

**LOWLANDS AND UPLANDS SCOTLAND ESF
PROGRAMME 2007 – 2013
(CCI 2007UK052PO002)**

ANNUAL IMPLEMENTATION REPORT 2010



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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):
2007UK052PO002

Programme title: Lowlands and
Uplands Scotland European
Social 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. The European Social Fund has also been able to respond to the increased number of people looking for work. By the end of 2010 we had allocated all of the funds available for ESF in the LUPS areas (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 developed plans for a new Priority 5 within the LUPS ESF programme. This built on lessons learned in delivering the Programme to date and was designed to establish local 'strategic skills pipelines' able to give continued support to individuals moving from unemployment and into work. This came into effect early in 2011. I am grateful to the Commission for their support and assistance in securing these important changes.

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 officials 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 Social Fund (ESF) 2007 – 2013 (CCI: 2007UK052PO002) was approved on 22 November 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 and a full application round for Priority 5. In total, 81 new projects (excluding technical assistance) requesting ESF grant totalling £110,798,735 were approved in 2010. This brought the cumulative commitment figure (excluding technical assistance) for the LUPS ESF Programme to £238,408,868 and 308 projects supported.

A change to the ESF Operational Programme was formally agreed by the Commission on 10 November 2010. This change involved the virement of €62.345 million ESF grant from uncommitted resources in Priorities 1, 2 and 3 in order to establish a new Priority 5 (Strategic Skills Pipeline). The amendment was formally requested under Article 33 of Council Regulation (EC) No. 1083/2006 and is justified by significant socio-economic changes, notably by the current serious economic crisis, and implementation difficulties. A copy of the Commission decision is attached as **Annex 1**.

The other main points to note in this report are:

- A deteriorating global economy has continued to 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 28 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 3rd 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 ESF grant declared to the Commission at the end of 2010 was **€33,896,605.22**.

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 ESF 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.

2.1.2 Information on the physical progress of the Operational Programme

A number of new ESF 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 by target groups

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. Finally, in accordance with Commission Regulation 1828/2006 Annex XXIII, additional reporting is required in relation to indicators that do not have targets set for them. This is included in the Section 2.1.5.

2.1.4 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 10 project de-commitments in 2010 in the Lowlands and Uplands ESF 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 62 projects and of these 52 had an under-claim against the approved ESF grant award. The total under-claim against awards by 31 December 2010 was £2,527,388 which was recycled back into the Programme for use on new approved actions.

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 - Progressing Into Employment	ESF	66,064,291.65	66,064,291.65	0	27,269,602.59	14,307,644.71
2 - Progressing Through Employment	ESF	8,165,439.32	8,165,439.32	0	3,325,886.54	1,840,588.56
3 - Improving Access To Lifelong Learning	ESF	5,427,132.57	5,427,132.57	0	2,201,090.18	1,057,399.03
4 - Technical Assistance	ESF	2,200,051.83	2,200,051.83	0	1,100,025.91	787,712.38
Grand Total		81,856,915.37	81,856,915.37	0	33,896,605.22	17,993,344.68

*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 ESF CCI:2007UK052PO00 2		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	14/12/2007	N/A	N/A	N/A	€5,398,418.84	14/12/2007	£3,878,763.94	£3,878,763.94	0.7185
3% Advance	27/02/2007	N/A	N/A	N/A	€8,097,628.26	27/02/2007	£6,129,904.59	£10,008,668.53	0.7570
2.5% Advance	28/04/2009	N/A	N/A	N/A	€6,748,023.55	28/04/2009	£6,039,481.08	£16,048,149.61	0.8950
1	10/09/2009	€1,227,820.54	€1,227,820.54	€13,910.27	€13,910.27	24/12/2009	£551,721.16	£16,599,870.77	0.8987
2	21/12/2009	€38,582,342.67	€39,810,163.21	€17,379,434.40	€17,379,434.40	03/02/2010	£15,194,839.50	£31,794,710.27	0.8743
3	16/12/2010	€42,046,752.16	€81,856,915.37	€18,952,269.85	€0.00		£0.00	£0.00	0.0000
Cumulative Community Support received					€38,237,415.32		£31,794,710.27		

2.1.5 Assistance by target groups – Additional Reporting

In accordance with Commission Regulation 1828/2006 Annex XXIII, additional reporting is required in relation to indicators that do not have targets set for them. These are reported in the table below. The data has been gathered from progress reports submitted on the EUROSYS information system. The Scottish Government undertook a considerable amount of work during the year to review the accuracy and consistency of the leaving data entered onto EUROSYS.(TO BE COMPLETED)

		2010						Cumulated values since the beginning			
		People Entering		People Leaving		People carried over		People Entering		People Leaving	
(Sub) Priority	Indicator	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female
1	Total number of participants										
1	Employed										
1	of which self-employed										
1	Unemployed										
1	of which LTU										
1	Inactive										
1	of which in education/training										
1	Young people (15-24 years)										
1	Older people (55-64 years)										
1	Migrants										
1	Minorities										
1	Disabled										
1	Others										
1	Primary or lower secondary education (ISDEC 1 and 2)										
1	Upper secondary education (ISCED 3)										
1	Post-secondary non tertiary education (ISCED 4)										
1	Tertiary education (ISCED 5 and 6)										

		2010						Cumulated values since the beginning			
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(Sub) Priority	Indicator	People Entering		People Leaving		People carried over		People Entering		People Leaving	
		Total	Female	Total	Female	Total	Female	Total	Female	Total	Female
2	Total number of participants										
2	Employed										
2	of which self-employed										
2	Unemployed										
2	of which LTU										
2	Inactive										
2	of which in education/training										
2	Young people (15-24 years)										
2	Older people (55-64 years)										
2	Migrants										
2	Minorities										
2	Disabled										
2	Others										
2	Primary or lower secondary education (ISDEC 1 and 2)										
2	Upper secondary education (ISCED 3)										
2	Post-secondary non tertiary education (ISCED 4)										
2	Tertiary education (ISCED 5 and 6)	1,524									
		2010						Cumulated values since the beginning			

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(Sub) Priority	Indicator	People Entering		People Leaving		People carried over		People Entering		People Leaving	
		Total	Female	Total	Female	Total	Female	Total	Female	Total	Female
3	Total number of participants										
3	Employed										
3	of which self-employed										
3	Unemployed										
3	of which LTU										
3	Inactive										
3	of which in education/training										
3	Young people (15-24 years)										
3	Older people (55-64 years)										
3	Migrants										
3	Minorities										
3	Disabled										
3	Others										
3	Primary or lower secondary education (ISDEC 1 and 2)										
3	Upper secondary education (ISCED 3)										
3	Post-secondary non tertiary education (ISCED 4)										
3	Tertiary education (ISCED 5 and 6)										

2.1.6 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 ESF 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 ESF projects funded under the first round of the LUPS Programme, there were a number of positive action projects, for example ESF funding of the Community Planning Partnerships' employability programmes will directly contribute to improving social inclusion; other projects are focusing their activity on renewable energy research, energy saving and resource efficiency and environmental sustainability.

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

ESF Priority 1: LUPS/ESF/2009/3/1/0125 - New Chances For Change Project Sponsor: The Venture Trust

This project supports a programme of personal development activities for a target of 120 of Scotland's most vulnerable young people and adults including care leavers, young offenders, and those with mental health, drug or alcohol problems. The Venture Trust's own outreach team work closely in partnership with Foyer Federation, NCH, Skills Development Scotland and Barnados to identify young people who can gain from taking part in the project. The project delivers considerable one to one support and participants benefit from pre-course support to ensure engagement and progression.

Training and support will be provided, with participants being able to join a number of courses depending upon need and personal circumstances, such as a 3 week intensive residential course run from a remote residential centre in Applecross or through 7, 10 and 18 day development courses delivered through the Venture Trust's Community Mobile Training Centre.

Each course has a combination of indoor and outdoor activities, individual and group support is provided with an emphasis on learning new personal, social, life and work-based skills such as communication, planning and problem solving. Further training that can lead to employment or higher education opportunities is explored. Aftercare support is an important element of the project; the project will also work closely with referral partners and employers to deliver support and development within participant's home communities.

On average the project expects to be able to assist 50% of participants into employment, further education, training or employment and all participants to gain confidence and motivation.

ESF Priority 2: LUPS/ESF/2009/2/2/0051 - ScotAction MA Support Packages

Project Sponsor: The Scottish Government

ScotAction is the Scottish Government's skills support package to help support Scotland's economy out of recession and back to economic growth. In February 2009, the Scottish Government agreed to provide additional funding to allow 7,800 new and additional apprentices to be recruited during 2009/2010. The apprentices included in this project are part of the additional 7,800 apprentices. The project is delivered in partnership with Skills Development Scotland and will introduce the following support measures:

Adopt An Apprentice: employers are offered £2,000 to recruit a redundant apprentice guaranteeing apprentices will complete their Modern Apprenticeship and maintain the current level of apprentices in Scotland and attract new apprentices.

Innovate With An Apprentice: recruitment of apprentices in key growth industries in Life Sciences and Renewable Energy (Wind Turbine Maintenance). The British Wind Energy Association WEA estimates that between 10,000 and 20,000 new wind turbine engineers will be needed by 2010. Skills issues relating to maintenance has already been highlighted in a number of reports. Life Sciences has also been identified as a key growth area. As the sector develops it is anticipated that the demand for technicians and more advanced levels will be increased. This stage of the project promotes the recruitment of two new apprenticeships for the cost of one; with the wage costs of the second apprentice being paid by the Scottish Government.

To qualify for the wage support companies must confirm at least 50% of apprentices will be new recruits to the company, the others may be current employees who want to move into an apprenticeship. The "free" apprentice will receive full pay from the Scottish Government for a period of up to 3 years allowing the completion of the apprenticeship.

Community Planning Partnerships

Community Planning Partnerships (CPPs) is a process which helps public agencies to work together with the community to more effectively plan and deliver better services and can make a real difference to people's lives. These have been formed across the country to deliver these benefits, provide more information and support to their local level planning efforts and support CPPs to access expertise on community regeneration and tackling poverty, equalities and social inclusion issues.

There are legal obligations and Equality Impact Assessments to access expertise on community regeneration and tackling poverty. This impacts positively by increasing the proportion of school leavers (from Scottish publicly funded schools) in sustained destinations (FE, HE, employment or training); reduce the number of working age people with severe literacy and numeracy problems and decrease the proportion of individuals living in poverty in Scotland. Within the ESF Programme (Priority 1), the main focus of the funding towards CPPs is on social inclusion activity which shows close integration with the job brokerage activity funded through Priority 3 of the ERDF Programme.

The new Priority 5 objective strategic skills pipeline was introduced in 2010 aimed at encouraging a local, demand-led approach to employability and skills development which will ensure that ESF funds are targeted at local needs appropriately. This will be done through 17 CPP, 3 targeted strategic initiatives and a voluntary sector consortium bid.

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

Disability Equality Scheme - 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

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

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

ESF Priority 1: LUPS/ESF/2009/3/1/0174 - Fife Women's Technology Centre
Project Sponsor: Fife Council

The project is managed and delivered by Fife Women's Technology Centre (FWTC), which has over 20 years' experience delivering successful technology projects in a community setting. It is based in the regeneration of Lochgelly which is in the top 15% of the Social Deprivation Register for Scotland, and is a former coalfield area with second and third generation unemployment.

The project provides a comprehensive training package to prepare participants for employment and is closely aligned with local and national objectives to tackle unemployment, poverty and mental ill health. It develops the technical, social and personal skills of 100 participants through a fully certificated programme from SCQF levels 3-8. It provides in-house higher level ICT courses with industry recognised qualifications e.g. A+ and CCNA. The project raises awareness of employment opportunities through on-going guidance, inter-agency information workshops and work placements. FWTC works to increase confidence, widen horizons and raise aspirations through an intensive personal development programme and in-house counselling and psychotherapy service, for those who require additional one-to-one support.

One of the courses is **Women Into Technology**, which recognises that women hoping to return to work or a course of studies are faced with special obstacles such as childcare, low confidence and lack of up to date technical skills. The training is delivered in a supportive atmosphere to a high standard. By the end of the course, trainees will have had the opportunity to gain NQ modules in a variety of subjects, which will assist them in gaining employment or accessing further or higher education. To be accepted on this training programme, women must be over 18, unemployed (or working part time) and committed to a part time course. No academic qualifications are necessary and those on benefit should not be affected.

The course is for women living in the Fife area, particularly in areas of high unemployment; for lone parents; for women over 40 returning to work; for women of ethnic origin and for women with disabilities. The course is run on a part time basis and is mainly in line with current school terms. A work placement may be provided with a local company or industry towards the end of the training programme. Trainees with children are helped by Administrative staff in FWTC, who advise on appropriate methods of childcare. All childcare costs are met and assistance may also be given with transport costs

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

ESF Priority 1: LUPS/ESF/2009/3/1/0198 - Skills for Sustainable Energies and New Technologies

Project Sponsor: South Lanarkshire College

The Skills for Sustainable Energy and New Technology (SENT) Project is a strategic West of Scotland initiative covering Glasgow, South Lanarkshire, Renfrewshire, East Ayrshire, West Dunbartonshire and North Ayrshire, designed to address the economic and social regeneration aims of Priority 1 of the ESF Programme.

This multi-agency regional partnership will promote a coordinated approach to delivering a spectrum of employability initiatives to individuals who have been unemployed or made redundant, have multiple deprivations and are finding it difficult to enter/re-enter the labour market. The Project responds to the current economic environment and complements the Scottish Government's Principles and Priorities and Scottish Economic Recovery Programme (June 2009), while addressing demands in innovative growth sectors.

All partners will provide an integrated programme of early intervention, engagement, personal development, vocational training in emerging renewable and sustainable energies (sustainable energy device installation) and creative industries (digital media), mentoring, work placement and work preparation from 1st July 2010 – 30th June 2011.

The Project brings together the key economic organisations in the regions: Skills Development Scotland Careers, Local Authorities, JobCentre Plus and employers in a partnership with Ayr, Anniesland, Central, Reid Kerr and South Lanarkshire Colleges.

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.

Transnational Activity

Scotland is participating in the transnational learning network “**Increasing the Participation of Migrants and Ethnic Minorities in Employment**” (IMPART). The network is made up of 12 partners from 7 Member States, *Germany, Belgium, Scotland, England & Gibraltar, Greece, Estonia, and Spain*. Berlin provide the Secretariat.

The aim of the network is to influence the design of employment strategies, including the future targeting of ESF support, for migrants and ethnic minorities in three thematic areas:

1. Assessment and Validation: Valuing Migrant Competencies.
2. Fostering Anti-discrimination Skills as a Professional Approach to Recruitment and Progression.
3. Integrated Territorial Approaches through transferring best practice.

IMPART aims to develop a general model/methodology for identifying good practice in developing programmes which can be transferred to other themes and funding programmes. It will do this by finding out what works, what doesn't work, and why, in each of the member states taking part in the project. Activity will run from 1/11/2008 - 31/10/2011.

The Scottish partnership is made up of representatives from Equalities Unit, Fresh Talent Team, European Structural Funds and the Intermediary Administrative Body (ESEP), as well as external partners from the Bridges Programme, Anniesland College, Scottish Qualifications Authority (SQA) and Scottish Credit and Qualifications Framework (SCQF). Two parts of the Scottish Government - the Equalities Unit and Fresh Talent Team, provided a total of £10,000 match funding between them.

One of the aims of the ESF Operational Programme is increasing the employment rate of ethnic minorities in the population, as this is far below the average employment rate. Addressing the decline in the working age population by helping the integration of migrant workers is another important aim of the Programme. The first two themes being addressed by the Transnational Network will directly impact on these aims, therefore Scotland has representatives on Thematic Working Groups (TWG) 1 and 2. The outputs from their work should leave a lasting legacy through a framework to validate qualifications of migrant workers (Theme 1); and a professional qualification or module for recruitment and Human resource staff within companies (Theme 2). Scotland is also represented on the Management Committee.

To date, the Network has designed a benchmarking tool to indicate key features of action which could either represent best practice or could be an obstacle to successful implementation. Each of the participating Member States have gathered information which has helped Network Moderators prepare a Baseline Report to give context to the Peer Review process. Peers taking part in the first round of study visits received training and took part in study visits.

During 2010 a total of 7 study visits were completed. Scotland hosted a study visit in September 2010 for TWG 2 (Fostering Anti-discrimination skills as a professional approach). The other visits were as follows:

TWG 1: Berlin

TWG 2: Flanders, Estonia, (Scotland)

TWG 3: Andalusia, Baden-Wurttemberg, Aragon

There are 5 study visits planned for 2011 to England, Greece, Germany and Sweden and a second visit to Scotland although this time under TWG 1. This will take the total over 2010-11 to 12 visits.

Following this, evaluation reports will be drafted where joint conclusions on the targeting of ESF funds will be drawn. Each TWG will design a final model or 'product', embodying what has been learned about best practice, or key risks and problems which may be encountered. Stakeholders will be updated through annual information events, where they may also provide feedback.

At the final 2010 meeting of the IMPART Management Committee in Berlin initial ideas for the interim report were presented. These will be taken forward in 2011.

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 ESF 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 11th 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

The Managing Authority has agreed a Legal Context for the European Structural Funds State Aids Notification for the European Social Fund in Highlands & Islands and Lowlands and Uplands Scotland. The Notification - reference: **X664/2009** - sets out the legal basis which ensures that the European Social Fund in Scotland complies with the relevant provision of the EC General Block Exemption (Commission Regulation No 800/2008). This notification has been used in 2010 for a number of projects that have been approved for funding during the third round of applications for the LUPS ESF programme under Priority 2 and the IAB has included this notification reference within these projects 'Offer of Grant' letter.

The State Aid Notification: **X664/2009** is advertised on the European Structural Funds section of the Scottish Government website here: <http://www.scotland.gov.uk/Resource/Doc/917/0093913.pdf>

Information on State Aid is also provided in the 'Guidance Notes for Applicants' which is available from the IAB website here:

http://www.esep.co.uk/assets/files/Guidance/Guidance_Notes_for_Applicants.pdf

The Managing Authority has worked closely with the Scottish Government State Aid Unit in 2010 to ensure compliance with State Aid rules across all ESF funded projects. This close-working has been further improved as the State Aid Team was re-positioned into the European Structural Funds Division in 2010.

The State Aid Team has a dedicated website that aims to raise awareness of State aid and to provide colleagues, and entities involved in granting or approving public funding, information specifically relevant to State aid in Scotland. The website has a dedicated European Structural Funds sections here:

http://www.stateaidscotland.gov.uk/state_aid/SA_MainView.jsp?pContentID=391&p_applic=CCC&p_service=Content.show&

2.2.3 Public Contracts

There have been no public contracts advertised as part of the operational programmes. Beneficiaries of ESF funds may advertise contracts for ESF 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.

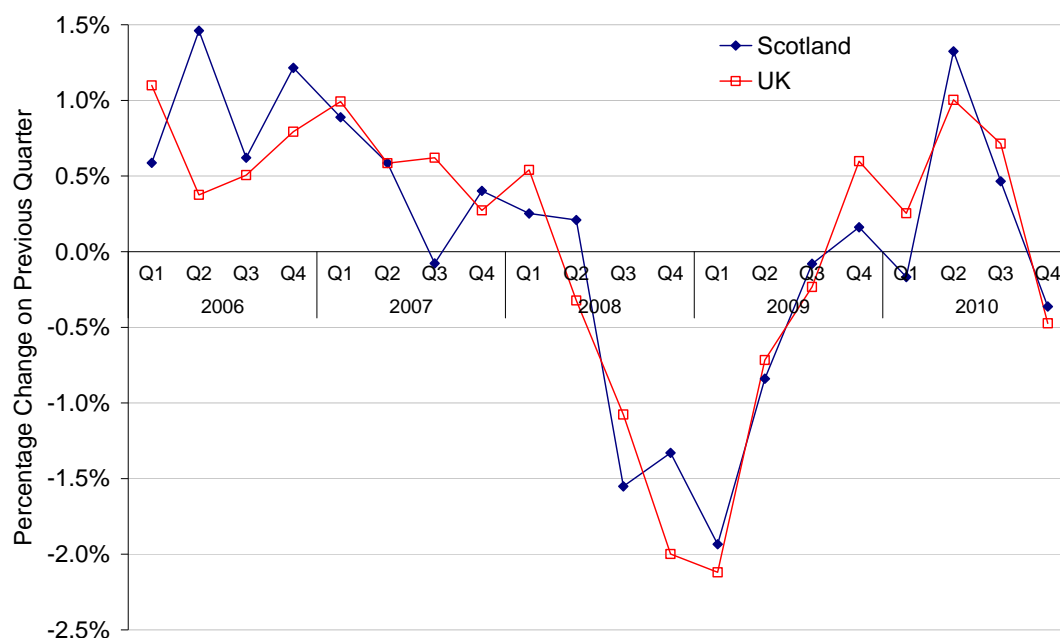
The most deprived areas within the Programme Area have a significantly lower employment rate and significantly higher unemployment rate than the region as a whole. The employment rate in these areas decreased slightly between 2006/2007 to 2009/2010, by 0.2%. The unemployment rate in these areas has experienced 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 IMF¹ 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,² which was created in 2010, forecasts GDP growth of 1.7% in 2011 and 2.5% in 2012. The Bank of England,³ also forecasts positive growth in 2011 and 2012.³

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

¹ IMF, World Economic Outlook, April 2011.

