to the CPP partnerships which comes from partners understanding and identifying the roles and functions which each partner can play in the field of employability. This enables partners to better contribute individually and jointly to the Structural Funds outcomes and also to the outcomes in the CPP's Single Outcome Agreement.

This added value is demonstrated by, for example, new shared funding bids for employability and health being developed by different partners; by non-employability partner organisations such as Social Work making referral for clients to employability support organisations a condition of their commissioning process; and by improved cost effectiveness resulting from greater efficiency in engaging with beneficiaries, retaining them, and supporting them to progress.

Some CPPs have built on existing Partnerships to deliver Structural Funds through the CPP route; others have needed to undertake substantial partnership development work to develop a partnership model that was fit for purpose.

The CPP partnership approach to delivering Structural Funds has acted as a catalyst in some areas, for example West Lothian and Clackmannanshire, for developing strategic Employability Partnerships and fundamentally changing the way partners approach employability. Many of those involved have valued the opportunity to work more strategically and closely with local organisations.

#### CPP Partnership composition and roles

Each of the CPP Partnerships through which Structural Funds were delivered comprised a range of partners. The size of the CPP Partnerships varied considerably, from only 6 or 7 partners to some Partnerships made up of 12 or more member organisations.

Generally speaking, CPP Partnerships comprised a mix of the following organisations:

- Local Authority
- Jobcentre Plus
- Health Board
- Scottish Enterprise
- Skills Development Scotland
- Colleges
- Third Sector organisations
- Police
- Fire and rescue service
- Chambers of commerce

Partnerships were established at different levels. Each CPP usually has some form of strategic employability partnership in place to oversee bid development and implementation, and some areas had further tiers of partnership working, for example Glasgow where the CPP had a strategic Employability Partnership (sitting

within Glasgow Works) and a local Employability Partnership led by each Local Regeneration Agency to take forward delivery of services.

Employability partnerships are located in different parts of the CPP, with some accountable to, or sub-groups of thematic groups within the CPP (often the economic regeneration group/social inclusion group or similar) and others with direct lines of accountability back to the CPP Board.

### ***Monitoring and Evaluation Group***

The Monitoring and Evaluation Group (MEG) meets about three times each year and provides advice to ESFD. The group's interests cover all four programmes in Scotland (Highlands and Islands of Scotland and ERDF as well as LUPS ESF). Membership includes officials from several local authorities, plus representative of Scottish Enterprise and Highlands & Islands Enterprise, and the two IABs. The representatives from local authorities also make a valuable contribution to the steering groups are set up for specific projects.

### ***Assessing Partnership in Project Applications***

All ERDF projects are assessed for partnership working as part of the detailed appraisal against the PMC approved selection criteria. In particular, projects must ensure that they can clearly demonstrate the following;

- Partners involved are clearly defined in terms of their role and relevance within the project from development through delivery and on to aftercare and evaluation;
- links to relevant existing partnerships, initiatives, sectors and organisations;
- clarity that relevant organisations have been consulted in advance of project submission and are supportive of the project; and,
- evidence that an appropriate partnership has been established and those arrangements are in place to effectively manage this partnership.

## Operational Programme

Commission Reference NR: 2007UK162PO001

Version: 2 Status: Sent Last Modified: 15/12/2009 Decision:

Title: Lowlands and Uplands of Scotland ERDF Regional Competitiveness and Employment programme

Period of Eligibility: 01/01/2007 - 31/12/2015

### 1. Annex 2.1

( in euro )

Regional Competitiveness and Employment			
	Structural Funding (ERDF)	Cohesion Fund	Total
2007	50,570,825		<b>50,570,825</b>
2008	51,582,242		<b>51,582,242</b>
2009	52,613,886		<b>52,613,886</b>
2010	53,666,164		<b>53,666,164</b>
2011	54,739,487		<b>54,739,487</b>
2012	55,834,277		<b>55,834,277</b>
2013	56,950,963		<b>56,950,963</b>
<b>Grand Total</b>	<b>375,957,844</b>		<b>375,957,844</b>

### 2. Annex 2.2

( in euro )

Regional Competitiveness and Employment									
Priority Axis	Fund	Expressed In	Community	National Public	National Private	Total	Cofinancing Rate (%)	EIB	Other
1	2	3	4	5	6	7 = 4 + 5 + 6	8 = 4 / 7 <sup>(1)</sup>	9 <sup>(2)</sup>	10 <sup>(2)</sup>
1. RESEARCH AND INNOVATION	ERDF	T	92,109,671	154,873,742		<b>246,983,413</b>	<b>37.29%</b>		
2. ENTERPRISE GROWTH	ERDF	T	122,186,299	183,279,449		<b>305,465,748</b>	<b>40.00%</b>		
3. URBAN REGENERATION	ERDF	T	101,508,618	109,967,670		<b>211,476,288</b>	<b>48.00%</b>		
4. RURAL DEVELOPMENT	ERDF	T	51,130,268	76,695,402		<b>127,825,670</b>	<b>40.00%</b>		
5. TECHNICAL ASSISTANCE	ERDF	P	9,022,988	9,022,990		<b>18,045,978</b>	<b>50.00%</b>		
<b>Total</b>			<b>375,957,844</b>	<b>533,839,253</b>		<b>909,797,097</b>	<b>41.32%</b>		

<sup>(1)</sup> The precise rate used to reimburse payments is the ratio between the Community funding and the Total funding.

