

## CHANGES TO PRIORITIES 1, 3 AND 4 OF THE LOWLANDS AND UPLANDS SCOTLAND ERDF OPERATIONAL PROGRAMME

On 22 January 2010 the European Commission (decision C(2010)417 attached) agreed amendments to the LUPS ERDF Operational Programme, being changes to eligible areas and activity for ERDF Priorities 1, 3 and 4, and amendments to the Programme's financial tables. Full details are contained in Scottish Government's proposals attached to this paper.

The agreed changes to the Operational Programme are as follows:-

### Priority 1 – Research and Innovation

The words 'small scale' have been deleted from the following eligible activity

- Support for **small-scale** research infrastructure in research centres of expertise

### Priority 3 – Urban Regeneration

#### Eligible Areas

Areas listed as eligible for Priority 3 ERDF support during 2009 will remain eligible for the remainder of the programming period. The MA will continue to review eligibility on an annual basis and any area that becomes eligible for inclusion will be added to the list of targeted areas.

#### Eligible Activity

##### Improving the potential capacity or urban areas to develop

The introduction of the word 'development' now makes provision for new build.

- Support for the **development**, refurbishment and enhancement of locally-based training/learning and e-skills centres. (**the development of training/learning and e-skills centres will only be allowed if it will form a component part of an integrated urban development plan**).
- Support for the **development** and refurbishment of existing facilities and workspace to make them suitable for new or established SMEs especially those that employ 'green design' principles (**the development of workspace will only be allowed if it forms a component part of an integrated urban development plan**).

The words 'small-scale' have been deleted from the following eligible activity

- Support for **small-scale** conversion and adaptation to industrial sites and business centres/facilities that offer employment or training opportunities to people living in targeted areas (especially those that employ 'green design' principles).
- Support for **small-scale** energy production from renewable energy and low carbon technologies in response to local energy needs, such as co-generation and distribution energy systems (such as district heating and CHP projects).

The following additions have been made to eligible activities:

- **Support for projects that promote clean and sustainable public transport to link areas of need with areas of opportunity. (This activity will only be allowed if it forms a component part of an integrated urban development plan).**
- **Support for schemes that pilot or demonstrate new or innovative approaches to energy efficiency retrofit measures – in particular targeting the retrofit of existing social housing stock.**
- **Support for projects that invest in the rehabilitation of the physical environment (specifically work around the decontamination and servicing of brownfield land and gap sites but only if it can be demonstrated that the end use of the land is linked to ERDF eligible activity. (This activity is eligible only as a component part of an integrated urban development plan and excludes development of public realm unless a reasonable and direct physical link is made with ERDF eligible activity).**

## **Priority 4 – Rural Development**

### Eligible Areas

Priority 4 eligible areas have been extended to include those local authorities with **more than 35,000 people** (or more than 25% of their population) in ‘remote’ or ‘accessible’ rural areas. Fife and South Lanarkshire local authority areas have now been included in the list of eligible areas.

### Eligible Activity

The following additions have been made to eligible activities:

#### Rural diversification

- **Support for projects (excluding those eligible for support under SRDP) aimed at increasing the sustainable use of natural, historical and cultural assets in support of business and commercial development, or in support of socio-economic development, within the framework of agreed local development strategies**

#### Key shared services

The words ‘small-scale’ have been deleted from the following eligible activity

- **Small-scale** support for ICT investments enabling distance learning and higher and further education outreach in remote communities
- **Small-scale** business site development (especially those that employ ‘green design’ principles such as use of renewable energy, resource/energy efficiency and the encouragement of low/zero carbon use)

The following addition has been made to eligible activities

- **Projects (other than those eligible for support under SRDP) to develop new products, services and processes of benefit to groups of enterprises and sectors based on the regions natural resources.**

### **Financial Tables**

The level of co-financing set out in the Operational Programmes will not reduce, however the Managing Authority believe that the higher intervention rates offered in Priority 1 have helped to stimulate a high level of demand and that they should aim to use the same mechanism to incentivise Priority 3. The intervention rate in Priority 1 has now been set at 37.29% and that for Priority 3 has been set at 48% (changes outlined in Annex D to Scottish Government's paper). Intervention rates for Priorities 2 and 4 remain at 40%.

While the economic climate suggests that the public sector is the most likely source of co-funding for the immediate future, some flexibility will be introduced to the financial tables to allow match funding to come from any combination of public and private sectors.