² Office for Budget Responsibility, Economic and Fiscal Outlook, March 2011.

³ Bank of England, Inflation report, February 2011

Retail Sales

Retail sales in Scotland and Great Britain, adjusted for inflation, have grown steadily since 2005.⁴ 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.

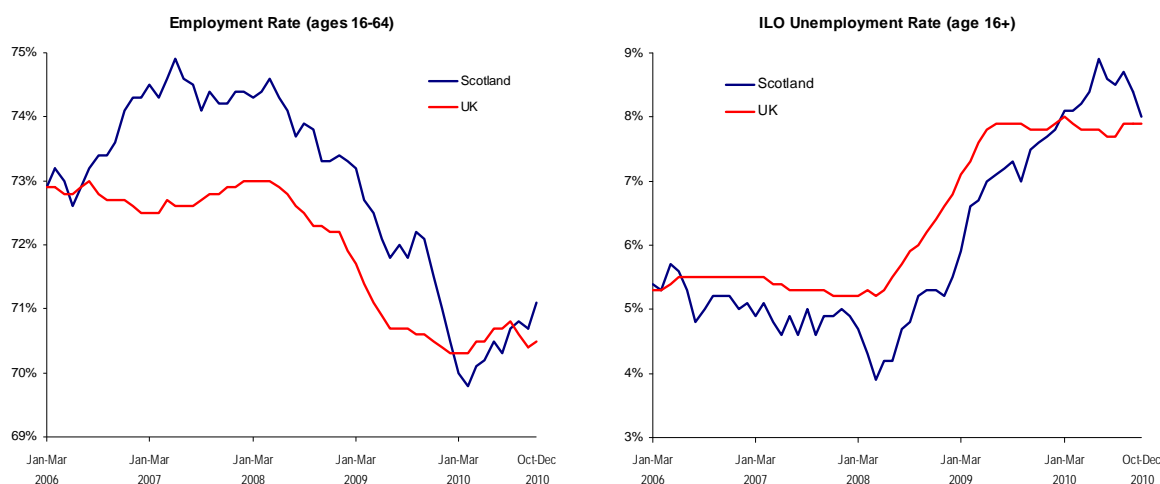
Recent Labour Market Developments in Scotland

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 unemployment⁵ 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

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

⁵ 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.

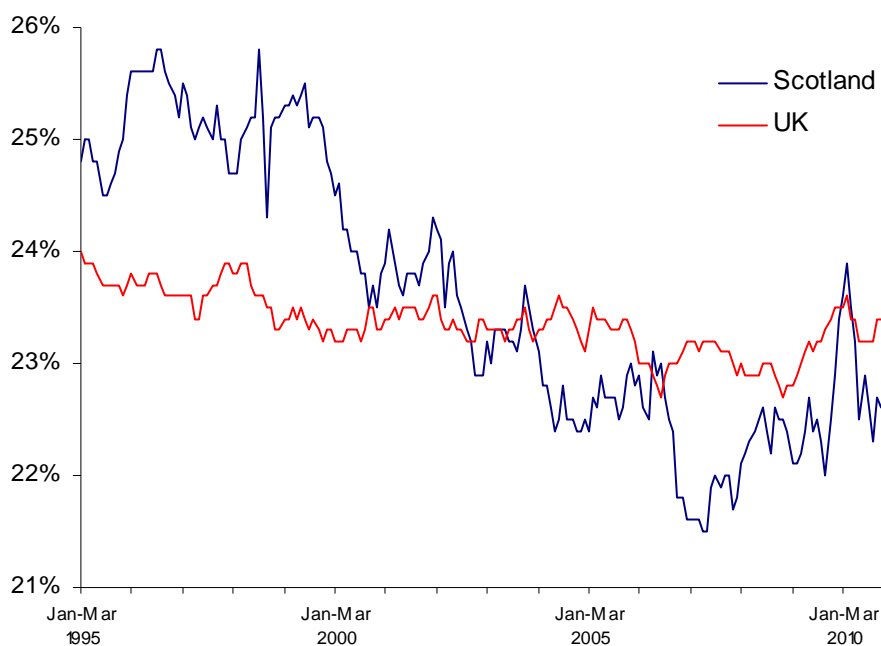
October-December 2010, having remained fairly stable since the middle of 2009. The unemployment rate remains well above the pre-recession lows of 3.9% in Scotland and 5.2% in the UK (in March-May 2008 in both cases). The unemployment rate has been higher in Scotland than in the UK rate since the start of 2010, after more than three years below the UK rate.

The claimant count⁶ 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.

⁶ 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.

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.

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 Government⁷ 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.

⁷ <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.⁸ 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).⁹ 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%.¹⁰

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 cent¹¹ compared to 0.54% in the EU15.¹² This gap has closed in recent years; in 2009, Scotland's population growth rate (0.49%) exceeded the EU15 rate (0.46%).

Flows of migrant workers from the A8 nations¹³ have been an important factor in Scotland's population growth since 2004. Figures from the Worker Registration Scheme (WRS)¹⁴ show that between May 2004 and December 2010, over 92,000

⁸ 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.

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

¹⁰ 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.

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

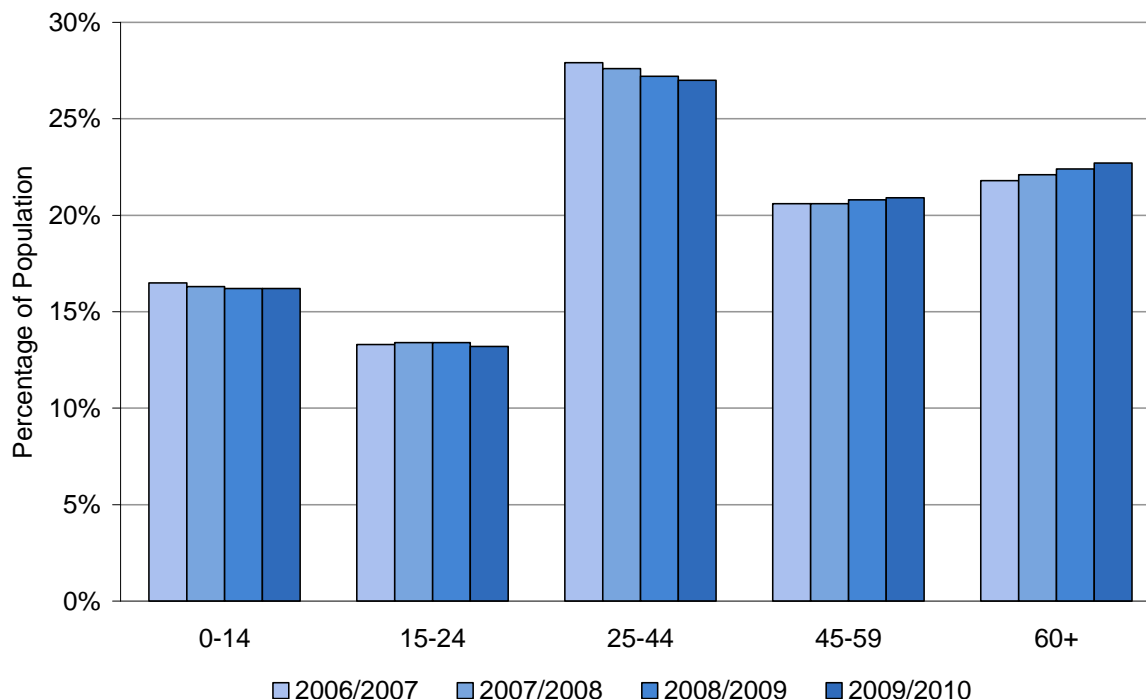
¹² The EU15 countries are those countries in the European Union prior to May 2004. The EU15 comprised the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

¹³ 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.

¹⁴ Local Government Association, Worker Registration Scheme data, downloaded from <http://www.lga.gov.uk/lga/core/page.do?pageld=1095223>. WRS data are based on Management Information, are provisional

individuals from the A8 counties 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 Survey¹⁵

Output

Total economic output in the Lowlands and Uplands, measured as nominal gross value added (GVA), stood at £96.65 billion in 2008¹⁶. The Lowlands and Uplands Region accounted for around 7.5% of UK output.

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

Industrial Structure

1. The breakdown of the workforce (aged 16+) by industry of main job¹⁸ in 2009/2010 in the Lowlands and Uplands is shown below in **Figure 5**.

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.

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

¹⁶ 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.

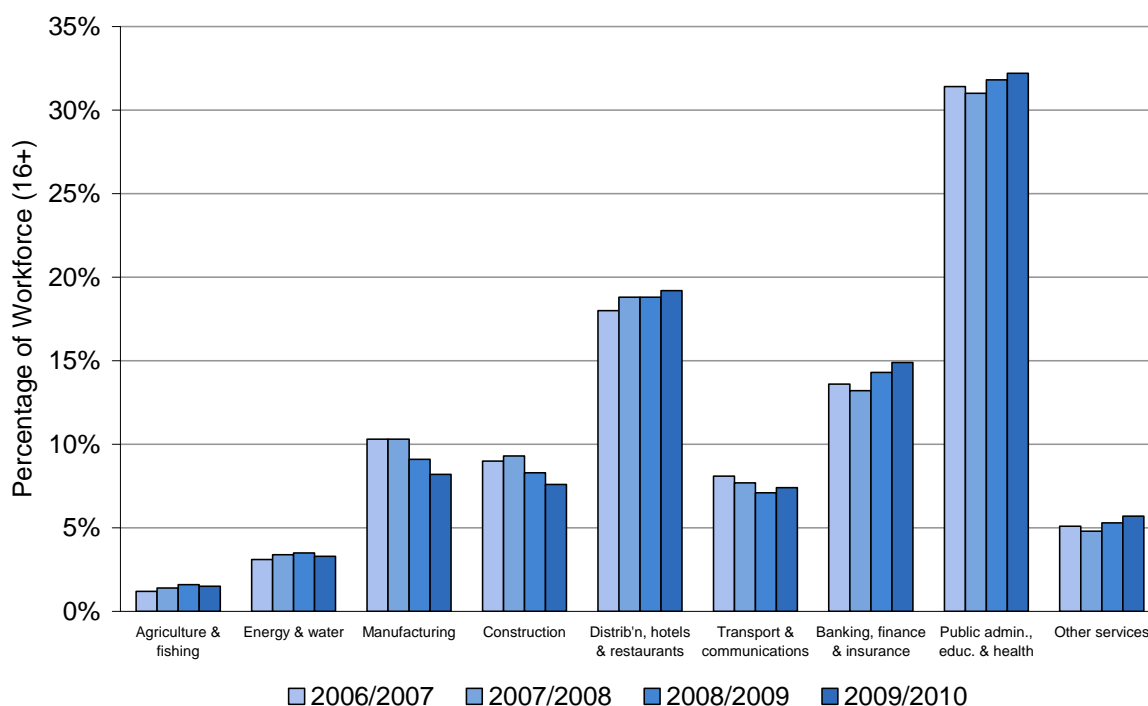
¹⁷ Note: GVA per capita was calculated based on an estimate of the population of LUPS derived from ONS Regional Accounts.

¹⁸ 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/DatasetsEmployment>, 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.

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

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.¹⁹ 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

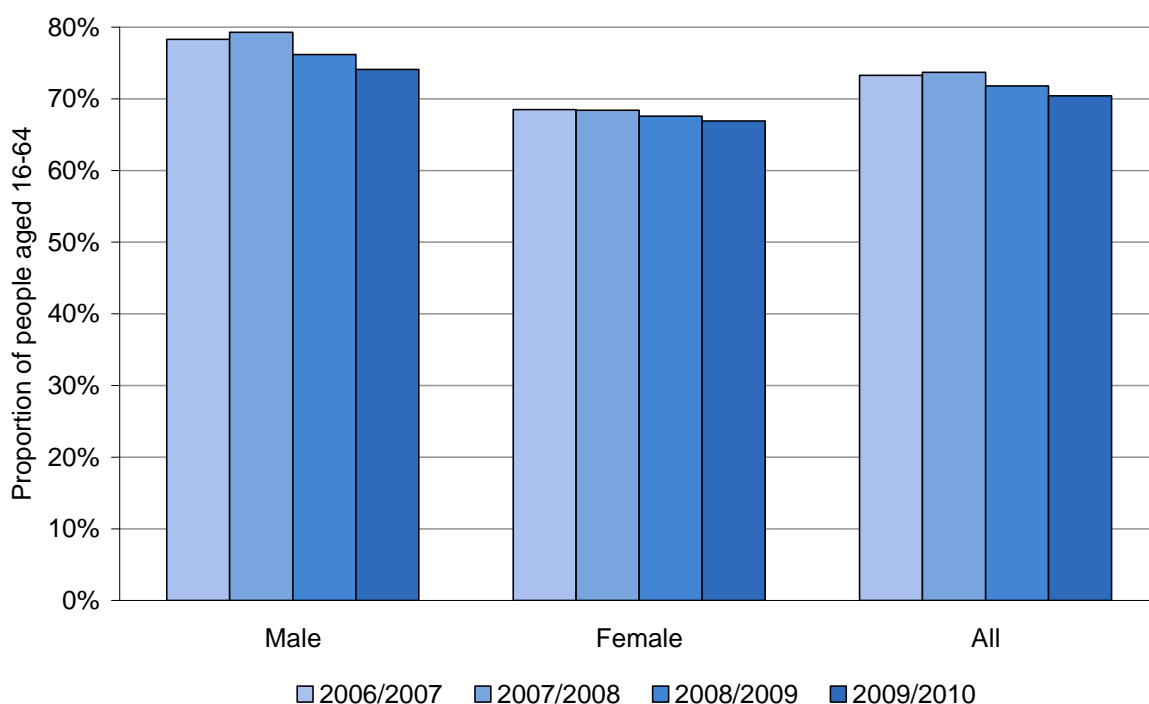
¹⁹ The employment rate and a number of other measures in this report are expressed as a percentage of the population aged 16-64. In previous years' reports, working age population (16-64 for men, 16-59 for women) was used as the denominator.

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

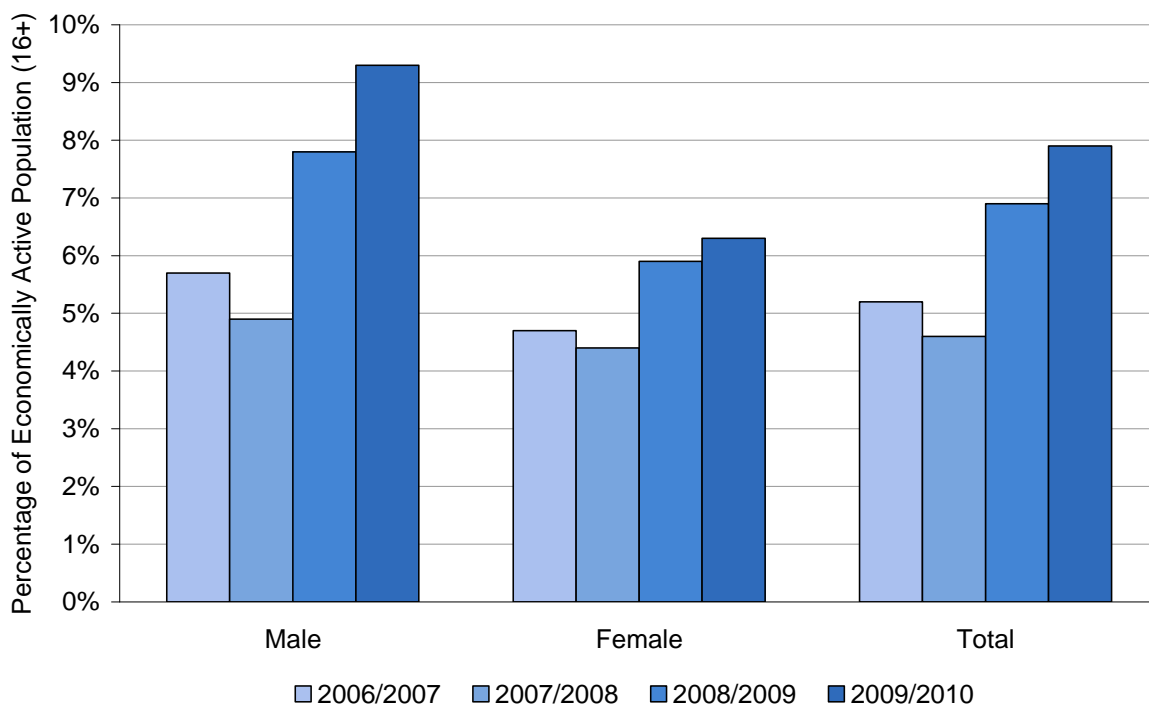
The economic activity rate (those employed or looking for work, as a proportion of the population aged 16 - 64) in the LUPS Area was 76.6% in 2009/2010. This was also marginally lower than the whole of Scotland, which had a rate of 76.9%. The economic activity rate has fallen by 0.8% in the LUPS Region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

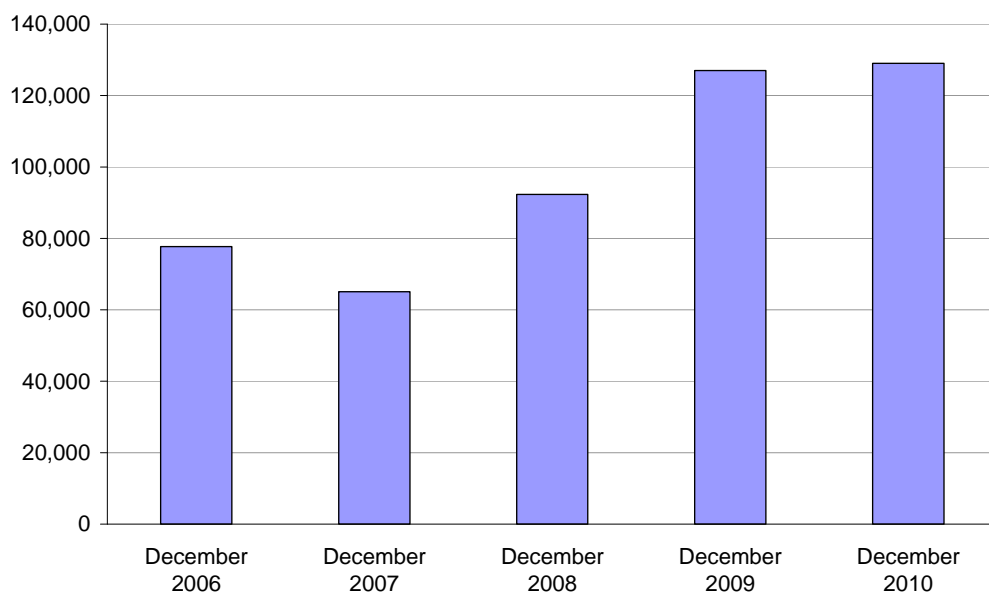
The claimant count²⁰, which measures the number of people claiming unemployment benefits, Jobseeker's Allowance (JSA), provides a more up to date labour market indicator. In December 2010, the claimant count stood at 129,010 in the LUPS Area²¹. This represents an increase of 98% from the figure three 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.

²⁰ 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.

²¹ 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.

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.