<sup>(2)</sup> EIB and Other funding are given for information only.



EUROPEAN COMMISSION

Brussels, 22.1.2010  
C(2010) 417

**COMMISSION DECISION**

**of 22.1.2010**

**amending Decision C(2007)4504 adopting the operational programme "Lowlands and Uplands of Scotland ERDF Regional Competitiveness and Employment programme" for Community assistance from the European Regional Development Fund under the Regional competitiveness and employment objective in the region of the Lowlands and Uplands of Scotland in the United Kingdom**

**CCI 2007 UK 162 PO 001**

**(ONLY THE ENGLISH TEXT IS AUTHENTIC)**

## COMMISSION DECISION

of 22.1.2010

**amending Decision C(2007)4504 adopting the operational programme "Lowlands and Uplands of Scotland ERDF Regional Competitiveness and Employment programme" for Community assistance from the European Regional Development Fund under the Regional competitiveness and employment objective in the region of the Lowlands and Uplands of Scotland in the United Kingdom**

**CCI 2007 UK 162 PO 001**

**(ONLY THE ENGLISH TEXT IS AUTHENTIC)**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999<sup>1</sup>, and in particular Article 33(2) thereof,

Whereas:

- (1) On 21 September 2009, The United Kingdom submitted through the computer system for data exchange with the Commission a request for the revision of the operational programme "Lowlands and Uplands of Scotland ERDF Regional Competitiveness and Employment programme" for Community assistance from the European Regional Development Fund under the Regional competitiveness and employment objective in the region of the Lowlands and Uplands of Scotland in the United Kingdom, adopted by Commission Decision C(2007)4504 of 27 September 2007.
- (2) The proposed revision of the operational programme is justified by significant socio-economic changes and major changes in Community, national and regional priorities as in point (a) and point (b) of Article 33(1) of Regulation (EC) No 1083/2006.
- (3) Pursuant to Article 65(g) of Regulation (EC) No 1083/2006 by written procedure, on 24 July 2009, the monitoring committee considered and approved the proposal to amend the content of Decision C(2007)4504, in particular as regards the text of the operational programme and its financing plan.
- (4) Decision C(2007)4504 should therefore be amended accordingly,

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<sup>1</sup> OJ L 210, 31.7.2006, p. 25.

HAS ADOPTED THIS DECISION:

*Article 1*

Decision C(2007)4504 is amended as follows:

- (1) Article 3(1) is replaced by the following:

"The maximum amount of assistance from the European Regional Development Fund granted under the operational programme, as calculated with reference to the total eligible public and private expenditure, is set at EUR 375,957,844 and the maximum co-financing rate is set at 41.32%."

- (2) In Article 3(3), the second, third, fourth and fifth subparagraphs are replaced by the following:

"The maximum co-financing rate for priority axis Research and Innovation is set at 37.29% and the maximum amount for assistance from the ERDF to that priority axis, as calculated with reference to the total eligible public and private expenditure, is set at EUR 92,109,671.

The maximum co-financing rate for priority axis Enterprise Growth is set at 40% and the maximum amount for assistance from the ERDF to that priority axis, as calculated with reference to the total eligible public and private expenditure, is set at EUR 122,186,299.

The maximum co-financing rate for priority axis Urban Regeneration is set at 48% and the maximum amount for assistance from the ERDF to that priority axis, as calculated with reference to the total eligible public and private expenditure, is set at EUR 101,508,618.

The maximum co-financing rate for priority axis Rural Development is set at 40% and the maximum amount for assistance from the ERDF to that priority axis, as calculated with reference to the total eligible public and private expenditure, is set at EUR 51,130,268."

- (3) Annex I is replaced by the text set out in Annex I to this Decision.

- (4) Annex II is replaced by the text set out in Annex II to this Decision.

*Article 2*

In accordance with the second subparagraph of Article 56(3) of Regulation (EC) No 1083/2006, new expenditure resulting from the amendments referred to in Article 1 of this Decision shall be eligible from 21 September 2009.

*Article 3*

This Decision is addressed to the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 22.1.2010.