Job Vacancies

The latest unfilled vacancy count statistics from Jobcentre Plus show 12,185 unfilled vacancies across the LUPS Region²² 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 2009.²³

Long-term Unemployment

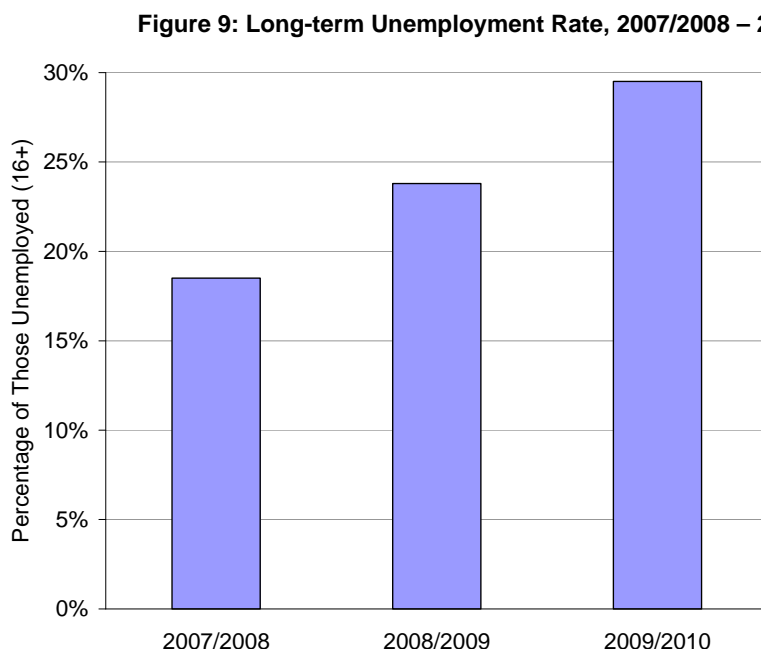
Long-term unemployment (those unemployed for 1 year or more) in the LUPS Area stood at 57,300 in 2009/2010. This represents 29.4% of all those unemployed in the region, and is in line with the corresponding proportion for Scotland as a whole (29.8%). The long-term unemployment rate in the region, as a percentage of all

²² 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.

²³ 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.

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.

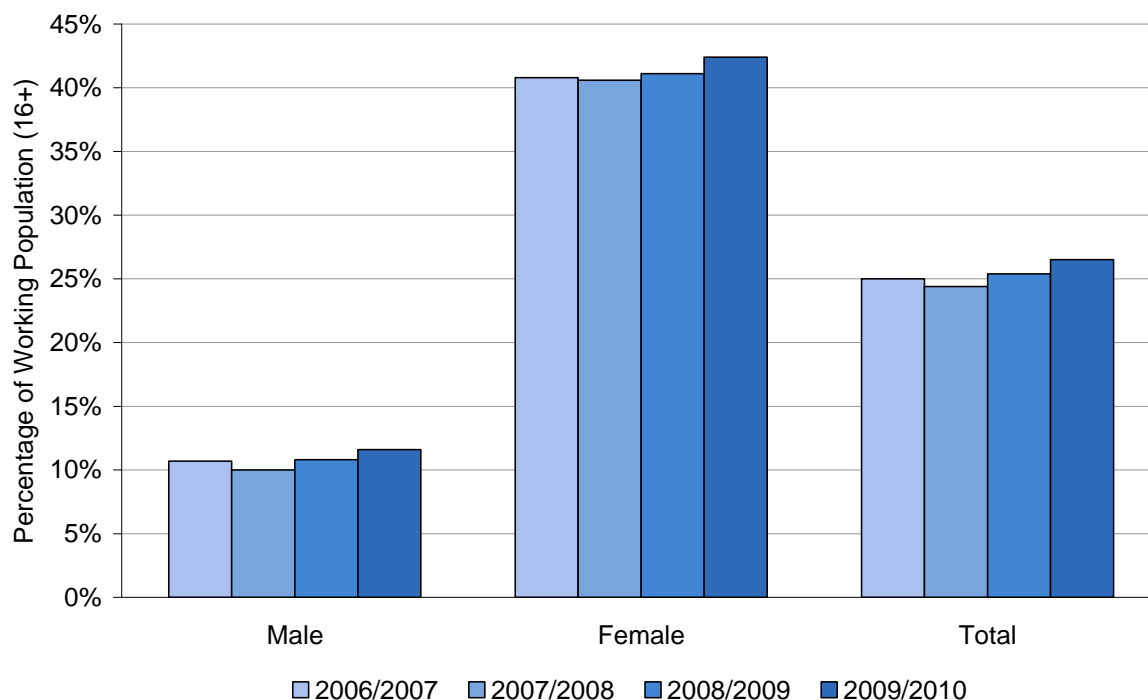


Source: Annual Population Survey

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

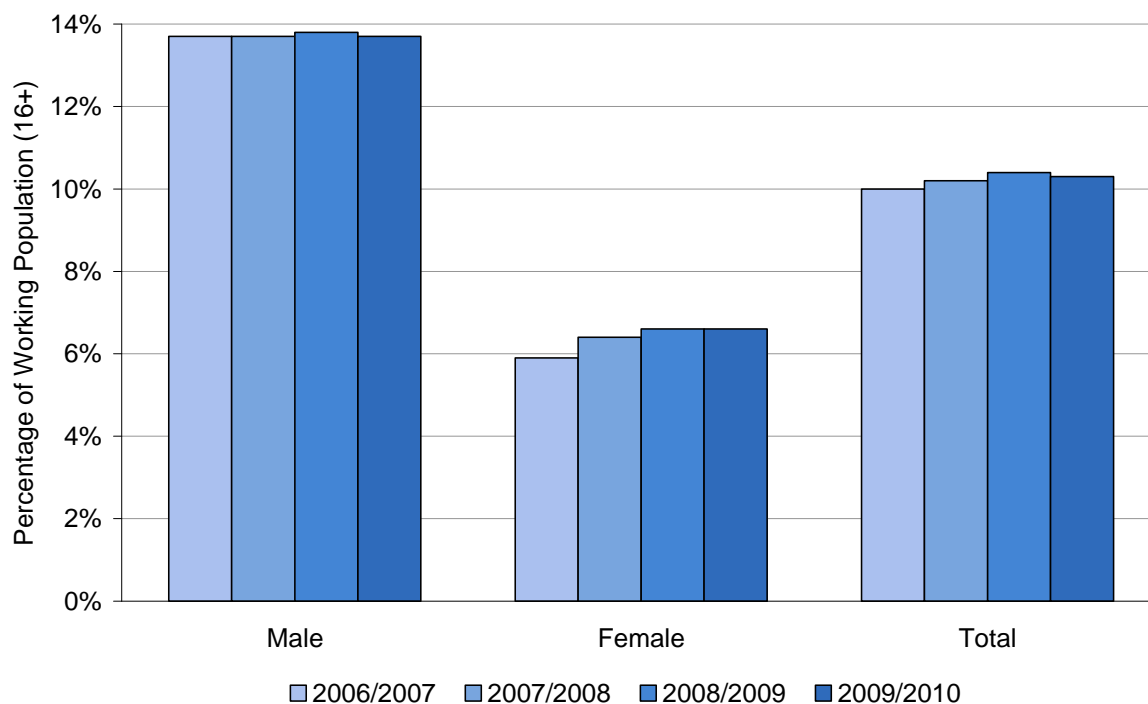
The proportion of the working population in the LUPS Area working part-time increased from 2007/2008 to 2009/2010, among both men and women. The proportion of all workers who worked part time was 1.5% higher in 2009/2010 than in 2006/2007. The *number* of part-time workers increased slightly over this 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 **Figure 11**

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



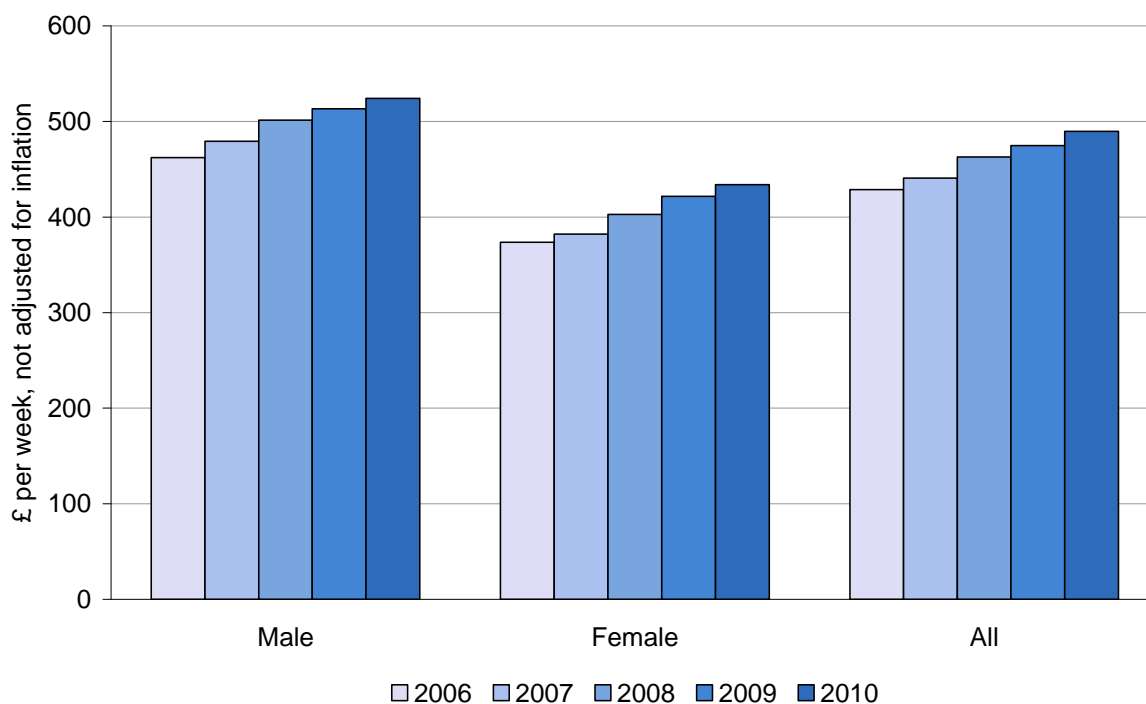
Source: Annual Population Survey

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

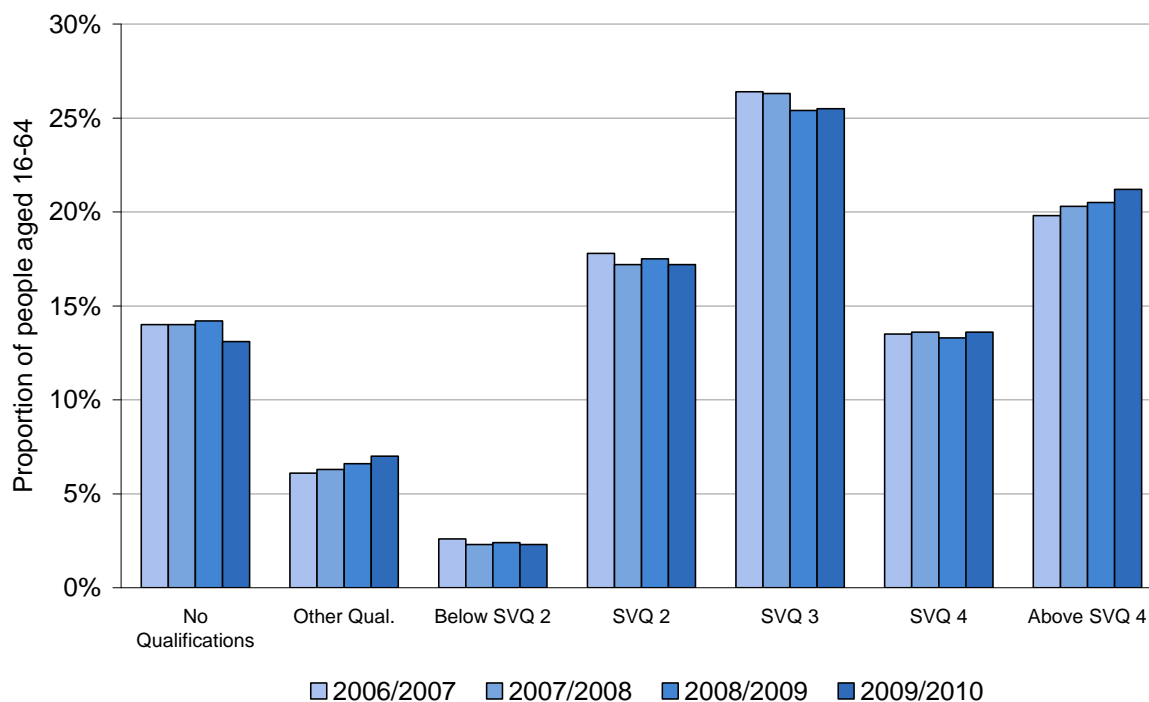
Qualifications

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.²⁴ 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**.

²⁴ 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

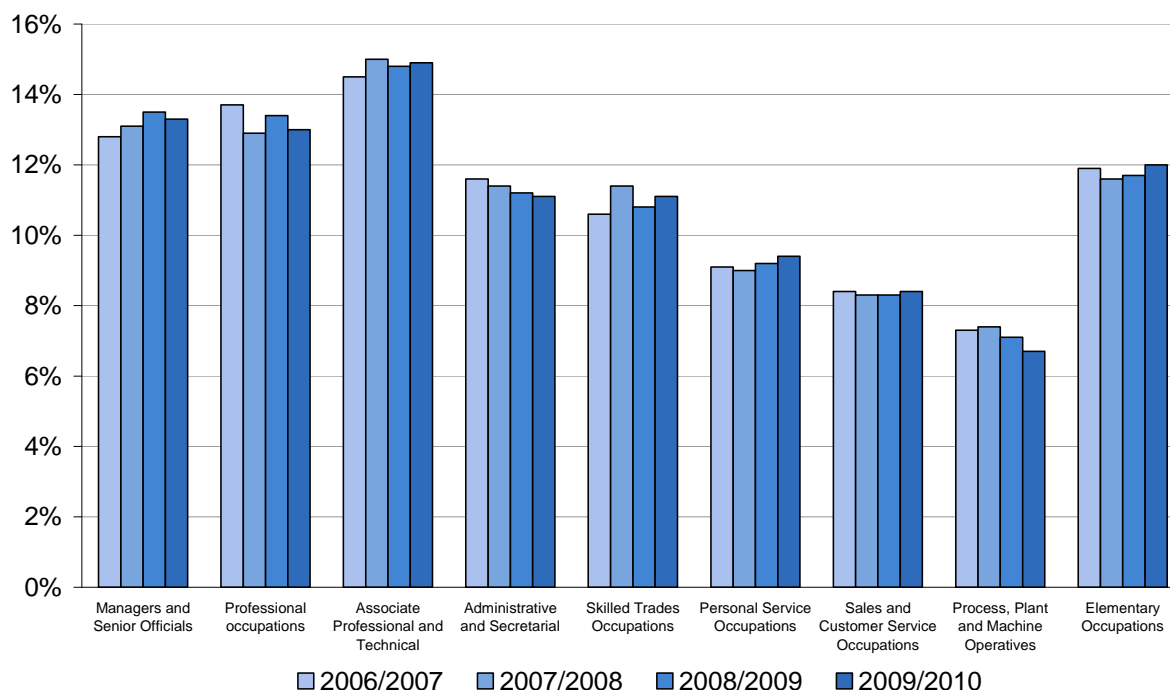


Source: Annual Population Survey

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.²⁵ The latest available data shows that in 2009,²⁶ the VAT/PAYE registration rate stood at 34 per 10,000 adult residents in the LUPS Region,²⁷ 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.

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

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

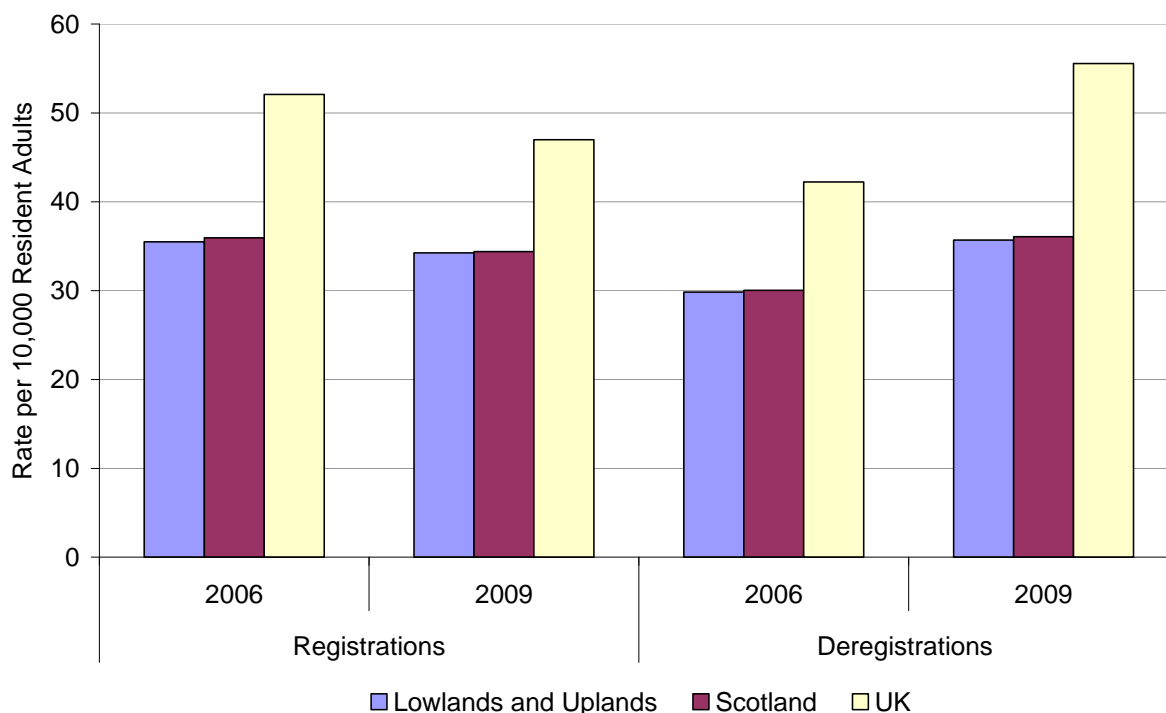
²⁶ VAT/PAYE registration and de-registration data is provided on a mid-year basis.

²⁷ 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.

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.²⁸

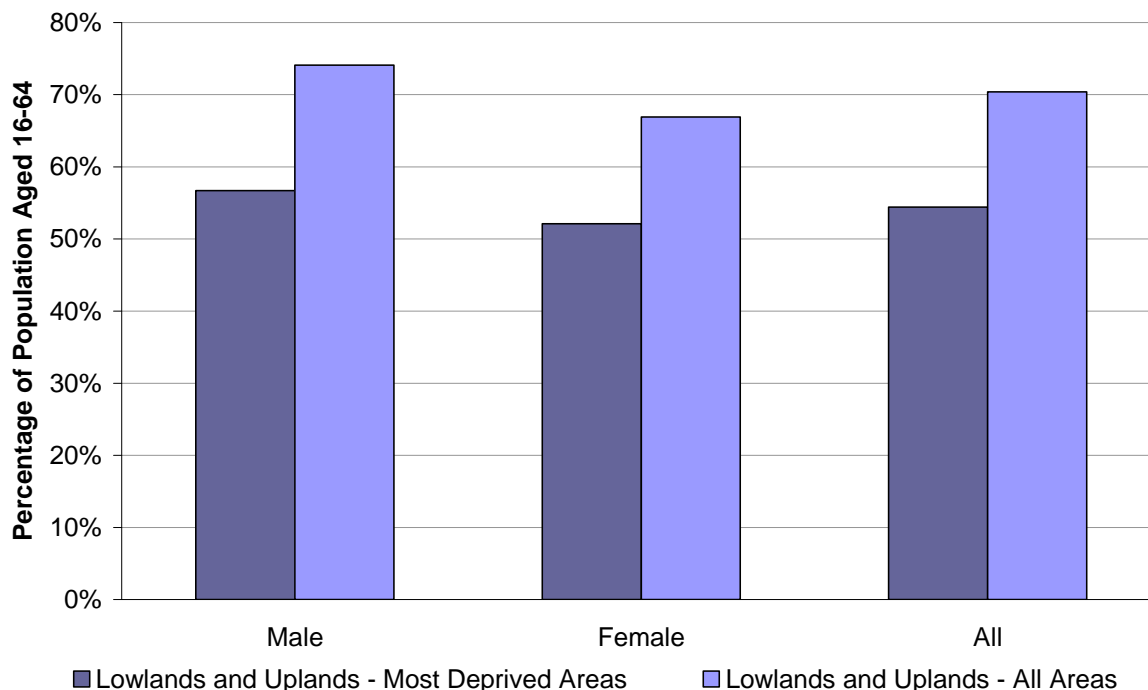
In 2009/2010, approximately 708,000 people within the LUPS Region were classed as living within one of Scotland's 15% most deprived areas, accounting for 93% of the total across Scotland. Within the Programme Area, those living within one of Scotland's 15% most deprived areas accounted for 15% of the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

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%).

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

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



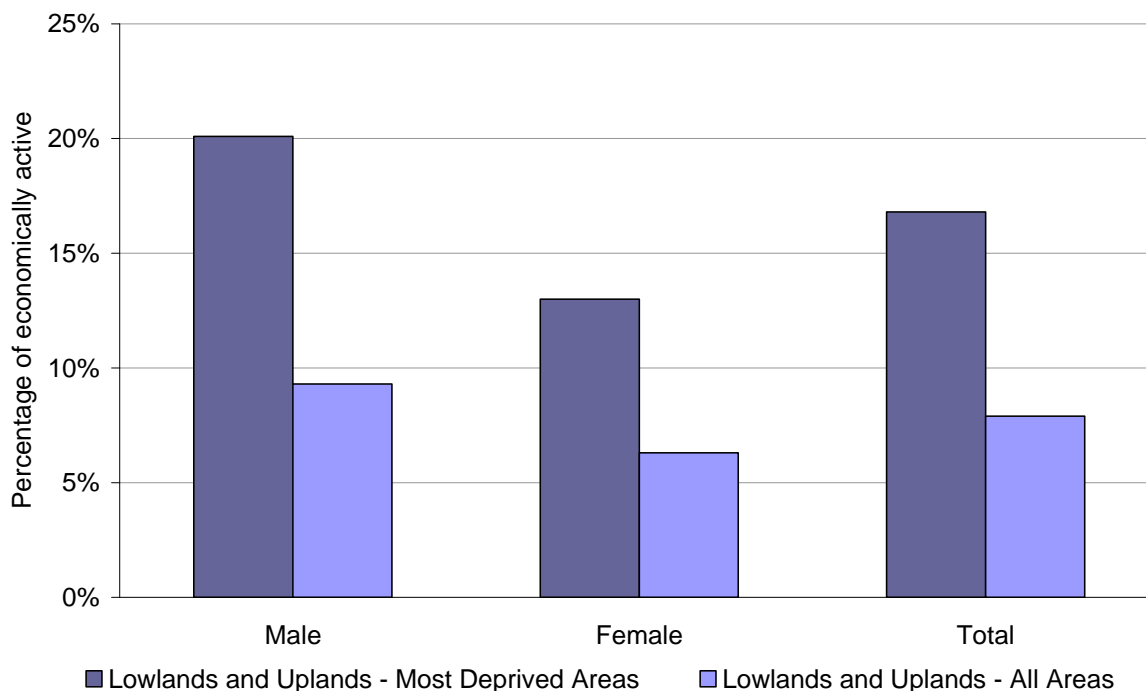
Source: Annual Population Survey

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



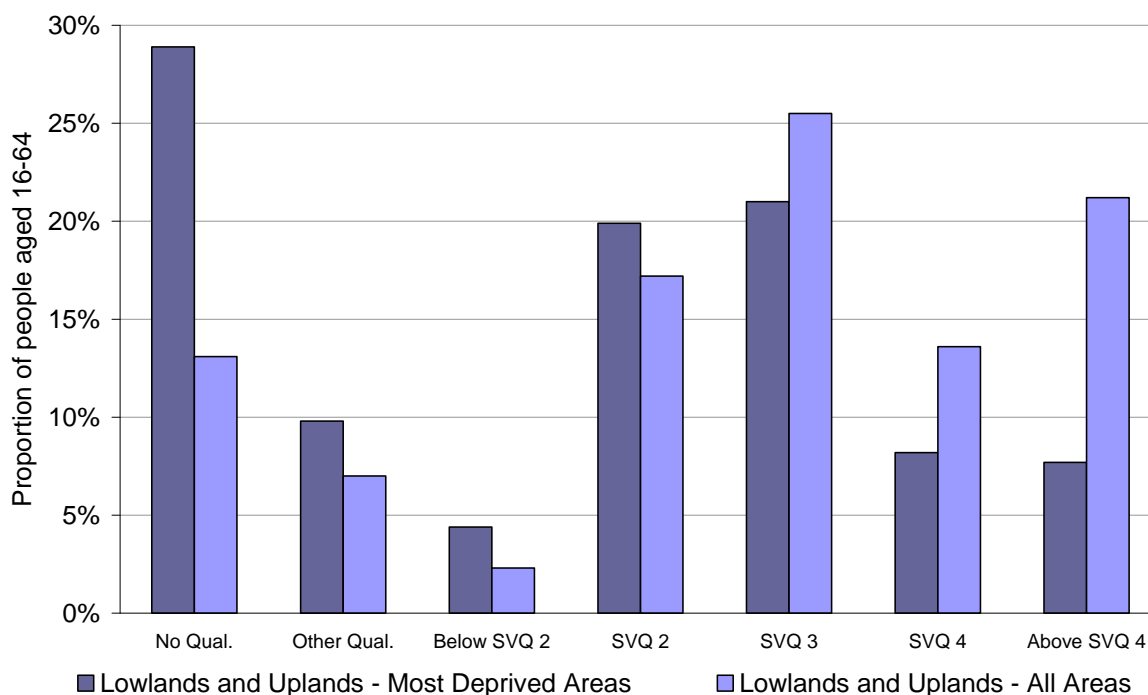
Source: Annual Population Survey

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

2.5.1 Summary of Modification

A change to the ESF Operational Programme was formally agreed by the Commission on 10 November 2010. This change involved the virement of €62.345 million ESF grant from uncommitted resources in Priorities 1, 2 and 3 in order to establish a new Priority 5 (Strategic Skills Pipeline). The amendment was formally requested under Article 33 of Council Regulation (EC) No. 1083/2006 and is justified by significant socio-economic changes, notably by the current serious economic crisis, and implementation difficulties.

2.5.2 Background Information

Following on from the immediate effects of the global economic crisis across Europe, Scottish Ministers agreed with the EU Commission that this was an appropriate point to review the scope and focus of the LUPS ESF Programme 2007 - 2013.

After considerable discussion with internal and external stakeholders, Ministers agreed to use the remaining ESF funds to kick start a Scottish Strategy which has a strategic, continuum approach to workforce skills development. The remaining ESF funds were moved into a single new “Strategic Skills Pipeline” (Priority 5) which:

- ♦ reflects the changed economic reality at local level;
- ♦ uses the remaining funds strategically; and,

- ♦ creates a sustainable basis for planning the use of further Scottish and/or European funding beyond 2013 in line with emerging workforce strategies.

The major issue of needing to have a Scottish Strategy which has a continuum approach to workforce skills development needed a new approach to ESF funding. The new Priority 5 approach brings together efforts to enable the unemployed to get a job with the prospect of support and further skills development in an inclusive and fair, growing economy. The challenge is to improve the skills of the unemployed, the lowest paid, and the socially deprived, while contributing to economic growth in the future. For the remaining ESF funds in the LUPS programme, Scotland has come up with an ESF programme redesign which:

- ♦ reflects the changed economic realities;
- ♦ uses the remaining funds strategically; and,
- ♦ creates a basis for planning the use of further Scottish and/or European funding beyond 2013 in line with emerging strategies.

On this basis, the Scottish Government sought strategic applications from CPPs and a limited range of national bodies/groups for the remaining funds based on 3 year plans with ESF requested to initially fund parts of the first 2 years. Following revisions and feedback this has resulted in 21 bids seeking almost £89 million ESF grant, however as only £64.6 Million ESF grant was available some of these bids had to be reduced in scale, and some of the National Bids have been asked to find additional match funding. A summary of this process is outlined in Section 3.4.

2.5.3 Benefits of Establishing ESF Priority 5

This Strategic Skills Package should produce a simpler structure with fewer conditions on eligibility for ESF monies, and more emphasis on progression and long term increased skills for the individuals helped by ESF funding. At the same time, it ensures coherence with the renewed Scottish Skills Strategy and the Economic Recovery Plan.

In particular, the amended ESF Programme feeds into critical national policy agendas and local/national delivery mechanisms:-

- ♦ A sustainable recovery in Scotland will depend upon accelerating our development of the 7 priority sectors alongside local opportunities; and
- ♦ A major item on Scotland's agenda and the EU agenda is addressing poverty, which in Scotland needs to be confronted more effectively to avoid the recovery being held back due to lack of cohesion and growing inequality.

Linkages with the 7 Key Sectors

Despite the gloomy economic conditions, jobs continue to be available in the labour market, mostly through turnover within the existing workforce. This recession has not been marked by large scale industry redundancies; rather it has seen an all-round contraction. Although future priority industry sectors are well defined at a Scottish level, and match well with Commission thinking, these jobs are some way off and concentration on them has to be tempered by two issues:

- ♦ the availability of jobs in these industries for those at greatest risk of poverty, i.e. marginalised and unemployed young people; and,
- ♦ the uneven picture in the spatial distribution of future priority industry sectors.

This in turn implies that skills targeting should align and be reflective of the current and predicted economies of each local authority area, even where they are not totally encompassed by the 7 priority sectors. Also, to ensure cohesion and equality of opportunity for all in the labour market, those at greatest risk of poverty should clearly have their skills developed to match current/future growth areas within their spatial economy.

Mid way into the ESF LUPS Programme, and in light of the need for bold thinking at this time, a radical approach is needed. Accordingly, it has been agreed by the PMC and Scottish Ministers to draw together the remaining funding in the Programme to create a new ESF Priority 5 based on a **strategic skills pipeline** that would address the needs spelt out above.

In effect, it would combine Priorities 1 and 2 as well as providing a bridge between the two priorities in allowing the most disadvantaged individuals who enter employment (after pre-employment support) to receive continued support and further training once in the workforce, without being lost from the tracking systems already in place at local level. This approach fits clearly with the new joint Supported Employment Framework for Scotland “A Working Life for all Disabled People”, agreed between Scottish Government and Local Government through COSLA, which outlines a clear structural approach from initial engagement to in-work support for disabled people and those with long term health conditions, with outcomes focussed on job entry and retention.

Advantages of the Priority 5 ‘Strategic Skills Pipeline’ Approach

The unequal distribution of skills has adverse effects on income equality and constrains social mobility, which has deteriorated in the UK over the past two decades. Evidence suggests that skills gaps exacerbate social deprivation including poverty, poor health and crime. This requires addressing the stock of adults who lack basic literacy and numeracy skills; reducing the stock of adults without the equivalent of a good school-leaving qualification; and increasing the numbers of young people with a degree. This will remain a priority for the ESF programme. However, making the link between emerging economic opportunities and the skills which are on offer to those entering and progressing in the labour market is essential.

It is important to remember that the outcomes in the labour market are driven both by the supply of individuals with appropriate qualifications and the demand for those qualifications from employers. Focussing on either of these alone is likely to limit the benefits that can be derived from ESF interventions. Furthermore, employers' demand for skills is based on where and how they choose to do their business. Employers, and in particular businesses in the private sector, are the key link between the skills of the population and economic performance. If we are to meet our economic growth goals then we must ensure that individuals with the transferable skills businesses require for our future sustainability and growth are available and that the best possible use is made of those skills.

The Priority 5 applications for funding have therefore been required to focus on the types of skills needed for the priority sectors for growing the Scottish economy in the coming decade. We also know that skills such as communication and IT skills will be the basic building blocks for many sectors, so it is important to focus on flexible transferable skills that can then be tailored to the sectors which are emerging in the coming years. The approach taken has to be able to respond to the needs of key sectors and the enabling sectors, but not to be focused too narrowly on any particular sector. This will allow local employability teams the flexibility to respond to opportunities when delivering given the availability of local jobs.

This approach has the following advantages:

- ♦ The final tranche of Programme monies are now focussed largely on developing individuals' skills that support key local and national priority sectors and growth areas. In addition to their importance to Scotland's future economy, this gives the Programme considerable legacy value;
- ♦ Skills resources are wrapped around and add value to existing mainstream interventions across both the area of pre-employment training where the Third Sector is particularly active, and into post-employment / in work skills such as Modern Apprenticeships and other SDS interventions, HNC/HND college provision, STUC learning fund, and work with employers carried out by Local Authorities' Business Development arms, Chambers of Commerce, and other employer organisations;
- ♦ To maximise the impacts on poverty reduction the programme will support the development of more deeply embedded and comprehensively available mechanisms for Linking Opportunity and Need (LOAN);
- ♦ Using a **Demand side push** rather than a supply side bidding process means that Colleges, other training providers and Third Sector organisations will be providing the services required to bring more disadvantaged groups - older workers, young unemployed, BME, disabled etc into the skills pipeline through the LOAN process;
- ♦ There is a LOAN toolkit available for Community Planning Partnerships (CPPs) which can be utilised as part of the labour market information gathering. This approach allows for better planning of skills interventions and training which can be procured from various providers – Colleges, Third Sector, STUC, etc – ensuring they deliver appropriate, responsive and flexible provision that matches local and national skills needs;
- ♦ It supports new ways of working for those disadvantaged in the labour market through disability and long term health conditions through supporting the implementation of the Supported Employment Framework for Scotland as part of the employability pipeline.

2.6 Complementarity with other instruments

2.6.1 European Regional Development Fund

The overall framework for implementing the Lowlands and Uplands Scotland ERDF Programme 2007 – 2013 is the same as that for ESF 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.

The Scottish Government's European Structural Funds Division will continue to give careful consideration to all proposed investment in Scotland by the EIB and ensure co-ordination between funds where appropriate.

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 3rd Round Projects and projects submitted under the Exceptional Projects procedure;
- Approval of the ERDF and ESF Annual Implementation Reports for 2009;
- Papers outlining options for the remaining use of funds in the ESF and ERDF Operational Programmes;
- Approval of a modification request for the ESF Operational Programme establishing Priority 5;
- 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

Four advisory groups support the Programme Monitoring Committee in the implementation of the ESF Programme. There is one for each Operational Priority including Priority 5 although the Priority 3 Advisory Group did not meet during the year as no new applications were received. 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 ESF 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 1st 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.

Flat Rates

DG Employ colleagues will be aware that the Managing Authority sought approval for the introduction of flat rates. Details of the monitoring and control system put in place are set out below.

Monitoring the application of the Flat Rate Methodology

There are 4 key stages that **must** be followed by the MA, AA and IAB to ensure compliance with the regulations on the application of flat rate methodologies – these are set out below:

Stage 1

The MA and AA will assess and agree any flat rate methodology suggested by the Applicant. There will be “exceptions” to the flat rate that must be agreed by the MA and AA before the project begins and the MA will be required to write to the applicant setting out the flat rate methodology that has been agreed, acceptable “exceptions” to the flat rate methodology and any other significant issues which should be considered by the applicant when applying the flat rate to their project.

There is a requirement to carry out an on-the-spot check to ensure that the methodology is being applied correctly by the applicant. However, this check will not try to verify the basis of the flat rate methodology once it has been agreed by the MA and AA. Stages 2 – 4 (below) cover these audit requirements.

Stage 2

The applicant will have an early “systems audit” where the MA and IAB will check to ensure that the methodology can be applied at every claim stage and the units verified for every claim. Any improvements to the system will be highlighted in writing to the applicant and if necessary, added as condition of grant.

Stage 3

When a claim is received by the IAB from the applicant, the normal verification process will be followed for all elements which do not relate to flat rate costs. For the flat rate costs element of a claim, the IAB will check for evidence that the unit costs claimed have been defrayed within the PRY claim period.

Stage 4

Every project that uses an MA/AA approved flat rate cost methodology (in line with Stage 1 above) will be subject to an Article 60(b) on-the-spot compliance check.

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 28 Article 60(b) ESF 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.

Project Reference	Applicant	Project Title
LUPS/ESF/2008/1/1/0179	Right Track Scotland Ltd	Motivator
LUPS/ESF/2008/1/1/0232	BRAG Enterprises Ltd	Ready-Steady-Work)
LUPS/ESF/2008/1/1/0119	Anniesland College	Community Based Training for Employment
LUPS/ESF/2008/1/2/0235	Glasgow South East Regeneration Agency	Retention, Aftercare and Progress (RAP)
LUPS/ESF/2008/1/1/0161	Skillnet Edinburgh	Black Community Skills
LUPS/ESF/2008/1/2/0172	Cardonald College	Up-skill In Care
LUPS/ESF/2008/1/3/0097	Reid Kerr College	Greater Opportunities and Access to Learning

		(GOAL)
LUPS/ESF/2008/1/2/0223	Midlothian Council (New Leaf Adult Guidance Service)	Employment Development and Upskilling Project
LUPS/ESF/2008/1/1/0200	Scottish Association for Mental Health (SAMH)	Glasgow South
LUPS/ESF/2008/1/3/0221	Scottish Trades Union Congress	Union Learning Programme for Scotland
LUPS/ESF/2008/1/1/0136	Fairbridge in Scotland	Bridging the Gap
LUPS/ESF/2008/1/1/0117	Project Scotland	Chance for Change
LUPS/ESF/2008/1/1/0199	Scotland's Learning Partnership	Acting Up
LUPS/ESF/2008/2/2/0308	Scottish Bakery Training Council	Skills for Employees in Baking and Food Manufacture (LUPS)
LUPS/ESF/2008/1/1/0131	Glasgow South West Regeneration Agency	South West Glasgow Youth Employability & Transition Support
LUPS/ESF/2008/1/2/0144	Glasgow City Council	Metro West Business Subsidy
LUPS/ESF/2008/1/1/0095	Ayr College	Sustainable Training & Employability Partnership - STEP
LUPS/ESF/2008/1/1/0188	Central College of Commerce	Central IT
LUPS/ESF/2008/1/1/0142	Glasgow Metropolitan College	Employability Skills for Minority Ethnic Groups
LUPS/ESF/2008/1/1/0505	The Prince's Trust	Life Working
LUPS/ESF/2008/1/2/0198	Aberdeenshire Council	North East Work Skills
LUPS/ESF/2008/1/1/0167	ENABLE Scotland	Make the Move - Personalised models of transition for people with learning disabilities
LUPS/ESF/2008/1/1/0208	Forth Sector	WorkingWell
LUPS/ESF/2008/1/1/0109	Momentum Scotland Ltd	Opportunities for People Through Employment and Learning (OPEL)
LUPS/ESF/2009/1/1/0019	Action for Children (NCH Scotland)	Youthbuild National
LUPS/ESF/2008/1/1/0203	Paisley & Johnstone Training Group	Make Training WORK
LUPS/ESF/2008/1/1/0175	Skills Development Scotland (Careers Scotland, Scottish Enterprise)	Flexible support project - offering more choice and more chances to young people
LUPS/ESF/2008/1/2/0191	Renfrewshire Council	West Central Job Rotation (Workforce Development)

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 514 projects.

2.9.4 Role of MA Portfolio Managers

The role of the Portfolio Managers is two-fold: appraisal of ESF funding applications and management of successful projects. The Portfolio Managers each manage a number of projects across 4 priorities, and one manages the CPPs. By 31 December 2010, 415 second stage ESF applications had been appraised by Portfolio Managers over the course of the Programme. This had converted into 308 approved projects being actively managed by the end of 2010, worth over £238.4m.

ESF funding applications assessment

There is an annual round of applications which begins in the summer and results in awards being announced by Scottish Ministers during the following April. In addition to this, there are occasional 'strategic, time-critical' projects which are assessed and funded out-with this timescale. However all applications must be assessed by a Standing Advisory Group (SAG) who make recommendations to the Programme Monitoring Committee (PMC) and then ultimately to Scottish Ministers.

PM's assess applications, attend the relevant SAG meeting and provide a Managing Authority view of the project at the SAG meetings. There is a set of guidelines followed during the assessment process and the PM's 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 (PM)

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. They can arrange ad hoc visits as required to resolve any issues related to progress reports/eligibility queries. 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

For the period 01/01/2010 – 31/12/2010, there were 168 irregularity records totalling €673,607.40 logged on Eurosys. Of these, 60 are non reportable (€472,288.91) as they were identified before being included in a Statement of Expenditure to the Commission. Of the remaining 108, 107 are de minimis irregularities. A report for the remaining case is currently being completed on AFIS (Anti Fraud Information System) and shall be sent to BIS (Business Innovation and Skills Department) in the next quarter. There are no common issues.

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 2.4 of this report describes the strengths and opportunities upon which the region can build, particularly with respect to promoting skills development, increasing the flexibility of the labour force and increasing the economy's competitiveness.

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

- reducing the acute levels of worklessness in certain groups and areas;
- improving employment rates in those groups facing multiple barriers;
- increasing the ability of the low-waged and low-skilled to remain in, and progress through the labour market to achieve financial security;
- tackling gender representation in key occupations and sectors of under-represented groups;
- increasing the skills of entrepreneurs and new managers;
- providing social enterprise managers and workers with greater skills to sustain their organisations; and,
- increasing lifelong learning participation rates among the most disadvantaged groups.