*For the Commission*  
*Paweł Samecki*  
*Member of the Commission*

**ANNEX I**

Amended operational programme

**ANNEX II**

Amended financing plan

## SECTION 2: OVERVIEW OF THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME

### 2.1 Achievement and analysis of the progress

#### 2.1.1 Information on the physical progress of the Operational Programme

**Key:**  
**B = Baseline**  
**T = Target**  
**A = Achievement**

Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Output	R101	Number of Enterprises Supported			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R101	Number of Enterprises Supported			1	T	0	357	357	357	357	357	357	358	0	2,500
Output	R101	Number of Enterprises Supported			1	A	0	53	1,921	1,817	0	0	0	0	0	3,791
Output	R104	Number of research networks and collaborations supported			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R104	Number of research networks and collaborations supported			1	T	0	85	85	85	85	85	85	90	0	600
Output	R104	Number of research networks and collaborations supported			1	A	0	6	338	254	0	0	0	0	0	598
Output	R106	Number of renewable energy research projects supported			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R106	Number of renewable energy research projects supported			1	T	0	22	22	22	22	22	22	18	0	150
Output	R106	Number of renewable energy research projects supported			1	A	0	0	60	59	0	0	0	0	0	119

Lowlands and Uplands Scotland European Regional Development Fund Programme 2007 – 2013  
Annual Implementation Report 2010

Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Result	R102	Number of new products and services developed by supported enterprises and research centres			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R102	Number of new products and services developed by supported enterprises and research centres			1	T	0	257	257	257	257	257	257	258	0	1,800
Result	R102	Number of new products and services developed by supported enterprises and research centres			1	A	0	0	98	152	0	0	0	0	0	250
Result	R103	Increase in turnover by supported enterprises	£mn		1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R103	Increase in turnover by supported enterprises	£mn		1	T	0	21	21	21	21	21	21	24	0	150
Result	R103	Increase in turnover by supported enterprises	£mn		1	A	0	1	9	43	0	0	0	0	0	53
Result	R105	Number of new products and services developed by supported research networks			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R105	Number of new products and services developed by supported research networks			1	T	0	128	128	128	128	128	128	132	0	900
Result	R105	Number of new products and services developed by supported research networks			1	A	0	0	31	38	0	0	0	0	0	69

Lowlands and Uplands Scotland European Regional Development Fund Programme 2007 – 2013  
Annual Implementation Report 2010

Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Result	R107	Number of gross jobs created			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R107	Number of gross jobs created			1	T	0	870	870	870	870	870	870	800	0	6,100
Result	R107	Number of gross jobs created			1	A	0	11	214	327	0	0	0	0	0	552
Impact	R108	Number of net new jobs created			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R108	Number of net new jobs created			1	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R108	Number of net new jobs created			1	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R109	Increase in research/innovation expenditure by supported enterprises			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R109	Increase in research/innovation expenditure by supported enterprises			1	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R109	Increase in research/innovation expenditure by supported enterprises			1	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R201	Number of enterprises receiving financial support			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R201	Number of enterprises receiving financial support			2	T	0	35	35	35	35	35	35	40	0	250
Output	R201	Number of enterprises receiving financial support			2	A	0	0	611	1,480	0	0	0	0	0	2,091

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Output	R203	Number of individuals/enterprises receiving advice/consultancy			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R203	Number of individuals/enterprises receiving advice/consultancy			2	T	0	1657	1657	1657	1657	1657	1657	1658	0	11,600
Output	R203	Number of individuals/enterprises receiving advice/consultancy			2	A	0	675	5,969	11,017	0	0	0	0	0	17,661
Output	R205	Number of enterprises receiving support for e-commerce			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R205	Number of enterprises receiving support for e-commerce			2	T	0	814	814	814	814	814	814	816	0	5,700
Output	R205	Number of enterprises receiving support for e-commerce			2	A	0	35	882	2,846	0	0	0	0	0	3,763
Output	R206	Number of enterprises receiving support for energy-saving and resource efficiency			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R206	Number of enterprises receiving support for energy-saving and resource efficiency			2	T	0	814	814	814	814	814	814	816	0	5,700
Output	R206	Number of enterprises receiving support for energy-saving and resource efficiency			2	A	0	0	319	1,836	0	0	0	0	0	2,155
Result	R202	Increase in turnover in supported enterprises	£mn		2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R202	Increase in turnover in supported enterprises	£mn		2	T	0	20	20	20	20	20	20	20	0	140
Result	R202	Increase in turnover in supported enterprises	£mn		2	A	0	0	6.65	10.48	0	0	0	0	0	17.13

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Result	R204	Number of new business starts			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R204	Number of new business starts			2	T	0	785	785	785	785	785	785	790	0	5,500
Result	R204	Number of new business starts			2	A	0	122	1,556	3,856	0	0	0	0	0	5,534
Result	R207	Number of e-commerce strategies developed			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R207	Number of e-commerce strategies developed			2	T	0	585	585	585	585	585	585	590	0	4,100
Result	R207	Number of e-commerce strategies developed			2	A	0	45	353	801	0	0	0	0	0	1,199
Result	R208	Number of enterprises implementing environmental audits and energy-saving/resource-efficiency systems			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R208	Number of enterprises implementing environmental audits and energy-saving/resource-efficiency systems			2	T	0	585	585	585	585	585	585	590	0	4,100
Result	R208	Number of enterprises implementing environmental audits and energy-saving/resource-efficiency systems			2	A	0	0	67	245	0	0	0	0	0	312
Result	R209	Number of gross jobs created			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R209	Number of gross jobs created			2	T	0	1942	1942	1942	1942	1942	1942	1948	0	13,600
Result	R209	Number of gross jobs created			2	A	0	228	1,956	4,840	0	0	0	0	0	7,024