A total of **€269,920,942** (approx £242,928,848 at an average exchange rate of 1 EURO = £0.90 or £1 = 1.11) has been allocated to the ESF Programme during the 2007 – 2013 programming period and it will be delivered through five Priorities. Following the agreement of the new Priority 5 by the Commission on 10 November 2010, the revised financial allocations per priority are:

Priority 1 – Progressing into Employment (€127.703 190 million);

Priority 2 – Progressing through Employment (€59.909807 million);

Priority 3 – Improving Access to Lifelong Learning (€13.484364 million);

Priority 4 – Technical Assistance (€6.478103 million); and,

Priority 5 – Strategic Skills Pipeline (€62.345478 million).

The revised decision for the Operational Programme is attached as **Annex 1**.

3.1 Priority 1: Progressing into Employment

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
Total	39	38,586,477	29,835,916	14,662,411	12,075,572

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
Total	39	42.873435	34.269526	16.291405	13.872661

Cumulative Summary of Financial Performance in Priority 1 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
Total	197	273,146,592	57,825,852	109,739,453	23,863,865

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
Total	197	303.493178	66.064292	121.931506	27.269603

Comparison of Approved Average Grant Rate for Priority 1 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
Total	45.000%	40.176%	41.277%

Analysis of Priority 1 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 participants receiving support	80,400	150,063	95%	187%	112,225	21%	140%
Number of participants with multiple deprivations (i.e. those who qualify for 2 or more of the target groups)	39,900	116,589	95%	292%	86,377	21%	216%
Number of participants in the NEET group	8,100	40,211	95%	496%	26,255	21%	324%
Number of participants with disabilities or health difficulties	16,200	34,916	95%	216%	23,077	21%	142%

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 participants entering employment	26,400	43,830	95%	166%	18,678	21%	71%
Number of participants entering education or training	26,400	35,499	95%	134%	13,917	21%	53%
Number of participants gaining a partial (i.e. a completed unit towards a full qualification) or full qualification	39,600	65,080	95%	164%	16,807	21%	42%

Number of participants in employment six months after leaving	13,200	31,038	95%	235%	7,298	21%	55%
Number of participants who progress towards employment	*	*	95%	*	*	21%	*
Net number of participants entering employment	*	*	95%	*	*	21%	*

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

** The figures used for Approved Programme Target are the revised figures agreed by the Commission following the most recent virement proposal

Progress to date in implementing Priority 1 and key operational issues

When operational, there was very strong interest in this Priority and after a number of recent de-commitments and changes to approved budgets over **95%** of the available revised budget is currently still allocated to 197 projects. Amongst this allocation figure are thirteen CPP bids approved by Scottish Ministers which have been awarded £52.4m ESF grant (including 2nd phase) and over £6.7m awarded to 43 projects in the Shadow Round. As a consequence of this high commitment level combined with the average ESF grant intervention rate for these commitments being below the approved 45% average for Priority 1 as detailed in the ESF Operational Programme, all of the revised 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. In particular, the delivery of the shadow round with its clear focus on supporting participants in the NEET groups has resulted in this indicator already being achieved.

There are two key factors which have combined to influence Priority 1 implementation to date and help explain why the forecast and actual performance on project commitments is so high in comparison with the approved Programme targets. These are:

- a lower grant intervention rate being required per project (40.5% compared with an average in the agreed financial tables of 45%) which has enabled more projects to be approved than was originally assumed in 2007; and,

- the nature of the participant intervention on approved commitments proving to be very different to that envisaged at the time the Programme was approved. The original targets were set with the assumption that a much smaller number of participants would be assisted during the programme period, at an average of €4,556 ESF grant per participant. In contrast, the project commitments supported to date have shown higher volume targets with shorter, less intense interventions being undertaken at a significantly lower unit cost than the assumed average for the priority. This reflects in part a response to the changing economic environment and client group.

There has been a reasonable spread of applications and resources between different organisational types in Priority 1. Of these, the three biggest grant recipients to date have been the local authorities, the voluntary sector and the further education sector.

The attached **Annex 2** reviews the physical progress of ESF 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

A change to the ESF Operational Programme was formally agreed by the Commission on 10 November 2010. This change involved the virement of €62.345 million ESF grant from uncommitted resources in Priorities 1, 2 and 3 in order to establish a new Priority 5 (Strategic Skills Pipeline).

3.1.3 Use of Fund Flexibility as established by Article 34.2 of Regulation 1083/2006 in Priority 1

There was no use of fund flexibility by partners in Priority 1 during 2010.

3.2 Priority 2: Progressing through Employment

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
Total	21	71,282,706	3,571,838	31,499,777	1,427,785

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
Total	21	79.202215	4.075243	34.999402	1.628839

Cumulative Summary of Financial Performance in Priority 2 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
Total	64	119,719,236	7,215,570	52,360,512	2,940,161

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
Total	64	133.020043	8.165439	58.177765	3.325887

Comparison of Approved Average Grant Rate for Priority 2 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
Total	45.000%	43.736%	40.731%

Analysis of Priority 2 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 participants receiving support	44,000	98,291	97%	223%	23,468	6%	53%
Number of male participants without basic skills	7,440	8,535	97%	115%	3,354	6%	45%
Number of female participants without basic skills	7,440	7,219	97%	97%	3,121	6%	42%
Number of male participants without level 2 skills	6,480	12,011	97%	185%	1,360	6%	21%
Number of female participants without level 2 skills	6,480	9,077	97%	140%	988	6%	15%
Number of male participants without level 3 skills	2,800	22,796	97%	814%	2,661	6%	95%
Number of female participants without level 3 skills	2,800	17,020	97%	608%	2,053	6%	73%
Number of women in projects addressing better gender balance	2,640	3,106	97%	118%	1,506	6%	57%
Number of men in projects addressing better gender balance	880	1,271	97%	144%	485	6%	55%
Number of participants in projects addressing entrepreneurial and managerial skills	3,520	23,527	97%	668%	3,896	6%	111%
Number of participants from social enterprises	3,520	5,880	97%	167%	763	6%	22%

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 participants gaining partial (i.e. a unit within a full qualification) or full qualification	16,000	66,769	97%	417%	6,750	6%	42%
Number of male participants gaining basic skills	2,960	3,762	97%	127%	458	6%	15%
Number of female participants gaining basic skills	2,960	3,922	97%	132%	669	6%	23%
Number of male participants gaining level 2 skills	2,000	16,229	97%	811%	1,671	6%	84%
Number of female participants gaining level 2 skills	2,000	12,328	97%	616%	1,853	6%	93%
Number of male participants gaining level 3 or above skills	560	17,058	97%	3,046%	929	6%	166%
Number of female participants gaining level 3 or above skills	560	13,419	97%	2,396%	1,001	6%	179%
Number of women going into gender-imbalanced sectors	1,584	2,812	97%	178%	1,335	6%	84%
Number of men going into gender-imbalanced sectors	528	952	97%	180%	191	6%	36%
Number of entrepreneurs and new managers gaining a partial or full qualification	2,480	6,341	97%	256%	810	6%	33%
Number of participants from social enterprises completing a partial or full qualification	2,480	2,238	97%	90%	369	6%	15%
Number of participants who progress into more							

secure or better-skilled employment	*	*	97%	*	*	6%	*
Number of companies benefiting from improved skills training	*	*	97%	*	*	6%	*
Number of social enterprises benefiting from improved skills training	*	*	97%	*	*	6%	*

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

** The figures used for Approved Programme Target are the revised figures agreed by the Commission following the most recent virement proposal

Progress to date in implementing Priority 2 and key operational issues

When operational, there was a fairly strong interest in this Priority and after a number of recent de-commitments and changes to approved budgets over **97%** of the available revised budget is currently still allocated to 64 projects.

On the basis of the project commitments made albeit at a lower average level of grant intervention, most of the approved indicators are already being forecast for full achievement. This is undoubtedly due to the approved programme target figures being revised downwards in the most recent virement proposal to reflect the loss of resources to the Priority.

There are two key factors which have combined to influence Priority 2 implementation to date and help explain why the forecast and actual performance on project commitments is so high in comparison with the approved Programme targets. These are:

- a lower grant intervention rate being required per project (43% compared with an average in the agreed financial tables of 45%) which has enabled more projects to be approved than was originally assumed in 2007; and,
- the nature of the participant intervention on approved commitments proving to be very different to that envisaged at the time the Programme was approved. The original targets were set with the assumption that a much smaller number of participants would be assisted during the programme period, at an average of €1,811 ESF grant per participant. In contrast, the project commitments supported to date have shown higher volume targets with shorter, less intense interventions being undertaken at a significantly lower unit cost than the assumed average for the priority.

There has been a good spread of applications and resources between different organisational types in Priority 2. Of these, the three biggest grant recipients to date have been the further education sector, the voluntary sector and local economic bodies.

The attached **Annex 2** reviews the physical progress of ESF 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

A change to the ESF Operational Programme was formally agreed by the Commission on 10 November 2010. This change involved the virement of €62.345 million ESF grant from uncommitted resources in Priorities 1, 2 and 3 in order to establish a new Priority 5 (Strategic Skills Pipeline).

3.2.3 Use of Fund Flexibility as established by Article 34.2 of Regulation 1083/2006 in Priority 2

There was no use of fund flexibility by partners in Priority 2 during 2010.

3.3 Priority 3: Improving Access to Lifelong Learning

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
Total	0	0	2,688,391	0	1,036,323

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
Total	0	0	3.077357	0	1.184199

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
Total	26	27,395,018	4,786,793	11,672,356	1,944,476

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
Total	26	30.438604	5.427133	12.969155	2.201090

Comparison of Approved Average Grant Rate for Priority 3 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
Total	45.000%	42.607%	40.557%

Analysis of Priority 3 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 participants who are trainers	1,750	1,873	96%	107%	1,996	16%	114%
Number of projects supporting the development of new courses/ materials or innovative approaches to learning	42	575	96%	1,369%	457	16%	1,088%
Number of local learning centres/ access points/ workplace initiatives supported	245	570	96%	233%	269	16%	110%

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 trainers gaining a partial (i.e. a unit within a full qualification) or full qualification	1,120	1,543	96%	138%	350	16%	31%
Number of new courses/materials developed	550	1,202	96%	219%	455	16%	83%
Number of participants benefiting from support	6,300	35,933	96%	570%	23,552	16%	374%
Number of participants completing a partial or full qualification as a result of supported projects	*	*	96%	*	*	16%	*

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

** The figures used for Approved Programme Target are the revised figures agreed by the Commission following the most recent virement proposal

Progress to date in implementing Priority 3 and key operational issues

When operational, there was a fairly weak interest in this Priority and after a number of recent de-commitments and changes to approved budgets over **96%** of the available revised budget is currently still allocated to 26 projects.

On the basis of the project commitments made albeit at a lower average level of grant intervention, most of the approved indicators are already being forecast for full achievement. This is undoubtedly due to the approved programme target figures being revised downwards in the most recent virement proposal to reflect the loss of resources to the Priority.

There has been a concentration of applications and resources on three organisational types in Priority 3. These are the further education sector, others and the voluntary sector.

The attached **Annex 2** reviews the physical progress of ESF 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

A change to the ESF Operational Programme was formally agreed by the Commission on 10 November 2010. This change involved the virement of €62.345 million ESF grant from uncommitted resources in Priorities 1, 2 and 3 in order to establish a new Priority 5 (Strategic Skills Pipeline).

3.3.3 Use of Fund Flexibility as established by Article 34.2 of Regulation 1083/2006 in Priority 3

There was no use of fund flexibility by partners in Priority 3 during 2010.

3.4 Priority 5: Strategic Skills Pipeline

3.4.1 Achievement of targets and analysis of the progress in Priority 5

Summary of Financial Performance in Priority 5 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
Total	21	173,203,663	0	64,636,547	0

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
Total	21	192.446590	0	71.817667	0

Cumulative Summary of Financial Performance in Priority 5 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
Total	21	173,203,663	0	64,636,547	0

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
Total	21	192.446590	0	71.817667	0

Comparison of Approved Average Grant Rate for Priority 5 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
Total	45.000%	37.318%	0.000%

Analysis of Priority 5 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 participants receiving support	28,300	0	115%	0%	0	0%	0%
Number of participants with multiple deprivations	15,100	0	115%	0%	0	0%	0%
Number of participants in the NEET group	4,700	0	115%	0%	0	0%	0%
Number of participants with disabilities or health difficulties	6,400	0	115%	0%	0	0%	0%
Number of male participants without basic skills	6,100	0	115%	0%	0	0%	0%
Number of female participants without basic skills.	6,100	0	115%	0%	0	0%	0%

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

Number of male participants without level 2 skills	3,800	0	115%	0%	0	0%	0%
Number of female participants without level 2 skills	3,800	0	115%	0%	0	0%	0%
Number of male participants without level 3 skills	1,900	0	115%	0%	0	0%	0%
Number of female participants without level 3 skills	1,900	0	115%	0%	0	0%	0%
Number of women in projects addressing better gender balance	900	0	115%	0%	0	0%	0%
Number of men in projects addressing better gender imbalance	300	0	115%	0%	0	0%	0%
Number of participants in projects addressing entrepreneurial managerial skills	2400	0	115%	0%	0	0%	0%
Number of participants from social enterprises	400	0	115%	0%	0	0%	0%

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 participants entering employment	6,200	0	115%	0%	0	0%	0%
Number of participants entering education or training	5,700	0	115%	0%	0	0%	0%

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

Number of (previously non-employed) participants in employment six months after leaving.	3,200	0	115%	0%	0	0%	0%
Number of participants gaining a full qualification	8,500	0	115%	0%	0	0%	0%
Number of participants gaining a partial qualification	5,700	0	115%	0%	0	0%	0%
Number of male participants gaining basic skills	3,500	0	115%	0%	0	0%	0%
Number of female participants gaining basic skills	3,500	0	115%	0%	0	0%	0%
Number of male participants gaining level 2 skills	2,000	0	115%	0%	0	0%	0%
Number of female participants gaining level 2 skills	2,000	0	115%	0%	0	0%	0%
Number of male participants gaining level 3 or above skills	300	0	115%	0%	0	0%	0%
Number of female participants gaining level 3 or above skills	300	0	115%	0%	0	0%	0%
Number of women going into gender-imbalanced sectors	500	0	115%	0%	0	0%	0%
Number of men going into gender-imbalanced sectors	200	0	115%	0%	0	0%	0%
Number of entrepreneurs and new managers gaining a full qualification	600	0	115%	0%	0	0%	0%

Number of entrepreneurs and new managers gaining a partial qualification	500	0	115%	0%	0	0%	0%
Number of participants from social enterprises gaining a full qualification	100	0	115%	0%	0	0%	0%
Number of participants from social enterprises gaining a partial qualification	100	0	115%	0%	0	0%	0%

*The figures used for Approved Programme Target are the revised figures agreed by the Commission following the most recent virement proposal

Progress to date in implementing Priority 5 and key operational issues

There has been a very strong interest in this Priority to date and 115% of the available budget has been allocated to 21 projects. Of the £64.6m grant committed to date, a total of £32.351m is comprised of seventeen awards to local CPP networks with the balance being delivered through four strategic bids.

At the time of writing, not all the Stage 2 bids had been fully completed on the EUROSYS system. As a result, it has not been possible to fully estimate the forecast performance of the 21 projects against the approved programme targets for Priority 5.

There is currently a £8.19m over-commitment in Priority 5 from the approved allocation. However, it should be noted that this figure has now been fully offset by underspends and de-commitments from previously approved projects in Priorities 1, 2 and 3.

Using ESF grant of £64.6m together with a number of other public funding streams has allowed the Scottish Government to make available £173 Million to fund local, strategic skills pipelines.

This approach brings together efforts to enable the unemployed to get a job with the prospect of support and further skills development in an inclusive and fair, growing economy and also addresses the challenge to improve the skills of the unemployed, the lowest paid, and the socially deprived, while contributing to Scotland's economic growth in the future.

It builds on the work done in the Refresh of the Scottish Skills Strategy; takes account of the European Commission's New Skills for New Jobs initiative and takes into consideration the proposed changes in the UK Welfare system.

The process for each application has been exactly the same – scored by external Advisory Group members, Scottish Government policy advisers, the Intermediary Administrative Body (IAB) and the Managing Authority (MA). All 21 bids were

discussed at 3 Advisory Groups for Priority 5 between 5th and 8th October 2010. Eight were asked for urgent additional information and amendment to their applications. However, all 21 were of a quality to receive funding with some additional work, and all were eligible for funding.

Table 1 below contains a breakdown of the individual ESF grant allocations based on the larger figure to each CPP and National Strategic bidder. Ministers agreed this approach and an announcement made on the 14th December 2010 by the Scottish Education Secretary, Michael Russell.

TABLE 1

<i>Priority 5 allocations for the Lowlands and Uplands Scotland ESF 2007-13 Programme – ESF awards (£) for 2 year allocations</i>	
CPPs	£32,724,047
Third Sector	£7,742,016
STUC	£895,062
SDS	£13,994,158
SFC	£9,281,264
TOTALS	£64,636,547
Local Authority Area – Community Planning Partnership (CPPs)	
	ESF Award
Clackmannanshire	£1,034,266
Dundee	£1,329,736
East Ayrshire	£1,980,459
Edinburgh & Midlothian	£3,961,492
Fife	£2,986,815
Glasgow	£7,581,481
Inverclyde	£821,532
North Ayrshire	£1,381,622
North Lanarkshire	£3,358,548
Renfrewshire & East Renfrewshire	£1,968,953
South Lanarkshire	£2,712,750
West Dunbartonshire	£1,203,152
West Lothian	£1,101,600
Aberdeenshire	£270,000
Falkirk	£425,245
Stirling	£418,125
East Lothian	£188,271
Total CPPs	£32,724,047
National Strategic Awards	
Third Sector	7,742,016
STUC	895,062
SDS	13,994,158
SFC	9,281,264

Total Nationals	£31,912,500
Total ESF awarded	£64,636,547

3.4.2 Significant problems encountered and measures taken to overcome them

A change to the ESF Operational Programme was formally agreed by the Commission on 10 November 2010. This change involved the virement of €62.345 million ESF grant from uncommitted resources in Priorities 1, 2 and 3 in order to establish a new Priority 5 (Strategic Skills Pipeline).

3.4.3 Use of Fund Flexibility as established by Article 34.2 of Regulation 1083/2006 in Priority 3

There was no use of fund flexibility by partners in Priority 5 during 2010.

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

As part of the Europe 2020 strategy for smart sustainable and inclusive growth, Member states will submit a National Reform programme outlining their structural reform plans beginning in April 2011. As a transitional measure the UK submitted draft NRP in November 2010, to which the Scottish Government contributed.

The EU Economics and Finance Minister (ECOFIN) agreed on 8 June 2010 a series of potential bottlenecks or obstacles to growth for each Member State. The UK government agrees with the list of bottlenecks proposed by ECOFIN. These are consistent with other analyses of the UK economy including the OECD and IMF.

They are:

- reducing significantly the general government deficit;
- ensuring a well-functioning and stable financial sector;
- rebalancing the economy toward net exports;
- facilitating an increase in private investment; and,
- Improving the contribution of the education system to human capital formation including through a broader skills base.

The NRP outlines policies in the UK designed to tackle these bottlenecks. It goes on to describe indicators and how progress will be measured, although the UK will not be setting its own targets for these.

The Scottish Government has expressed its support for the Europe 2020 strategy, and will be publishing regular statistics to show performance against relevant indicators. As well as contributing to the UK NRP the Scottish Government will submit its own NRP. It recognises that for some of these the relevant policy is mostly reserved and the instruments are exercised at the UK levels but will identify those aspects that can be influenced by the devolved administration. Improving the

contribution of the education and training system is a devolved matter and is one to which the European funds in Scotland will be expected to contribute.

Prior to the establishment of Priority 5 in December 2010, the three original ESF Priorities and three Horizontal Themes link closely with the 8 Employment Guidelines of the European Employment Strategy (EES). The broad relationship is highlighted below (there is some overlap between Priorities and guidelines).

Policy Field	EES Guidelines (GLs)
Priority 1: Progressing into Employment	GL1 - Implement employment policies aiming at achieving full employment, improving quality and productivity at work. GL5 - Promote flexibility combined with employment security and reduce labour market segmentation. GL4 - Improve matching of labour market needs.
Priority 2: Progressing through Employment	GL1 - Implement employment policies aiming at achieving full employment, improving quality and productivity at work. GL7 - Expand and Invest in human capital.
Priority 3: Improving Access to Lifelong Learning	GL8 - Adapt education and training systems in response to new competence requirements
Horizontal Themes: Equal opportunities for all; Social Inclusion, Sustainable Development	GL3 - Ensure inclusive labour markets for job-seekers and disadvantaged people. GL2 - Promote a lifecycle approach to work. GL6 - Ensure employment-friendly wage and other labour cost developments.

The method through which the European Employment Strategy is evaluated across Member States is known as the Open Method of Co-ordination (OMC). The OMC is perhaps one of the loosest forms of co-operation as it is dependent on voluntary action and the setting and measuring of targets. The OMC is described as a co-ordinated, decentralised process established by the EU Member States (MS) to work towards the strategic aim to develop the knowledge based economy set at the Lisbon Summit (2000) and the desire to increase social cohesion and employment identified by the Council of the European Union (2000). The effectiveness of OMC is dependent on:

- the exchange of “best practice” between MS, the use of “benchmarks” and “reference indicators” for measuring the relative performance of MS in the context of their different socio-economic and political situations;
- the setting of “targets at national and regional levels; and,
- regular reporting and “multi-lateral surveillance”.

The Commission is meant to play a co-ordinating role in this process, presenting proposals in European guidelines, facilitating the exchange of best practices, offering suggestions on potential indicators and supporting implementation and peer review.

In the documents produced by the Council and the Commission, OMC is presented as “an instrument for deepening European integration, in conjunction with other instruments, ranging from harmonisation to loose co-operation”. This has led to fears that the OMC could lead to inaction as Member States are to a large degree, able to select their own policy priorities. On the other hand some would argue that these are issues for Member States to develop policies appropriate to their own national circumstances.

Examples of Approved Projects which promote the European Employment Strategy

GL1 - Implement employment policies aiming at achieving full employment, improving quality and productivity at work.

Priority 1: Dundee College – Employability in the Oil and Gas Sector

The aim of this project is to support 90 workless beneficiaries, particularly those lacking recent work experience, including people with no/low qualifications and who need new skills to gain skills for sustainable employment. It will offer a programme which combines guidance, training and support in moving into and keeping jobs. The training programme will offer options in welding, fabrication and engineering skills for both onshore and offshore work and with elements tailored to the oil and gas industry. We will offer SQA units covering health and safety, engineering materials, fabrication skills, marking out procedures, workshop skills thermal joining skills, oxy-fuel gas thermal cutting skills, and various welding skills.

Priority 1: The Tulloch Trust – Heads Up

The Heads Up project is an early intervention/prevention programme which will work with up to 120 socially excluded 12-14 year olds in West Dunbartonshire who are the 'hardest to reach' and 'at risk of failing', due to their chaotic backgrounds, negative behaviour and truanting.

To develop the necessary personal qualities, life skills and coping strategies to reach the aims of the Curriculum of Excellence we will encourage them to raise their education and employment aspirations; this will ensure that they fulfil their potential and proceed into employment.

The project is designed to build the young participants' confidence and self-esteem; resilience, ambition and knowledge to enable them to take a positive route in life. It will also address the negative issues that prevent that route such as drug/alcohol abuse and destructive behavioural patterns and enable them to understand the negative impact that these have on their health, development and future employment. The young people will also discover that the skills learned and personal qualities gained during informal education are totally transferable to all other aspects of their lives and future work place.

Sessions with the participants include Daily Group work Sessions – delivered in school time 12 per week up to 5 schools (2 hours per session), After School Activities, School Holiday Programme including Outdoor residential and 6 separate one day activities, Vocational Taster Course – a 6 week after school course at Clydebank College where they will gain hands on experience of a subject of their choice. This will introduce them to the College environment and enable them to realise that they do have the skills necessary to go into Further Education. The sessions will greatly enhance their commitment to, and understanding of, the importance of developing themselves through both formal and informal education opportunities. Drug/Alcohol Workshops are included to further increase youngsters knowledge of the negative effects of drugs/alcohol and the impact it may have on their futures; we will include periodical inputs from Dumbarton Area Council on Alcohol and Alternatives.

Priority 2: Dundee College - Learning Networks for SMEs

This project will improve management skills in SMEs in key sectors in Tayside by establishing and supporting learning networks. It will support 260 new Managers in SMEs, building on and rolling out to other sectors, including Social Enterprises, a methodology developed for Bio-technology and Creative Industries in the EQUAL CONNECT project .This will be done through a programme of mutual learning/exchange. Project will identify with SMEs where new/ better skills are needed for business success and work with participants to develop learning plans. This will be done through a combination of informal learning, workshops and coaching, making use of ICT content and tools including supporting peer collaboration enabling individuals to obtain accreditation through building portfolios, and work with individuals and employers to review how the new skills developed can be applied at work. A total of 260 new managers will take part in the programme and all will improve their entrepreneurial/managerial skills; 200 will gain full or partial

qualifications through the programme: 65 companies will benefit from improved skills training; 30 of the participants will be from social enterprises and 25 social enterprises will benefit from improved skills training

Priority 2 - South West Regeneration Agency - South West Glasgow Progression into Work.

The aim of the project is to provide in-work support to 1650 newly employed clients who have successfully moved through the Employability Pathway stages. In addition, 450 clients will gain partial or full qualifications. This is an innovative project that aims at "reinforcing sustainable employment" by improving the skills of participants in employment to improve their core skills and to enable them to compete in the labour market with a resulting increase in sustainable employment for vulnerable and highly-disadvantaged groups. The project will provide clients entering the latter stages of the Workforce Plus Employability pathway at stages 4 & 5, a comprehensive service that will support sustainability of employment by identifying and targeting key issues and barriers that often occur in the first 26 weeks of employment following a client's period of worklessness and further develop their skills through lifelong learning leading to improved career and higher-waged employment opportunities. The main aim of the project is to provide aftercare and learning support to participants from key priority client groups who have gained entry-level jobs by assisting participants with advice and practical support immediately on job offer and employment start and to address the "lack of basic and vocational skills" in the workplace by identifying and supporting access to lifelong learning opportunities.

Priority 2 - Renfrewshire Council - West Central Job Rotation (Workforce Development)

The Renfrewshire Job Rotation Priority 2 project aims to raise awareness amongst SMEs of the need to invest in human capital in order to meet business and development objectives in order to compete in the regional, national and global economies. The project will also provide adult learning opportunities for the workforce (this is achieved with minimal disruption and loss of productivity by employing an additional member of staff through the Priority 1 project).

Low paid / low skill workers will be able to participate in training / learning and gain qualifications. This will provide the workforce with access to guidance and support in order to make informed choices about training / learning and career progression and also substantially increase the impact of this project in a number of ways.

All participants will have the opportunity to embark on a VQ for their relevant job sector, where this may be deemed as not being appropriate or impractical, alternative methods of learning engagement will be offered, such as non-accredited learning or sector specific training.

The number of participants benefiting from the project will be at least 40% higher than local resources alone could support. Additional learning and training resources will be available from this additional finance thus increasing the amount of entry level workers to participate in workforce development through up-skilling and accredited training opportunities.

This project promotes a more confident workforce who are better able to make career decisions and who are more likely to move into better paid jobs and who are less likely to become unemployed and contribute to a more competitive economy.

GL2 – Promote a lifecycle approach to work.

Priority 1: West Lothian College - Living Life

The project is a partnership project between West Lothian College and West Lothian Criminal Justice Services. The target group includes offenders and ex-offenders, prisoners prior to release and people with drug and alcohol problems.

The project aims to promote employment skills and opportunities for the target group within West Lothian and the surrounding areas. Vocational training, guidance, enterprise skills, life-coaching and mentoring is provided leading to a range of qualified vocational qualifications in various subjects such as: First Aid, Manual Handling, Food Hygiene, Customer Care, LGV/PSV Driving Courses.

Liaison with local employers and welfare service helps to identify local job vacancies and the provision of Life Coaches and mentors provides support and job brokerage to participants seeking employment and those pursuing self-employment.

GL3 – Ensure inclusive labour markets for job-seekers and disadvantaged people

Priority 1 - Forth Sector – Working Well

The project will provide health and employment related support to unemployed/workless people with severe mental health problems in the City of Edinburgh to enable them to gain and retain employment through a partnership with NHS Lothian, Jewel & Esk Valley College, Learn Direct and other local partners. People with mental health problems have the lowest employment rate of any disability group (24%) although many would like to work. A link has been made between lack of employment and an increased risk of suicide (Platt and Kreitmann, 1984). Working Well will provide a spectrum of services for people with mental health problems who have been workless for up to 2 years, to supporting those who have often been workless for 10 years or more. The project will work with one of the hardest to reach groups in society who face multiple barriers to employment and require more intensive assistance. The project will meet the needs of jobseekers and employers through a menu of real work experience; health related support & skills based training.

Priority 1 – Fairbridge in Scotland – Bridging the Gap

This is a three-year strategic partnership proposal between three Fairbridge in Scotland teams based in Glasgow, Dundee and Edinburgh. Its main objective is to deliver personalised support to 1,830 of Scotland's most challenged and vulnerable young people to help them overcome barriers to achieving their potential. Each team will use Outreach & Development Workers (ODWs) to work with over 200 referral

partners (including schools, police, hostels, etc) to target young people from some of Scotland's most deprived areas who are facing multiple challenges including:

- i) 970 13-16 year olds who are low attainers and/or truants
- ii) 593 of the most challenged NEET 16-19 year olds; and
- iii) 267 long-term unemployed 20-25 year olds facing multiple barriers to jobs.

Support will be provided through a long-term personal development programme.

Priority 1: The Wise Group - Transitional Employment (TE)

The Transitional Employment (TE) programme will provide an integrated framework of employability support for beneficiaries excluded from the labour market, uniquely combined with longer term In-Work Support. It has a customer-centred approach, individualising experiences to provide maximum choice and a quality service. The project focuses on engaging people with multiple disadvantages, 84% of beneficiaries will be from groups such as: economically inactive, NEET, ex-offenders, people aged over 50 years and long-term unemployed.

The project combines work experience and job brokerage services with longer-term in-work support. This is done by engaging beneficiaries in real work activity that incorporates a high degree of flexibility and delivers individually tailored interventions to raise confidence and self-efficacy levels. It will improve employability skills and financial circumstances by providing access to waged or un-waged TE opportunities for up to 26 weeks. TE activity is delivered across a range of projects delivering regeneration activities within local communities, enabling beneficiaries with multiple disadvantages to achieve the sectoral and transferable skills required by today's labour market. The duration of each individual's participation period will be determined by the outcome of our customised Employability Assessment

The project will adopt a local approach to early engagement through local employability pathways.- Assessment Gateway – Identifying job goals, skills for life requirements (literacy & numeracy, ICT and financial literacy skills) and includes an Integrated Support Package – Employability, personal & social skills and maximising access to specialist support e.g. alcohol/drug and health – tackling the multiple disadvantages experienced by the beneficiaries. There is also access to vocational and sectoral specific qualifications and full or part time work experience for up to 26 weeks and beneficiaries can increase to full-time or reduce their hours e.g. to accommodate caring responsibilities

Priority 2 – Edinburgh Napier University – Scottish resource Centre for Women in SET

The project aims to increase women's participation in key sectors of Science, Engineering, Technology and Built Environment (SET) where they are under-represented and to reduce gender segregation in the SET workforce by changing employment practice and workplace culture. The project will provide support for: Retention and progression of 314 women working in SET through 12 career planning workshops for 144 women working in SET and individual, follow-up guidance for 50 women in SET who attend the workshops. The project aims to link female students with 20 SET employers to support career entry and progression by changing

workplace culture, influencing the construction workforce of the future by an innovative diversity training programme for 500 apprentices, jointly delivered with Construction Skills and training 10 lecturers/trainers to disseminate and mainstream this work. Eighty SET managers/employers will be involved in examining best practice in employment which includes: improved maternity preparation and return policies, gender-proofed promotion and recruitment policies, flexible working policies, support for women staff participating in networks, publicity and support for positive female role models. Diversity training will be used to support culture change in order that an understanding of the social and business benefits of workforce diversity and the legal requirements and implications of equality policies is obtained.

GL4 - Improve matching of labour market needs.

Priority 1: South Lanarkshire College - Skills for Sustainable Energies and New Technologies

The Skills for Sustainable Energy and New Technology (SENT) Project is a strategic West of Scotland initiative covering Glasgow, South Lanarkshire, Renfrewshire, East Ayrshire, West Dunbartonshire and North Ayrshire, designed to address the economic and social regeneration aims of the Priority 1 ESF Lowlands & Uplands Scotland Programme.

This multi-agency regional partnership will promote a coordinated approach to delivering a spectrum of employability initiatives to individuals who have been unemployed or made redundant, have multiple deprivations and are finding it difficult to enter/re-enter the labour market. The Project responds to the current economic environment and complements the Scottish Government's Principles and Priorities and Scottish Economic Recovery Programme (June 2009), while addressing demands in innovative growth sectors.

All partners will provide an integrated programme of early intervention, engagement, personal development, vocational training in emerging renewable and sustainable energies (sustainable energy device installation) and creative industries (digital media), mentoring, work placement and work preparation from 1st July 2010 – 30th June 2011.

The Project brings together the key economic organisations in the regions: Skills Development Scotland Careers, Local Authorities, JobCentre Plus and employers in a partnership with Ayr, Anniesland, Central, Reid Kerr and South Lanarkshire Colleges.

GL5 - Promote flexibility combined with employment security and reduce labour market segmentation.

Priority 1: West Fife Enterprise Limited - Quest For Employment

The objectives of this project are to address the barriers to employment for 300 economically inactive/unemployed people who face a range of multiple disadvantages which are compounded by being residents of disadvantaged communities which lack opportunities and will provide them with a fully integrated

employability service that is locally accessible, delivered flexibly, progressing them closer and into the labour market with significant numbers progressing in soft skills, achieving qualifications, entering sustainable employment or education/training.

The project will focus on the worst 15% SIMD data zone's in West/Central Fife which contain concentrations of high numbers of economically inactive/unemployed and encapsulates the scattered former coalfield communities where residents face the additional barriers of lack of access to employment, learning and development opportunities and transport issues. None of the participants will have been assisted by the organisation before and are additional, all will lack work experience due to being economically inactive/unemployed. Focus will be on those with multiple barriers including those with poor/no qualifications, long term unemployed, young people who are NEET, people with disabilities/Health difficulties, IB Claimants, lone parents, ethnic minorities and drug/alcohol recoverer's and all are expected to face two or more of these disadvantages.

The project will offer a community based intervention providing tailored routes of development, it will operate for 3 years as a rolling programme so that each individual receives the length/depth of support required including early engagement support, action planning, motivation/self-esteem building, key/core employability skills, vocational training/qualifications, work experience, employer engagement, job seeking/searching, progression support and sustainability aftercare support. This provides a full journey intervention for each participant, delivered flexibly, with high levels of access support.

Priority 1 - Glasgow Met College – Women into Construction 2010@GlasgowMET

The project will provide 54 women with the opportunity to develop knowledge & hands on skills in a safe & non-judgmental environment away from the stereotyping that the industry seems to perpetuate. This will be attractive to the target group who face disadvantage in the labour market & in entering the construction industry generally. The project will also provide participants with options for further training if the economic climate remains unfavourable

GL6 – Equal Opportunities for all: Social Inclusion, Sustainable Development – Ensure employment friendly wage and other labour cost developments

Priority 2: Skills Development Scotland - Supporting Business Through Recovery

The project will allow SDS to assist the delivery of additional initiatives that will help alleviate the impact of the recession, provide employers with incentives that will support them through the economic downturn to up-skill their staff, and provide training opportunities and incentives for summer school leavers.

Modern Apprenticeships play a vital role in ensuring that individuals and businesses are equipped with the necessary technical skills and expertise to support recovery and future growth. This project will allow SDS to maximise the resources made available to deliver these, and as well as supporting the 9,900 new 16-19 year old MAs it will provide funding for a further 4,500 Modern Apprenticeship and allow SDS to provide financial contributions to companies willing to invest in Flexible Training Opportunities for their staff.

The focus of the project is to enable and support skills development activity which promotes improved workplace productivity and supports measures to increase organisational resilience through the period of economic recovery. The project will provide an Incentivised Recruitment Programme to employers of £1,000 which will therefore ensure the transition of 1,800 young people (aged 16-17) from unemployment and employability support initiatives such as Get Ready for Work and Prince's Trust to sustainable employment and training. A Targeted Pathways to employment programme will develop career planning and vocational skills provision to help individuals compete in the labour market, specifically to progress in to employment. Financial support through a Workforce Development Fund will be provided to market test new skills enhancement programmes, starting within the Low Carbon Economy.

GL7 - Expand and Invest in human capital

Priority 2: West Lothian College - West Lothian SME Workforce Development-

The aim of this project is to maximise the potential of businesses, to increase sustainability and competitiveness in West Lothian and its neighbouring regions. It shall develop enterprise awareness and staff development programmes to both employers and staff within SMEs.

Collectively, the partnership between West Lothian College, West Lothian Council and West Lothian Chamber of Commerce will engage with local commerce and support staff development that is appropriate to the needs of participating SMEs and develop the skill levels of entrepreneurs and new managers within SMEs, and increase the ability of low waged and low skilled employees. The project will focus particularly upon women in low paid jobs within the retail and care sectors. By up-skilling employees they will be able to not only retain employment, but progress to higher skilled jobs with higher salaries.

The project will promote economic sustainability of SMEs through improved entrepreneurial ship and management skills; the project will deliver a range of work-based Vocational Qualifications at Level 1- 4 to 800 staff, core and literacy skills support, to 200 staff engaging with e-learning vocational programmes and training for 400 managers, while 60 business mentors will be trained to support the CEOs and entrepreneurs through development change.

GL8 – Adapt Education and training systems in response to new competence requirements

Priority 3 – Kibble Education and Care - The Learning Zone

The Learning Zone will offer a range of flexible teaching and learning opportunities to voluntary organisations in the social care sector across Scotland through the development and piloting of new online learning materials and training materials which accommodate different skills backgrounds. Innovative use of ICT as a distance learning tool

Skills training for staff requiring specialist skills to address the employability needs of target groups listed under Priority 1, particularly NEET and care leavers. Two

websites providing specialist information on youth care, www.cyc-net.org and www.sepodcasts.org, will act as portals for the new Learning Zone which will in the first instance include 28 structured learning modules equating to 120 hours of learning. As a result of the project, one major new course will be developed, but in addition to this several new materials will be made available online as outlined above. 5,000 hits are expected on the portal per month; 250-300 participants will receive direct support through the project and 36-48 trainers will be trained. It is expected that at least 200 staff from voluntary organisations will complete a qualification as a result.

4.3 Contribution of the Operational Programme to supporting the Lisbon Goals

An analysis has been undertaken of ESF 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**.

4.4 Contribution to European Economic Recovery Plan

At the end of 2008 the European Commission published a European Economic Recovery Plan. In addition the Scottish Government also instigated a 6 point Economic Recovery Plan (ERP). This was first published in autumn 2008, with several updates during 2009 and 2010. The Scottish Government ERP's aim was to focus the efforts of all areas of Government on reducing the impact of the recession on the Economy.

In 2010 a number of steps were taken to address the economic downturn by the MA;

1. The First Minister, Alex Salmond announced on 11 January 2010 an increase in the awards to Community Planning Partnerships (CPPs) to ensure that the CPPs local employability and regeneration plans were supported into 2011 with an additional £13.79 Million ESF grant allocation;
2. The First Minister, Alex Salmond announced on 20 March 2010 an extra 4,100 college places would be created in the most deprived areas of Scotland through a £15.3 Million cash injection - £6.9 Million of which would be grant drawn from the LUPS ESF Programme (Priority 1) – the project would be administered by the Scottish Further & Higher Education Funding Council;
3. The Education Secretary, Michael Russell announced on 10 May 2010 the 'Third Round' of the LUPS ESF programme allocations worth over £30 Million. These projects relate to Priority 1 and Priority 2 of the LUPS ESF programme and will ensure a targeted response to the Economic downturn.
4. The Skills Minister, Keith Brown announced on 08 June 2010 an extra 5,000 apprenticeships places would be created to help people of all ages enter and progress in the job market despite the current economic conditions. The new places have been created through a total investment of £9.1 Million, with over £4 Million grant drawn from the LUPS ESF Programme (Priority 2)
5. The Education Secretary, Michael Russell announced on 14 December 2010 the allocations of ESF funds under the new Priority 5 'Strategic Skills Pipeline' £64.6 Million ESF grant has been allocated towards 21 strategic projects worth £168 Million to the Scottish Economy.