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Impact	R210	Number of net new jobs created			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R210	Number of net new jobs created			2	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R210	Number of net new jobs created			2	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R211	Gross value added in supported enterprise			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R211	Gross value added in supported enterprise			2	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R211	Gross value added in supported enterprise			2	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R301	Number of job brokerage initiatives supported			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R301	Number of job brokerage initiatives supported			3	T	0	4	4	4	4	4	4	6	0	30
Output	R301	Number of job brokerage initiatives supported			3	A	0	0	20	69	0	0	0	0	0	89
Output	R302	Number of ICT and e-learning facilities supported			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R302	Number of ICT and e-learning facilities supported			3	T	0	5	5	5	5	6	7	7	0	40
Output	R302	Number of ICT and e-learning facilities supported			3	A	0	0	32	12	0	0	0	0	0	44

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Output	R303	Number of childcare and other community facilities supported			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R303	Number of childcare and other community facilities supported			3	T	0	4	4	4	4	4	4	6	0	30
Output	R303	Number of childcare and other community facilities supported			3	A	0	0	8	3	0	0	0	0	0	11
Output	R304	Number of transport hub projects supported			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R304	Number of transport hub projects supported			3	T	0	3	3	3	3	3	3	7	0	25
Output	R304	Number of transport hub projects supported			3	A	0	0	0	0	0	0	0	0	0	0
Output	R309	Area of business space created or modified	m2		3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R309	Area of business space created or modified	m2		3	T	0	1071	1071	1071	1071	1071	1071	1074	0	7,500
Output	R309	Area of business space created or modified	m2		3	A	0	0	0	75	0	0	0	0	0	75
Output	R310	Number of renewable energy and resource/energy efficiency projects supported			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R310	Number of renewable energy and resource/energy efficiency projects supported			3	T	0	13	13	13	13	13	13	12	0	90
Output	R310	Number of renewable energy and resource/energy efficiency projects supported			3	A	0	0	1	0	0	0	0	0	0	1

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Result	R305	Increase in the number of individuals gaining employment through supported job brokerage schemes			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R305	Increase in the number of individuals gaining employment through supported job brokerage schemes			3	T	0	92	92	92	92	92	92	98	0	650
Result	R305	Increase in the number of individuals gaining employment through supported job brokerage schemes			3	A	0	0	1,949	3,667	0	0	0	0	0	5,616
Result	R306	Increase in the number of individuals gaining employment through supported e-learning/ICT facilities			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R306	Increase in the number of individuals gaining employment through supported e-learning/ICT facilities			3	T	0	92	92	92	92	92	92	98	0	650
Result	R306	Increase in the number of individuals gaining employment through supported e-learning/ICT facilities			3	A	0	0	147	310	0	0	0	0	0	459

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Result	R307	Increase in the number of individuals gaining employment through supported childcare/community facilities			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R307	Increase in the number of individuals gaining employment through supported childcare/community facilities			3	T	0	71	71	71	71	71	71	74	0	500
Result	R307	Increase in the number of individuals gaining employment through supported childcare/community facilities			3	A	0	0	0	0	0	0	0	0	0	0
Result	R311	Number of enterprises supported			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R311	Number of enterprises supported			3	T	0	157	157	157	157	157	157	158	0	1,100
Result	R311	Number of enterprises supported			3	A	0	0	73	357	0	0	0	0	0	430
Result	R312	Number of social enterprises supported			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R312	Number of social enterprises supported			3	T	0	50	50	50	50	50	50	50	0	350
Result	R312	Number of social enterprises supported			3	A	0	0	15	2	0	0	0	0	0	17

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Result	R308	Time saved per journey (journey time x freight/passenger volume)			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R308	Time saved per journey (journey time x freight/passenger volume)			3	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R308	Time saved per journey (journey time x freight/passenger volume)			3	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R313	Increase in share of energy from renewable resources in targeted areas			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R313	Increase in share of energy from renewable resources in targeted areas			3	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R313	Increase in share of energy from renewable resources in targeted areas			3	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R314	Number of gross jobs created			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R314	Number of gross jobs created			3	T	0	643	643	643	643	643	643	642	0	4,500
Result	R314	Number of gross jobs created			3	A	0	0	225	256	0	0	0	0	0	481
Impact	R315	Number of net jobs created			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R315	Number of net jobs created			3	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R315	Number of net jobs created			3	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Output	R401	Number of enterprises supported			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R401	Number of enterprises supported			4	T	0	200	200	200	200	200	200	200	0	1,400
Output	R401	Number of enterprises supported			4	A	0	0	66	212	0	0	0	0	0	278
Output	R406	Area of business space created or modified	m2		4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R406	Area of business space created or modified	m2		4	T	0	343	343	343	343	343	343	342	0	2,400
Output	R406	Area of business space created or modified	m2		4	A	0	0	0	0	0	0	0	0	0	0
Output	R407	Number of educational access projects supported			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R407	Number of educational access projects supported			4	T	0	3	3	3	3	3	3	2	0	20
Output	R407	Number of educational access projects supported			4	A	0	0	1	0	0	0	0	0	0	1
Output	R408	Number of local transport projects supported			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R408	Number of local transport projects supported			4	T	0	3	3	3	3	3	3	2	0	20
Output	R408	Number of local transport projects supported			4	A	0	0	0	1	0	0	0	0	0	1
Output	R405	Number of e-learning/childcare and other community facilities supported			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	R405	Number of e-learning/childcare and other community facilities supported			4	T	0	6	6	6	6	6	6	4	0	40
Output	R405	Number of e-learning/childcare and other community facilities supported			4	A	0	0	0	0	0	0	0	0	0	0