More detailed information on specific strategic projects supported in 2010 is noted below;

Skills Development Scotland – ‘Supporting Business through Recovery’
LUPS ESF Priority 2 - £20.7 Million ESF grant

The project will assist the delivery of additional initiatives that will help alleviate the impact of the recession, provide employers with incentives that will support them through the economic downturn to up-skill their staff, and provide training opportunities and incentives for summer school leavers. In the financial year 2010 - 11, the project will provide:

- 9,900 Modern Apprenticeships for 16-19 year olds
- 4,500 Additional Modern Apprenticeships (all age)
- 4,500 Short, sharp Flexible Training Opportunities
- 1,800 Incentivised recruitment places for 16-17 year olds
- 720 Targeted pre-Modern Apprenticeship / Job Pathways
- 580 Workforce development training opportunities

Scottish Council for Voluntary Organisations - ‘Sustaining Future Jobs’
LUPS ESF Priority 2 - £1.15 Million ESF grant

This is a strategic time critical ESF P2 project that will add significant value to the UK Government’s Future Jobs Fund (FJF) in Scotland by delivering training, soft skills development, in-work support and employers’ support that is not funded through the Future Jobs Fund. The Future Jobs Fund is a job creation initiative that will provide funding to employ 18 - 24 year olds and long term unemployed in unemployment hotspots. Project activities are designed to support participants to achieve sustainable employment once their FJF job comes to an end and equip them with the skills and qualifications to enable them to progress in employment. This will include;

- Specific industry related training
- Core skills and soft skill development
- In-work support

1000 participants will receive support and 650 participants will receive access to specialist training and SVQ Level 2.

Scottish Further & Higher Education Funding Council – ‘the College Sector: Investing in Recovery’
LUPS ESF Priority 1 - £6.9 Million ESF grant

This project is designed to provide a National, Strategic ESF project that will add value to the investment of funding for the college sector, enabling colleges to maximise the number of training places available to young people to contribute to the Scottish Government’s commitment to “leave no young person behind”.

The project will invest a total of £15.3 million of new, additional funding into the College sector to provide an additional 4,100 placements across the 27 colleges who serve the 13 Priority 1 spatially targeted areas of the LUPS Programme during the period August 2010 to June 2011.

4.5 Institutional Changes

In 2010 there was no restructuring within the Scottish Government, although major changes were flagged up for 2011.

SECTION 5: ADDED VALUE OF APPROVED ESF SUPPORT

Added value of ESF support

All ESF projects are assessed for additionality as part of the detailed appraisal against the PMC approved selection criteria. This normally takes the form of securing more activity, and by definition outputs, through the use of ESF than would otherwise be the case. However, in a limited number of cases, support has been provided to projects undertaking new or innovative approaches to project delivery. Evaluation of the programme seeks to identify ways in which European funding has added value, whether this is, for example, a matter of the scale of the activity or perhaps through improved partnership working.

An evaluation of ESF funding to Community Planning Partnerships was carried out over the period 2008 to 2010. The evaluation was carried out by the Consultants 'Blake Stevenson' with the report expected to be published by the Scottish Government early in 2011.

The evaluation report examines the impact of this new approach to delivering Structural Funds within each individual CPP programme, as well as the overall impact across the LUPs and Highlands areas. It provides evidence of the impact that Structural Funds, through Community Planning Partnerships, has made to helping individuals who face barriers to finding employment to move into sustained employment.

Extract from the Community Planning Partnership (CPP) evaluation report

In this extract from the CPP evaluation, additionality and attribution across the entire LUPS programme is discussed.

The concept of additionality has been redefined many times since 1975. The HM Treasury Green Book states that the impact arising from an intervention is additional if it would not have occurred in the absence of the intervention. Government guidance on assessing the Impacts of Spatial Interventions defines additionality as: "the extent to which activity takes place at all, on a larger scale, or within a specific designated area or target group as a result of an intervention".

At its most basic, the European Union requires grants to be subject to additionality and complement funding from other sources. Projects must likewise be additional to existing activities. The principle of additionality has been built into each programme.

The following key aspects of additionality were identified across the CPPs:

- increased amounts of employability activity within areas;
- there is no duplication of services, which means that resources are used more effectively;
- addressing gaps to ensure that target groups are adequately supported and that appropriate provision is available within the target area;
- greater awareness of employability activity (leading to increased engagement) as a result of active marketing, for example, through branding programmes;
- innovative approaches, such as new partners being brought into programmes (for example, Lothian and Borders Fire and Rescue Service, in Edinburgh) which facilitate engagement with hard to reach clients;
- increased capacity within projects, enabling them to support more clients;
- further progression for clients towards employment, due to the pipeline approach;
- the Partnerships formed have ensured that services are delivered in a joined up manner, which increases the scale of support provided; and
- partners are reaching new groups of “hard to reach” beneficiaries that they have not engaged with previously. For example, the LRAs in Glasgow work with significant numbers of Incapacity Benefit recipients that they had not supported before.

It is interesting to note that most respondents to the CPP non-partner survey suggested that they wished to participate in future CPP programmes, despite most indicating in the survey that there had been no impact as a result of not being involved in the previous programme. This suggests that potential partners do see some additional benefit coming from involvement in CPP programmes and certainly the research indicates that improved partnership working and a more strategic and joined-up approach to planning and delivery has been a significant added benefit of Structural Funds interventions.

Attribution

It was also considered important to assess the extent to which individual CPPs can attribute their delivery of outcomes directly to the Structural Funds. Whilst this was not always straightforward, the introduction of databases shared between partners means that this is easier to do than was historically the case. CPPs are able to identify quite specifically where funds have been used to deliver results and outcomes. What will always be difficult is for them to say categorically that Structural Funds alone has achieved a result or outcome. In most cases, it is Structural Funds in conjunction with other funding that has contributed to an outcome being delivered.

Through evaluation and tracking activities, CPPs have gathered evidence to demonstrate that changes are attributable to their activities, rather than coincidental. Some of the more sophisticated tracking systems developed such as DEMIS, in Dundee, and REMIS, in Renfrewshire, have been used to record and report on a range of aspects. These include participant characteristics, numbers, activities undertaken, progress and outcomes. In this way, each individual's own "pipeline journey" is permanently recorded, as is their subsequent outcome from participation in the Programme. The identification of innovative approaches to gathering evidence of impact was also considered important. For example, individual projects in Fife are gathering evidence of additionality through a variety of measures, particularly softer outcomes through the 'Rickter Scale'.

In a survey of CPP partners, 92.8% of 84 respondents answered "yes" to the question "has the CPP programme improved outcomes for individuals?"

SECTION 6: MAJOR PROJECTS

6.1 Major Projects

There are no major projects in the LUPS ESF Programme.

6.2 Global Grants

There are no global grants in the LUPS ESF Programme.

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SECTION 7: TECHNICAL ASSISTANCE

Under Article 45 of the General Regulation (EC) No 1083/2006 of 11th 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 ESF 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:

Technical Assistance Item	Eligible ESF Project Costs	ESF Grant	Comments
Eurosyst Development	€151,386.82	€75,693.41	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 ESF share of the total Eurosyst project costs was 33%.
IAB Contract costs	€2,018,527.78	€1,009,263.89	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 ESF share of the total IAB contract costs was 42%.
Programme Publicity	€13,777.59	€6,888.80	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 33%.
Programme Evaluation	€16,359.64	€8,179.82	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 ESF share of the total evaluation costs was 42%.
Total	€2,200,051.83	€1,100,025.91	

SECTION 8: INFORMATION AND PUBLICITY

8.1 Scottish Communication Plan

8.1.1 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. .

8.1.2 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.

Five projects from the LUPS ESF Programme were shortlisted in the categories 'Wealthier and Fairer', 'Smarter', 'Partnership Working' and 'Publicity'. A Priority 3 project, S4S (Skills for Scotland) from the Scottish Qualifications Authority (SQA), won the award for Best Publicity for its innovative GamesSpace – a games based assessment which is currently being trialled in a number of schools and colleges. When the students take control of the avatar at the start of the game they must engage in conversation with a virtual receptionist at SQA. At the reception area the Europe and Scotland logo for ESF has been replicated to inform every candidate and tutor that the game is part-financed by Europe. The recipients are shown below with their award.



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
- Contact information for ESEP staff

Announcement of List of ESF 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>

20 March 2010

Announcement of 4000 college places in the new Scottish Funding Council project.

<http://www.scotland.gov.uk/News/Releases/2010/03/22085412>

10 May 2010

Announcement of Funding for Skills.

<http://www.scotland.gov.uk/News/Releases/2010/05/10114059>

10 June 2010

Modern Apprenticeships - Award to Skills Development Scotland

<http://www.scotland.gov.uk/News/Releases/2010/06/10120939>

14 December 2010

Announcement of Priority 5 project awards

<http://www.scotland.gov.uk/News/Releases/2010/12/14134214>

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, one key activity consistent with the Communications Plan was undertaken by the IAB.

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.

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

Indicator	Annual Target	Activity Achieved
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

Indicator	Annual Target	Activity Achieved
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 9: PROMOTION OF PARTNERSHIP

There is involvement by a variety of local and national partners in all aspects of monitoring and evaluating the ESF 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.

Priority 5 and the Partnership approach to Implementation of the 'Strategic Skills Pipeline'

At the 19 May 2010 Programme Monitoring Committee meeting, there was a unanimous agreement from Members to put in place a new Priority 5 Strategic Skills Pipeline. To put in place the new Priority 5, Scottish Ministers agreed that a Working Group should be convened which would make recommendations on 3 key elements; (1) Delivery Protocols, (2) Eligibility criteria and (3) Indicators, Outputs and Results.

The first meeting of the Priority 5 Working Group was held by the Managing Authority on 03 June 2010. The Working Group was constituted from the range of Partners such as the Third Sector, CPPs, the STUC, the Scottish Funding Council, Skills Development Scotland and relevant Scottish Government Policy leads. The Group had been set up to ensure that the new Priority 5 would be workable in terms of the eligible activities and the target groups which could be supported under the LUPS ESF programme.

At the first meeting of the Priority 5 Working Group, the Managing Authority set out the background to Priority 5 and why there was a need for this 'Strategic Skills Pipeline' approach that draws on partners and different funding streams. The draft Operational Programme with a revised Chapter 4 with the details, and indicators for a new priority 5, plus a revised Chapter 5 financial allocation needed to be with the Commission by the end of June to allow a bidding round in the autumn.

The sub-groups worked on their defined area of (1) Delivery Protocols, (2) Eligibility criteria and (3) Indicators, Outputs and Results and reported back to the main Working Group on 27th June 2010. This work informed the submission made on 14 July 2010 by the Managing Authority to amend the Operational Programme and initiate the implementation of the new Priority 5. In addition, the Working Group also agreed on the challenging timescales for the application process for all strategic bidders to the new Priority 5, with a Ministerial decision on funding allocations made on 14th December 2010.

This partnership process was successful for a number of reasons and clearly highlights how ESF funds can be used to promote partnership working.

Firstly, the decision to amend the Operational Programme and implement a more strategic approach to funding allocations through Priority 5 was based on a response to the economic conditions that took hold during the latter part of 2008. The Operational Programme had been written during a very different economic climate and so to ensure that ESF funds were used to create a legacy for Scotland. Ministers took the bold decision to create the 'Strategic Skills Pipeline' approach under Priority 5.

This was a major change from the normal process of the 'challenge fund' bidding system which was based on an open, competitive application process each year. It was vitally important during the planning process for Priority 5 that all stakeholders were engaged in the process to reduce any possible backlash from sectors which were used to receiving ESF funds through the 'challenge fund' route. By using a partnership approach to the planning of Priority 5, the Managing Authority was able to short-circuit any potential problems from certain sectors as they were drawn into the process at a very early stage and so felt engaged as well as able to air their concerns constructively in the working group.

Secondly, the partnership approach enabled the Managing Authority to draw on a range of experience and expertise across different partners. As Priority 5 is based on drawing together partners and funding streams and adding value to these activities, it was important that partners were able to provide an assessment of what activities could be supported and who was best placed to do so. This reduced the potential for double-funding as there was a clear picture of activities and what match-funding could be utilised. It also meant that a more focussed approach to the ESF funding could be employed, ensuring there was no duplication of activities at a local level.

Thirdly, the partnership approach in the implementation of Priority 5 has encouraged much closer working between the partners as they worked together to define the Priority. This will feed into the implementation of Priority 5 and The Managing Authority has already seen evidence of a much more strategic approach across partners, including strategic groups set up with membership drawn from all Priority 5 partners. It is expected this will continue during the operational implementation of Priority 5 and beyond.

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.

EN

EN

EN



EUROPEAN COMMISSION

Brussels, 10.11.2010
C(2010) 7876

COMMISSION DECISION

of 10.11.2010

amending Decision C(2007) 5762 adopting the operational programme for Community assistance from the European Social Fund under the Regional competitiveness and employment objective in the region Lowlands and Uplands Scotland in the United Kingdom

CCI No 2007UK052PO002

(Only the English text is authentic)

COMMISSION DECISION

of 10.11.2010

amending Decision C(2007) 5762 adopting the operational programme for Community assistance from the European Social Fund under the Regional competitiveness and employment objective in the region Lowlands and Uplands Scotland in the United Kingdom

CCI No 2007UK052PO002

(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 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999¹, and in particular Article 33(2) thereof,

Whereas:

- (1) On 14 July 2010, the Scottish authorities submitted through the computer system for data exchange with the Commission a request for the revision of the operational programme for Community assistance from the European Social Fund under the Regional competitiveness and employment objective in the region Lowlands and Uplands Scotland in the United Kingdom, adopted by Decision C(2007) 5762 of 22 November 2007, as last amended by Decision C(2010) 1029 of 24.2.2010.
- (2) The proposed revision of the operational programme is justified by significant socio-economic changes, notably by the current serious economic crisis, and implementation difficulties.
- (3) Pursuant to Article 65(g) of Regulation (EC) No 1083/2006, at its meeting, on 27 May 2010, the monitoring committee considered and approved the proposal to amend the content of Decision C(2007) 5762, in particular as regards the text of the operational programme and its financing plan.
- (4) It is appropriate to fix the starting date for the eligibility of new expenditure in accordance with the second subparagraph of Article 56(3) of Regulation (EC) No 1083/2006.
- (5) Decision C(2007) 5762 should therefore be amended accordingly,

¹ OJ L 210, 31.7.2006, p. 25. [Regulation as amended by Regulation (EC) No 1989/2006 (OJ L 411, 30.12.2006, p. 6).]

HAS ADOPTED THIS DECISION:

Article 1

Decision C(2007) 5762 is amended as follows:

(1) Article 1 is replaced by the following:

“Article 1

The operational programme for Community assistance under the Regional competitiveness and employment objective in the Lowlands & Uplands Scotland region of the United Kingdom for the programming period 1 January 2007 to 31 December 2013 as set out in Annex I and containing the following priority axes is hereby adopted :

- (1) Priority axis 1 - Progressing into employment
- (2) Priority axis 2 - Progressing through employment
- (3) Priority axis 3 - Improving access to lifelong learning
- (4) Priority axis 4 - Technical Assistance
- (5) Priority axis 5 - Strategic Skills Pipeline

(2) Article 3(2) is replaced by the following:

“2. Within the operational programme referred to in paragraph 1, the maximum amount for assistance and the maximum co-financing rate for each priority axis shall be as set out in the second to fifth subparagraphs of this paragraph.

The maximum co-financing rate for priority axis 1 is set at 45 % and the maximum amount for assistance from the ESF to that priority axis, as calculated with reference to the total eligible public and private expenditure, is set at EUR 127 703 190.

The maximum co-financing rate for priority axis 2 is set at 45 % and the maximum amount for assistance from the ESF to that priority axis, as calculated with reference to the total eligible public and private expenditure, is set at EUR 59 909 807.

The maximum co-financing rate for priority axis 3 is set at 45 % and the maximum amount for assistance from the ESF to that priority axis, as calculated with reference to the total eligible public and private expenditure, is set at EUR 13 484 364.

The maximum co-financing rate for priority axis 4 is set at 50 % and the maximum amount for assistance from the ESF to that priority axis, as calculated with reference to the total eligible public and private expenditure, is set at EUR 6 478 103.

The maximum co-financing rate for priority axis 5 is set at 45 % and the maximum amount for assistance from the ESF to that priority axis, as calculated with reference to the total eligible public and private expenditure, is set at EUR 62 345 478.”

- (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

New expenditure resulting from the amendments referred to in Article 1 of this Decision shall be eligible from 14 July 2010.

Article 3

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

Done at Brussels, 10.11.2010.

For the Commission
László Andor
Member of the Commission

ANNEX I

[(*new operational programme*)]”

ANNEX II

[(*new financing plan*)]”

SECTION 2: OVERVIEW OF THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME

2.1 Achievement and analysis of the progress

2.1.2 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	S101	Number of participants receiving support			1	B	717,450	717,450	717,450	717,450	717,450	717,450	717,450	717,450	717,450	717,450
Output	S101	Number of participants receiving support			1	T	3,325	3,325	3,325	3,325	16,775	16,775	16,775	16,775	0	80,400
Output	S101	Number of participants receiving support			1	A	0	17,132	37,686	57,407	0	0	0	0	0	112,225
Output	S102	Number of participants with Multiple Deprivations			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S102	Number of participants with Multiple Deprivations			1	T	1,662	1,662	1,662	1,662	8,313	8,313	8,313	8,313	0	39,900
Output	S102	Number of participants with Multiple Deprivations			1	A	0	368	47,551	38,458	0	0	0	0	0	86,377
Output	S103	Number of participants with Disabilities or Health Difficulties			1	B	323,700	323,700	323,700	323,700	323,700	323,700	323,700	323,700	323,700	323,700
Output	S103	Number of participants with Disabilities or Health Difficulties			1	T	675	675	675	675	3,375	3,375	3,375	3,375	0	16,200
Output	S103	Number of participants with Disabilities or Health Difficulties			1	A	0	181	10,344	12,552	0	0	0	0	0	23,077

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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	S110	Number of participants in the NEET group			1	B	31,150	31,150	31,150	31,150	31,150	31,150	31,150	31,150	31,150	31,150
Output	S110	Number of participants in the NEET group			1	T	337	337	337	337	1,688	1,688	1,688	1,688	0	8,100
Output	S110	Number of participants in the NEET group			1	A	0	0	15,089	11,166	0	0	0	0	0	26,255
Result	S104	Number of participants entering employment			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S104	Number of participants entering employment			1	T	1,100	1,100	1,100	1,100	5,500	5,500	5,500	5,500	0	26,400
Result	S104	Number of participants entering employment			1	A	0	1,933	5,762	10,983	0	0	0	0	0	18,678
Result	S105	Number of participants entering education or training			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S105	Number of participants entering education or training			1	T	1,100	1,100	1,100	1,100	5,500	5,500	5,500	5,500	0	26,400
Result	S105	Number of participants entering education or training			1	A	0	2,303	3,372	8,242	0	0	0	0	0	13,917
Result	S106	Number of participants gaining a partial or full qualification			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S106	Number of participants gaining a partial or full qualification			1	T	1,650	1,650	1,650	1,650	8,250	8,250	8,250	8,250	0	39,600
Result	S106	Number of participants gaining a partial or full qualification			1	A	0	0	6,575	10,232	0	0	0	0	0	16,807

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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	S107	Number of participants in employment 6 months after leaving			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S107	Number of participants in employment 6 months after leaving			1	T	550	550	550	550	2,750	2,750	2,750	2,750	0	13,200
Result	S107	Number of participants in employment 6 months after leaving			1	A	0	4	1,799	5,495	0	0	0	0	0	7,298
Impact	S108	Number of participants who progress towards employment			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	S108	Number of participants who progress towards employment			1	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	S108	Number of participants who progress towards employment			1	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	S109	Net number of participants entering employment			1	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	S109	Net number of participants entering employment			1	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	S109	Net number of participants entering employment			1	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S201	Number of participants receiving support			2	B	2,297,000	2,297,000	2,297,000	2,297,000	2,297,000	2,297,000	2,297,000	2,297,000	2,297,000	2,297,000
Output	S201	Number of participants receiving support			2	T	0	7,857	7,857	7,857	5,108	5,107	5,107	5,107	0	44,000
Output	S201	Number of participants receiving support			2	A	0	114	10,116	13,238	0	0	0	0	0	23,468