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Result	R402	Number of new marketing initiatives			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R402	Number of new marketing initiatives			4	T	0	130	130	130	130	130	130	130	0	910
Result	R402	Number of new marketing initiatives			4	A	0	1	22	27	0	0	0	0	0	50
Result	R403	Number of enterprises introducing new supply and production processes			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R403	Number of enterprises introducing new supply and production processes			4	T	0	130	130	130	130	130	130	130	0	910
Result	R403	Number of enterprises introducing new supply and production processes			4	A	0	0	65	10	0	0	0	0	0	75
Result	R409	Number of enterprises benefiting from supported facilities			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R409	Number of enterprises benefiting from supported facilities			4	T	0	129	129	129	129	129	129	126	0	900
Result	R409	Number of enterprises benefiting from supported facilities			4	A	0	0	24	36	0	0	0	0	0	60
Result	R410	Occupancy rates of business space by the end of the programme			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R410	Occupancy rates of business space by the end of the programme			4	T	0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	12.0%	0%	90.0%
Result	R410	Occupancy rates of business space by the end of the programme			4	A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Result	R411	Number of enterprises accessing higher and further education research/training resources			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R411	Number of enterprises accessing higher and further education research/training resources			4	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R411	Number of enterprises accessing higher and further education research/training resources			4	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R412	Time saved per journey (journey time x freight/passenger Volume)			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R412	Time saved per journey (journey time x freight/passenger Volume)			4	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R412	Time saved per journey (journey time x freight/passenger Volume)			4	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R413	Number of gross jobs created			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	R413	Number of gross jobs created			4	T	0	200	200	200	200	200	200	200	0	1,400
Result	R413	Number of gross jobs created			4	A	0	0	5	1,548	0	0	0	0	0	1,553
Impact	R404	Increase in gross value added per employee in supported enterprises			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R404	Increase in gross value added per employee in supported enterprises			4	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R404	Increase in gross value added per employee in supported enterprises			4	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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Type	Code	Indicator	Unit	M/ W	Priority	B / T / A	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Impact	R414	Number of net new jobs created			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R414	Number of net new jobs created			4	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R414	Number of net new jobs created			4	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R415	Increase in turnover in supported enterprises			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R415	Increase in turnover in supported enterprises			4	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R415	Increase in turnover in supported enterprises			4	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R416	Increase in gross value added in supported enterprises			4	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R416	Increase in gross value added in supported enterprises			4	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	R416	Increase in gross value added in supported enterprises			4	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Commission Reference Number: CCI 2007UK162PO001

Name of Programme: LOWLANDS AND UPLANDS SCOTLAND ERDF PROGRAMME 2007 – 2013

Date of Last Commission Decision for the Operational Programme concerned:

22nd January 2010

Combination of codes of dimensions 1 to 5						
Objective	Code Dimension 1 Priority Theme	Code Dimension 2 Form of Finance	Code Dimension 3 Territory	Code Dimension 4 Economic Activity	Code Dimension 5 Location	Amount (£)
RCE	01	01	01	01	UKM	665,387
RCE	01	01	01	01	UKM2	436,697
RCE	01	01	01	08	UKM2	411,944
RCE	01	01	01	12	UKM	767,129
RCE	01	01	01	18	UKM	675,000
RCE	01	01	01	19	UKM2	5,260,572
RCE	01	01	01	19	UKM5	2,626,313
RCE	01	01	01	21	UKM	408,137
RCE	01	01	01	21	UKM2	6,009,167
RCE	01	01	01	22	UKM	16,354,619
RCE	01	01	05	12	UKM3	800,000
RCE	01	01	05	22	UKM3	351,334
RCE	02	01	01	08	UKM2	574,476
RCE	02	01	01	19	UKM3	1,051,000
RCE	03	01	01	01	UKM	355,508
RCE	03	01	01	06	UKM	309,845
RCE	03	01	01	06	UKM2	2,923,380
RCE	03	01	01	12	UKM2	705,345
RCE	03	01	01	19	UKM2	575,839
RCE	03	01	01	22	UKM	4,227,594

RCE	03	01	01	22	UKM2	812,500
RCE	04	01	01	01	UKM	944,235
RCE	04	01	01	01	UKM2	558,820
RCE	04	01	01	06	UKM	1,482,134
RCE	04	01	01	06	UKM2	523,476
RCE	04	01	01	08	UKM	1,303,141
RCE	04	01	01	12	UKM	468,614
RCE	04	01	01	14	UKM	77,008
RCE	04	01	01	19	UKM	809,405
RCE	04	01	01	19	UKM2	5,565,854
RCE	04	01	01	19	UKM3	480,189
RCE	04	01	01	21	UKM	333,849
RCE	04	01	01	21	UKM2	875,377
RCE	04	01	01	22	UKM	7,052,445
RCE	04	01	01	22	UKM2	581,785
RCE	04	01	01	22	UKM5	285,976
RCE	04	01	05	06	UKM3	479,565
RCE	04	01	05	06	UKM5	330,990
RCE	04	01	05	11	UKM2	2,079,064
RCE	04	01	05	18	UKM2	1,106,090
RCE	05	01	01	06	UKM	293,368
RCE	05	01	01	15	UKM3	1,295,475
RCE	05	01	01	16	UKM3	244,412
RCE	05	01	01	21	UKM	507,769
RCE	05	01	01	21	UKM2	2,349,945

RCE	05	01	01	21	UKM3	4,876,503
RCE	05	01	01	22	UKM	5,536,400
RCE	05	01	01	22	UKM2	764,116
RCE	05	01	01	22	UKM3	1,109,330
RCE	05	01	05	06	UKM2	1,188,880
RCE	05	01	05	21	UKM5	309,197
RCE	06	01	01	16	UKM3	778,851
RCE	06	01	01	21	UKM	1,012,086
RCE	06	01	01	22	UKM2	2,248,801
RCE	06	01	01	22	UKM3	248,613
RCE	06	01	05	21	UKM2	824,189
RCE	07	01	01	22	UKM	942,224
RCE	08	01	01	15	UKM	2,338,174
RCE	08	01	01	15	UKM3	2,137,163
RCE	08	01	01	21	UKM3	953,530
RCE	08	01	05	22	UKM	420,000
RCE	08	01	05	22	UKM2	280,000
RCE	08	03	01	15	UKM	20,000,000
RCE	08	03	01	15	UKM2	1,781,000
RCE	08	03	01	15	UKM3	6,000,000
RCE	08	03	01	22	UKM	46,666,667
RCE	09	01	01	16	UKM2	155,741
RCE	09	01	01	18	UKM2	684,477
RCE	09	01	01	22	UKM	6,454,515
RCE	12	01	01	18	UKM3	1,277,344

RCE	14	01	01	16	UKM3	1,102,250
RCE	14	01	01	18	UKM	399,550
RCE	14	01	01	20	UKM2	694,289
RCE	14	01	01	22	UKM2	168,341
RCE	14	01	01	22	UKM3	517,561
RCE	14	01	05	18	UKM5	2,921,294
RCE	15	01	01	22	UKM2	411,854
RCE	26	01	01	11	UKM3	2,859,500
RCE	43	01	01	21	UKM2	2,505,000
RCE	50	01	01	16	UKM3	849,095
RCE	50	01	01	20	UKM3	88,672
RCE	50	01	01	22	UKM3	449,810
RCE	50	01	05	12	UKM3	271,388
RCE	55	01	01	14	UKM	270,709
RCE	55	01	05	14	UKM	1,334,627
RCE	57	01	05	21	UKM2	318,410
RCE	58	01	05	21	UKM	991,379
RCE	61	01	01	12	UKM3	1,781,723
RCE	61	01	01	16	UKM3	1,279,014
RCE	61	01	01	18	UKM3	329,848
RCE	61	01	01	20	UKM2	110,074
RCE	61	01	01	20	UKM3	3,224,500
RCE	61	01	01	21	UKM3	1,500,000
RCE	61	01	01	22	UKM	24,000,000
RCE	61	01	01	22	UKM2	2,915,868



## **Example of Projects Funded in LUPS ERDF Operational Programme**

**Operational Priority:** Priority 1 - Research and Innovation

**Year Approved:** 2009

**Project Sponsor:** Glasgow Caledonian University

**Project Title:** LUPS/ERDF/2008/2/1/0237 – CIC Start Online

### **Technical Information**

**Total cost:** €1,156,957

**EU contribution:** €520,629

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### **Context:**

Building designers and manufacturers of building materials face barriers after Scottish Building Standards were changed from prescriptive to performance based standards. Although new standards aim to stimulate innovation, consultations with the industry organised by SCC in September 2008 highlighted that adoption is a problem and that testing examples and guidelines for application of innovations are needed to prove the benefits of innovations. Without faster adoption of innovations, it would be difficult to achieve the targets for more sustainable buildings in Scotland. Through this project, the partners build capacity and establish long-term relationships with the industry to jointly develop and test innovations beyond the end of the project.

The project will promote innovations for sustainable refurbishment of existing non-domestic and domestic buildings to respond to recommendations of the studies such as 'Climate Change Adaptation by Design' (2007) and 'Sustainable Housing Design for Scotland' (2007). These studies point out that it is existing stock which can potentially make the most effective contribution to meeting sustainability objectives and reducing carbon emissions (Scottish Government's target is 80% of 1990 levels by 2050).