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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	S203	Number of male participants without basic skills		M	2	B	123,700	123,700	123,700	123,700	123,700	123,700	123,700	123,700	123,700	123,700
Output	S203	Number of male participants without basic skills		M	2	T	0	1,328	1,328	1,328	864	864	864	864	0	7,440
Output	S203	Number of male participants without basic skills		M	2	A	0	0	1,476	1,878	0	0	0	0	0	3,354
Output	S203	Number of female participants without basic skills		W	2	B	115,200	115,200	115,200	115,200	115,200	115,200	115,200	115,200	115,200	115,200
Output	S203	Number of female participants without basic skills		W	2	T	0	1,328	1,328	1,328	864	864	864	864	0	7,440
Output	S203	Number of female participants without basic skills		W	2	A	0	0	1,329	1,792	0	0	0	0	0	3,121
Output	S204	Number of male participants without SVQ Level 2 skills		M	2	B	440,100	440,100	440,100	440,100	440,100	440,100	440,100	440,100	440,100	440,100
Output	S204	Number of male participants without SVQ Level 2 skills		M	2	T	0	1,157	1,157	1,157	753	752	752	752	0	6,480
Output	S204	Number of male participants without SVQ Level 2 skills		M	2	A	0	0	404	956	0	0	0	0	0	1,360
Output	S204	Number of female participants without SVQ Level 2 skills		W	2	B	498,800	498,800	498,800	498,800	498,800	498,800	498,800	498,800	498,800	498,800
Output	S204	Number of female participants without SVQ Level 2 skills		W	2	T	0	1,157	1,157	1,157	753	752	752	752	0	6,480
Output	S204	Number of female participants without SVQ Level 2 skills		W	2	A	0	0	424	564	0	0	0	0	0	988

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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	S205	Number of male participants without SVQ Level 3 skills		M	2	B	695,050	695,050	695,050	695,050	695,050	695,050	695,050	695,050	695,050	695,050
Output	S205	Number of male participants without SVQ Level 3 skills		M	2	T	0	500	500	500	325	325	325	325	0	2,800
Output	S205	Number of male participants without SVQ Level 3 skills		M	2	A	0	0	1,005	1,656	0	0	0	0	0	2,661
Output	S205	Number of female participants without SVQ Level 3 skills		W	2	B	749,050	749,050	749,050	749,050	749,050	749,050	749,050	749,050	749,050	749,050
Output	S205	Number of female participants without SVQ Level 3 skills		W	2	T	0	500	500	500	325	325	325	325	0	2,800
Output	S205	Number of female participants without SVQ Level 3 skills		W	2	A	0	0	848	1,205	0	0	0	0	0	2,053
Output	S210	Number of men in projects addressing better gender balance		M	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S210	Number of men in projects addressing better gender balance		M	2	T	0	157	157	157	103	102	102	102	0	880
Output	S210	Number of men in projects addressing better gender balance		M	2	A	0	0	209	276	0	0	0	0	0	485
Output	S210	Number of women in projects addressing better gender balance		W	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S210	Number of women in projects addressing better gender balance		W	2	T	0	471	471	471	307	307	307	306	0	2,640
Output	S210	Number of women in projects addressing better gender balance		W	2	A	0	0	809	697	0	0	0	0	0	1,506

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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	S212	Number of participants in projects addressing entrepreneurial managerial skills			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S212	Number of participants in projects addressing entrepreneurial managerial skills			2	T	0	628	628	628	409	409	409	409	0	3,520
Output	S212	Number of participants in projects addressing entrepreneurial managerial skills			2	A	0	0	2,228	1,668	0	0	0	0	0	3,896
Output	S215	Number of participants from social enterprises			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S215	Number of participants from social enterprises			2	T	0	628	628	628	409	409	409	409	0	3,520
Output	S215	Number of participants from social enterprises			2	A	0	0	373	390	0	0	0	0	0	763
Result	S202	Number of participants gaining partial or full qualification			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S202	Number of participants gaining partial or full qualification			2	T	0	2,857	2,857	2,857	1,858	1,857	1,857	1,857	0	16,000
Result	S202	Number of participants gaining partial or full qualification			2	A	0	0	808	5,942	0	0	0	0	0	6,750
Result	S206	Number of male participants gaining basic skills		M	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S206	Number of male participants gaining basic skills		M	2	T	0	528	528	528	344	344	344	344	0	2,960
Result	S206	Number of male participants gaining basic skills		M	2	A	0	0	249	209	0	0	0	0	0	458

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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	S206	Number of female participants gaining basic skills		W	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S206	Number of female participants gaining basic skills		W	2	T	0	528	528	528	344	344	344	344	0	2,960
Result	S206	Number of female participants gaining basic skills		W	2	A	0	0	163	506	0	0	0	0	0	669
Result	S207	Number of male participants gaining SVQ Level 2 skills		M	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S207	Number of male participants gaining SVQ Level 2 skills		M	2	T	0	357	357	357	233	232	232	232	0	2,000
Result	S207	Number of male participants gaining SVQ Level 2 skills		M	2	A	0	0	34	1,637	0	0	0	0	0	1,671
Result	S207	Number of female participants gaining SVQ Level 2 skills		W	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S207	Number of female participants gaining SVQ Level 2 skills		W	2	T	0	357	357	357	233	232	232	232	0	2,000
Result	S207	Number of female participants gaining SVQ Level 2 skills		W	2	A	0	0	37	1,816	0	0	0	0	0	1,853
Result	S208	Number of male participants gaining SVQ Level 3 or above skills		M	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S208	Number of male participants gaining SVQ Level 3 or above skills		M	2	T	0	100	100	100	65	65	65	65	0	560
Result	S208	Number of male participants gaining SVQ Level 3 or above skills		M	2	A	0	0	273	656	0	0	0	0	0	929

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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	S208	Number of female participants gaining SVQ Level 3 or above skills		W	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S208	Number of female participants gaining SVQ Level 3 or above skills		W	2	T	0	100	100	100	65	65	65	65	0	560
Result	S208	Number of female participants gaining SVQ Level 3 or above skills		W	2	A	0	0	81	920	0	0	0	0	0	1,001
Result	S211	Number of men going into gender-imbalanced sectors		M	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S211	Number of men going into gender-imbalanced sectors		M	2	T	0	94	94	94	62	62	61	61	0	528
Result	S211	Number of men going into gender-imbalanced sectors		M	2	A	0	0	127	64	0	0	0	0	0	191
Result	S211	Number of women going into gender-imbalanced sectors		W	2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S211	Number of women going into gender-imbalanced sectors		W	2	T	0	282	283	283	184	184	184	184	0	1,584
Result	S211	Number of women going into gender-imbalanced sectors		W	2	A	0	0	643	692	0	0	0	0	0	1,335
Result	S213	Number of entrepreneurs and new managers gaining a partial or full qualification			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S213	Number of entrepreneurs and new managers gaining a partial or full qualification			2	T	0	442	443	443	288	288	288	288	0	2,480
Result	S213	Number of entrepreneurs and new managers gaining a partial or full qualification			2	A	0	0	317	493	0	0	0	0	0	810

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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	S217	Number of social enterprises benefiting from improved skills training			2	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	S217	Number of social enterprises benefiting from improved skills training			2	T	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Impact	S217	Number of social enterprises benefiting from improved skills training			2	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S301	Number of participants who are trainers			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S301	Number of participants who are trainers			3	T	0	357	357	357	170	170	170	169	0	1,750
Output	S301	Number of participants who are trainers			3	A	0	0	1,352	644	0	0	0	0	0	1,996
Output	S302	Number of projects supporting the development of new courses/materials or innovative approaches to learning			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S302	Number of projects supporting the development of new courses/materials or innovative approaches to learning			3	T	0	8	8	8	5	5	4	4	0	42
Output	S302	Number of projects supporting the development of new courses/materials or innovative approaches to learning			3	A	0	0	155	302	0	0	0	0	0	457

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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	S303	Number of local learning centres/access points/workplace initiatives supported			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Output	S303	Number of local learning centres/access points/workplace initiatives supported			3	T	0	50	50	50	24	24	24	23	0	245
Output	S303	Number of local learning centres/access points/workplace initiatives supported			3	A	0	0	154	115	0	0	0	0	0	269
Result	S304	Number of trainers gaining a partial (ie. a unit within a full qualification) or full qualification			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S304	Number of trainers gaining a partial (ie. a unit within a full qualification) or full qualification			3	T	0	228	228	228	109	109	109	109	0	1,120
Result	S304	Number of trainers gaining a partial (ie. a unit within a full qualification) or full qualification			3	A	0	0	46	304	0	0	0	0	0	350
Result	S305	Number of new courses/materials developed			3	B	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Result	S305	Number of new courses/materials developed			3	T	0	114	114	114	52	52	52	52	0	550
Result	S305	Number of new courses/materials developed			3	A	0	0	97	358	0	0	0	0	0	455

Reference Number: CCI 2007UK052PO002

Operational Programme: LOWLANDS AND UPLANDS SCOTLAND ESF PROGRAMME 2007 – 2013

Mission Decision for the Operational Programme concerned:

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Combination of codes of dimensions 1 to 5					
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 (£)
62	01	01	03	UKM	567,368
62	01	01	16	UKM3	120,675
62	01	01	18	UKM	621,130
62	01	01	18	UKM2	229,295
62	01	01	18	UKM3	1,276,819
62	01	01	20	UKM	835,549
62	01	01	20	UKM3	685,817
62	01	01	22	UKM	1,576,513
62	01	01	22	UKM2	276,732
62	01	01	22	UKM3	1,392,765
62	01	05	18	UKM5	280,346
64	01	01	17	UKM2	4,008,412
64	01	01	18	UKM	14,380,491
64	01	01	18	UKM2	91,935
64	01	01	18	UKM3	84,115
64	01	01	20	UKM2	505,729
64	01	01	20	UKM3	6,066,253
64	01	01	21	UKM2	1,329,736
64	01	01	22	UKM	636,623
64	01	01	22	UKM3	4,227,213
64	01	05	20	UKM5	270,000
66	01	01	06	UKM	463,720
66	01	01	12	UKM2	95,570
66	01	01	12	UKM3	458,004
66	01	01	13	UKM2	376,075
66	01	01	13	UKM3	145,531
66	01	01	18	UKM	37,530,467
66	01	01	18	UKM2	104,885

66	01	01	18	UKM3	1,515,809
66	01	01	20	UKM	681,680
66	01	01	20	UKM3	2,970,811
66	01	01	21	UKM	107,655
66	01	01	21	UKM3	679,652
66	01	01	22	UKM	6,647,656
66	01	01	22	UKM2	507,676
66	01	01	22	UKM3	2,294,000
66	01	01	22	UKM5	304,510
67	01	01	20	UKM	239,170
68	01	01	22	UKM2	114,160
68	01	05	22	UKM2	85,581
69	01	01	18	UKM2	539,952
69	01	01	18	UKM3	1,581,773
69	01	01	22	UKM	430,223
69	01	01	22	UKM2	1,034,266
69	01	01	22	UKM3	263,177
70	01	01	18	UKM3	288,809
70	01	01	22	UKM3	226,507
71	01	01	06	UKM3	48,851
71	01	01	12	UKM3	885,970
71	01	01	13	UKM2	700,935
71	01	01	14	UKM2	394,436
71	01	01	16	UKM3	177,110
71	01	01	17	UKM2	425,245
71	01	01	18	UKM	9,691,368
71	01	01	18	UKM2	913,080
71	01	01	18	UKM3	4,030,591
71	01	01	20	UKM	4,290,569
71	01	01	20	UKM2	4,733,337
71	01	01	20	UKM3	11,362,776
71	01	01	21	UKM	282,210
71	01	01	21	UKM2	3,106,471

71	01	01	21	UKM3	952,963
71	01	01	22	UKM	10,556,893
71	01	01	22	UKM2	12,314,499
71	01	01	22	UKM3	52,003,205
71	01	01	22	UKM5	241,886
71	01	05	22	UKM	433,454
71	01	05	22	UKM2	188,271
72	01	01	18	UKM	2,719,933
72	01	01	18	UKM2	223,328
72	01	01	18	UKM3	1,102,411
72	01	01	21	UKM	423,760
72	01	01	21	UKM2	91,122
72	01	01	21	UKM3	1,145,740
72	01	01	22	UKM2	67,782
72	01	01	22	UKM3	480,170
72	01	01	22	UKM5	182,769
72	01	05	18	UKM2	316,897
72	01	05	22	UKM2	216,461
73	01	01	12	UKM3	891,807
73	01	01	18	UKM	2,160,904
73	01	01	18	UKM2	5,217,829
73	01	01	18	UKM3	3,554,069
73	01	01	20	UKM3	239,186
73	01	01	22	UKM	2,163,058
73	01	01	22	UKM2	326,687
85	04	00	00	UKM	2,869,283
86	04	00	00	UKM	151,015
					241,429,166

Example of Projects Funded in LUPS ESF Operational Programme

Operational Priority: Priority 1 - Progressing into Employment

Year Approved: 2008

Project Sponsor: Fairbridge in Scotland

Project Title: LUPS/ESF/2008/1/1/0136 – Bridging the Gap

Technical Information

Total cost: €3,691,166

EU contribution: €1,540,564

Contact: Sean Donnelly, 0131 475 2303,

e-mail address: sean.donnelly@fairbridge.org.uk

website: www.fairbridge.org.uk/scotland/

Context:

In the 'Skills for Scotland' report, 2007, the Scottish Government notes the need to provide support for 'hardest-to-reach individuals', recognising "greater support is needed to help them in their initial engagement in learning and in the community and economy, through developing skills in literacy, numeracy, problem solving and communication". The LUPS ESF Operational Programme recognises the need to focus support on those living in the 15% most deprived areas as they are more likely to face multiple barriers to employment. The level of demand is further highlighted by Community Planning Partnerships in our target areas, e.g. Glasgow's ROA states 23% of its working age population have no formal qualifications and that almost 1 in 4 residents claim a working age benefit and Dundee's Partnership Community Plan also notes only 65% of pupils in S4 gain 5+ standard grades at general level compared to 76% for Scotland as a whole.

Fairbridge works with young people, 13-25, that other organisations find difficult to engage, giving them the self-confidence and skills they need to change their lives. Fairbridge encourages young people by offering them a unique combination of personal support and opportunity in the form of a wide range of challenging and structured courses and projects. Fairbridge centres are based in 15 of the most disadvantaged areas of the UK. For many young people it is their first step back into education, training or work.

Project Description:

This project is a three-year strategic partnership between three Fairbridge in Scotland teams based in Glasgow, Dundee and Edinburgh. Its main objective is to deliver personalised support to over 1,800 of Scotland's most challenged and vulnerable young people to help them overcome barriers to achieving their potential. Each team will use Outreach and Development Workers to work with over 200 referral partners (including schools, police, hostels, etc) to target young people from some of Scotland's most deprived areas who are facing multiple challenges including:

- 13-16 year olds who are low attainers and/or truants at risk of becoming NEET;
- some of the most challenged NEET 16-19 year olds; and
- long-term unemployed 20-25 year olds facing multiple barriers to jobs.

Support will be provided through a long-term personal development programme including individual needs analysis and action planning to ensure customised support; exciting, challenging and residential activities and short courses to encourage the target group to participate and provide a medium for development. The project also provides work skills development and preparation for work and further training. Participants are recruited on a rolling basis (some of whom will be continuers in recognition of their long-term needs) to maximize the effectiveness of the support provided. The project uses exciting activities, such as drama, animation, caving and DJ-ing as tools to facilitate the development of skills and abilities in line with individual needs. On average each participant will receive 82 hours training and support over 6 months although actual support required depends on each individual.

The Outreach and Development Workers also support participants to access jobs and continue to deliver aftercare once they have left our project. Regular evaluation activities are carried out to measure the effectiveness of this project, co-ordinated by our Statutory Partnership Development Manager, with the results used to inform future development and secure additional funding. The project sponsor also set up Fairbridge Training (FT) to deliver training to improve the ability of other organisations to engage with and support vulnerable young people and FT is used to share best practice identified by Bridging the Gap.

Operational Priority: Priority 2 - Progressing through Employment

Year Approved: 2009

Project Sponsor: Ayr College

Project Title: LUPS/ESF/2008/2/2/0269 – Upskilling the Ayrshire Workforce 2009

Technical Information

Total cost: €364,406

EU contribution: €156,694

Contact: Stuart Cree, 01292 293552,

e-mail address: s.cree@ayrcoll.ac.uk

Context:

Of the 10,000 workplaces in Ayrshire 96% have less than 50 employees according to Scottish Enterprise Ayrshire 2008, furthermore, over 82% of all workplaces in Ayrshire have less than 10 employees and are classed as micro SMEs. The poor performance of SMEs in Ayrshire and lack of workforce learning suggests that the targeted training provision for lower skilled/paid workers who risk becoming unemployed or permanently excluded from better paid jobs because they lack relevant skills or qualifications is required locally. The Scottish Centre for Research in Education (SCRE) reported that Scotland has a higher proportion of unskilled workers than the UK as a whole and a survey by South Ayrshire Community Education Service found that almost 16,000 (approximately 27%) of South Ayrshire's working age population of 68,615 have low literacy / numeracy skills and a larger proportion 29% had deficient IT Skills.

This project is a continuation of a successful multi-agency public / private sector regional partnership which has been designed to promote a coordinated strategic approach to the delivery of training services in Ayrshire. It provided an integrated programme of guidance, support and skills training to Ayrshire companies from July until June 2010. The partnership was developed in a previous ESF funded Upskilling Project and includes the key economic development agencies in the region working together to provide a strategic programme of integrated support to the Ayrshire business community.

Project Description:

The primary objective of the Upskilling the Ayrshire Workforce 2009 project is to raise the skills levels in the region's workplaces and enhance employability, productivity and entrepreneurial expertise in the workforce. The project addresses the sustainable employment agenda by targeting lower skilled / paid workers who risk becoming unemployed or permanently excluded from better paid jobs because they lack relevant skills or qualifications. It also raises entrepreneurial and managerial skills levels by providing a tailored programme of higher level management training to equip key members of the workforce with the skills required to increase the success rates of new enterprises, enhance productivity and encourage economic growth. The project provides all participants with an integrated package of support including; advice, guidance, skills needs analysis, core and vocational skills training and one-to-one mentoring. Based on previous experience of working with this target it is anticipated that 90% of the lower skilled / paid workers will achieve a full / part qualification up to SCQF Level 6 and 95% of the Managerial Skills group will achieve a full / part qualification at SCQF Level 7 and above.

Key Project Outcomes and Results include:

- 300 participants engaging in ESF Training / receiving ESF support
- 100 participants addressing entrepreneurial/managerial skills
- 27 gaining full/part qualification
- 95 entrepreneurs/new managers gaining full / part qualification
- 180 lower skilled/paid workers gaining a full / part qualification
- 300 participants engaging in projects addressing entrepreneurial managerial skills

Operational Priority: Priority 3 - Improving Access to Lifelong Learning

Year Approved: 2009

Project Sponsor: Adam Smith College

Project Title: LUPS/ESF/2008/2/3/0461 – CREATE-2

Technical Information

Total cost: €2,329,594

EU contribution: €1,048,317

Contact: Anna Milligan, 01592 223827,

e-mail address: AnnaMilligan@adamsmith.ac.uk

Context:

The JISC ETNA Report (Scottish Funding Council. 2007) identified that 66% of teaching staff indicated that designing and developing new on-line materials would be beneficial in supporting them in the provision of a more innovative and flexible curriculum which will enable colleges to meet the demands of learners with complex and demanding work, home and study schedules who require flexibility and autonomy in their learning. The aims of this innovative project therefore also complement the Scottish Funding Council's Strategic Growth Action Plan 2006/9 to target all levels of study and in particular non-advanced participation in FE across Scotland

Project Description:

The key objective of "CREATE 2" is to build on and add value to interventions funded by the "CREATE (Creating Equal Access to Education" LUPS ESF project, i.e. preparing Scotland to take full advantage of emerging opportunities afforded by new technologies.

The project introduces new, innovative technologies to training provision and widening access to learning among the groups of 'non-traditional' learners. i.e.

- "Digital natives" whose skills and capacity to learn outstrip educational resources and training available to match their learning aspirations.
- "Digital immigrants" whose skills serve as a constraint to their learning.
- Those with limited access to digital technologies and are part of the More Choices More Chances (MCMC) group.
- Those engaged in teaching who require upskilling in new technological approaches.

The CREATE2 project focuses on:

- further development of interactive TV and mobile platforms for learning;
- development of new accredited content appropriate to multi-platform learning styles;
- engaging staff in CPD, enhancing developments with the highest standards of vocational training; and,
- piloting and mainstreaming the new approaches across both the partnership and programme area.