The project will provide a database of innovative solutions for refurbishment of housing to reduce fuel poverty. In 2008 the number of Scottish households in fuel poverty in Scotland has reached 543,000, of the total of around 2.3 million homes. These households contain 1 million of the 5 million population of Scotland. Thus around 20% of the Scottish population are currently in fuel poverty. In 2008 Scottish Ministers re-established the Scottish Fuel Poverty Forum, who commissioned a

Report on best practice in to renovate Hard to Treat properties was required, with a particular emphasis on tackling fuel poverty and carbon emissions.

Innovations promoted by the project will assist the industry to increase its competitiveness, safeguard jobs and create new jobs to deliver innovations. This is especially important following the recent downturn in the housing market and potentially in the non-housing market. The project will also assist the industry to respond to the pressure to reduce carbon emissions as it is a major source of pollution, contributing around 40 -50% of total carbon emissions

### **Project Description:**

CIC Start Online aims to embed sustainable building design and refurbishment and assists Scottish SMEs to develop and test innovations at testing facilities of the project partner institutions.

Project Partners are: Glasgow Caledonian University (project sponsor), Heriot Watt University, University of Strathclyde, Robert Gordon University Aberdeen, Edinburgh Napier University, Mackintosh School of Architecture/Glasgow School of Art, and The University of Edinburgh. The project is funded by ERDF, Scottish Government's SEEKIT Programme, and Scottish Enterprise provides funding for academic consultancy to SMEs.

The project runs a scheme for joint industry/academic feasibility studies and a competition for free academic consultancy. An independent panel assesses applications submitted jointly by researchers and businesses for feasibility studies and applications submitted by businesses for academic consultancy.

The project provides information on expertise available at the participating universities and a database of design solutions for sustainable refurbishment. It offers free information on products and services for sustainable building design and refurbishment of the companies registered with the project, including contact details and link to their website. Project member SMEs operating in the construction sector are also encouraged to promote their products and services for sustainable building design and refurbishment on the CIC Start Online website.

CIC Start Online produces a monthly e-newsletter, providing information on the awards schemes, forthcoming seminars, information on announcements from funding bodies regarding forthcoming funding available for research and support for sustainable building design and refurbishment, and website content and links. Quarterly Innovation Reviews provide articles by practitioners involved in sustainable building design, construction and refurbishment, case studies of testing in laboratories at partner institutions, and brief reports on feasibility studies undertaken and academic consultancy provided through the project.

Seminars on the results of the feasibility study competitions are broadcast live online as webinars, or members can attend the seminars in person, providing an opportunity to meet the speakers and network with others in the industry. Those who attend the seminars in person or live online receive a CPD certificate.

**Operational Priority:** Priority 2 - Enterprise Growth

**Year Approved:** 2008

**Project Sponsor:** Prince's Scottish Youth Business Trust

**Project Title:** LUPS/ERDF/2008/1/2/0158 – Supporting Youth Enterprise in Scotland

**Technical Information**

**Total cost:** €2,832,317

**EU contribution:** €941,745

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**Context:**

Fostering entrepreneurship is an essential element in determining the ability of the Scottish economy to remain competitive within an increasingly knowledge based economy. PSYBT plays an important role in encouraging an entrepreneurial culture and providing quality support to young people who wish to start up and continue in their own business.

1. Helping to identify and inform a large number of young people who are considering starting their own business (over 3,000 registrations to PSYBT every year).
2. Providing essential financial support and professional advice to aspiring entrepreneurs.
3. Providing a responsive programme of aftercare delivered with the input of some 300 business volunteers.

DTZ Consulting & Research was commissioned in October 2006 to evaluate the impact and strategic contribution of PSYBT on behalf of Scottish Enterprise (SE). The report concludes that PSYBT has very good policy and strategic “fit” and highlights the work of PSYBT as directly supportive of a Smart Successful Scotland and the policy and strategic context as articulated in the SE Operating Plan 2006-2009 and the Growing Business Strategy. The key supporting strands of PSYBT activities in this project are:

- Supporting Scotland's business birth rate – a key objective of this project is to increase the number of new start businesses in the 18-25 age group. Since the early 1990's the importance of a strong pipeline of new entrants has been recognised as being a determining factor of a healthy economy. The Growing Business Strategy reinforces this.
- Encouraging Entrepreneurship – one of the key parts of this project is to promote awareness of young entrepreneurs and encourage an entrepreneurial outlook in young people that either would not have started in business, or would have postponed the decision.
- Focus on youth – by targeting the 18-25 age group, the project is supporting a section of the population that suffers from a relatively low start-up rate.
- Growing businesses and the growth pipeline – by providing a comprehensive programme of on-going aftercare support PSYBT will improve the long term survivability of businesses and maximise their chances of growing and contributing to the “growth pipeline”.

### **Project Description:**

The Prince's Scottish Youth Business Trust (PSYBT) is Scotland's leading charity in providing essential finance and professional support to 18-25 year olds in Scotland, to run their own business. PSYBT discuss business ideas with thousands of young people and provide support in the form of free and confidential advice on business start up, assistance in writing a business plan, loans of up to £5,000 and grants of up to £1,000 and book-keeping training. They work very closely with partners across the Enterprise Network in Scotland. They actively promote the businesses we help through the use of media and PR, by facilitating networking clubs, social events and offering opportunities to enter competitions and Awards. Our support is completely unique and tailored to the needs of the individual.

In addition to helping young people to start up in business, PSYBT assists entrepreneurs who have previously been supported by the Trust to grow their business. Launched in 2002, The PSYBT Growth Fund offers Development Loans of up to £10,000 and Accelerator Loans of up to £25,000 seeking to expand their businesses.

This project promotes awareness among young people and provides a range of support services from pre-start to business growth. The project is delivered locally across the 14 PSYBT regions, providing full geographic coverage across the LUPS Programme area. It includes the following project activity:-

- Promoting more positive attitudes to entrepreneurship and raising awareness of what is possible through the use of appropriate role models and case studies;

- supporting young people in determining if they are ready to start their own business;
- working alongside Business Gateway to provide the additional and intensive support that young people need to research, plan and start their own business with a particular focus on market investigation, financial planning and accessing finance;
- providing investment readiness support and managing PSYBT's panel appraisal process;
- providing the essential support post-start to cover critical start-up issues, implementing a practical marketing strategy, bookkeeping and financial management, on-going tailored flexible aftercare support, encouragement in developing a network and facilitation of peer to peer support relationships; and,
- a renewed focus on identifying growing businesses and closer collaboration with Business Gateway to provide the right support to help businesses achieve their growth potential.

**Operational Priority:** Priority 3 – Urban Regeneration

**Year Approved:** 2008

**Project Sponsor:** Glasgow Community Planning

**Project Title:** LUPS/ERDF/2008/1/3/0493 – Glasgow Works II

**Technical Information**

**Total cost:** €4,611,274

**EU contribution:** €1,233,698

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**Context:**

Glasgow Works is the Glasgow Community Planning Partnership's strategy to tackle worklessness. In particular the strategy aims to engage and support client groups into employment who are at a significant distance from the labour market. Target groups include; lone parents, IB claimants, BME communities, those in the 50 plus age group and young people not in employment, education or training. The project recognises that a programmed long-term approach to getting these client groups into employment will be required to effectively engage these target groups. The aim is to align various funding resources under the Glasgow Works Strategy to do this, including ESF Priority 1 resources.

Aligned to this work, there is a need to target improvements to infrastructure within local communities where disadvantage is concentrated, for example high quality, wrap-around childcare.

**Project Description:**

One of the main objectives of the project is a Job Brokerage service to provide a link between our target groups and the jobs that are available. Although Glasgow is creating jobs, these are not being filled by those from target client groups. The complementary ESF project supports projects to engage with clients, and enable them to achieve the skills and abilities needed to fill these posts. Similarly, ESF funded In-Work support projects will help them sustain employment. The Job Brokerage service is the link that will ensure that target clients are properly matched with employment vacancies.

The Glasgow Works Employer Engagement Team supports employers by creating a smarter, more streamlined approach to recruitment, which meets the needs of businesses. The employability service can assist with vacancy filling, job retention, in-work progression, diversity and equalities. This comprehensive service is designed to make it easier for employers to engage with public sector programmes and maximise opportunities for Glasgow residents.

The Employer Engagement Team works closely with the business community across Glasgow, offering tailored recruitment solutions to fit the requirements of a variety of organisations and sectors; small, medium or large. The Team has built up close working relationships with other employer organisations across the city to ensure that businesses can work with a single contact who can explain the range of services available. This has included direct working with Jobcentre Plus, the Local Regeneration Agencies, Glasgow Chamber of Commerce, the Glasgow Employer Coalition, Skills Development Scotland, and many more partner organisations.

**Operational Priority:** Priority 4 – Rural Development

**Year Approved:** 2009

**Project Sponsor:** SEStran

**Project Title:** LUPS/ERDF/2008/2/4/0475 – Regional Real Time Bus Passenger Information System (Rural)

**Technical Information**

**Total cost:** €1,139,242

**EU contribution:** €455,510

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**Context:**

Scotland's National Transport Strategy promotes 'improvement in the overall accessibility of the transport network for older and disabled people and those with limited mobility'. This project actively promotes public transport across East Lothian in a manner consistent with local and national transport policy objectives.

**Project Description:**

The project improves the reliability, accessibility and perception of bus services throughout East Lothian by providing accurate RTPI to passengers through tracking of buses, across a variety of media including signs at bus stops and workplaces, SMS text messages, and the internet (both pc and mobile web). The Real Time Passenger Information (RTPI) system includes the RNIB React audio announcement system, making the on-street signs accessible to visually impaired users. The system also improves safety for passengers and bus drivers – the web/SMS/mobile web facilities mean that passengers can make informed decisions about when to leave for the bus stop, making it particularly beneficial for vulnerable groups or lone travellers.

The project specifically targets education and employment areas and improves access to public transport for all users. The project will conduct a 'before and after study' using postcode data from education and business partners which will be analysed to assess how well existing bus services serve existing commuting trips. If gaps or opportunities are identified, efforts will be made to improve services to employment and business by modifying existing routes or implementing new community transport initiatives.

It will also provide an historic database that can be analysed to enhance public transport services.