



Lowlands and Uplands Scotland ERDF and ESF Programmes 2007 - 2013 Programme Monitoring Committee

REPORT ON THE INITIAL OUTCOMES AND RECOMMENDATIONS OF THE ERDF PRIORITY 4 RURAL DEVELOPMENT SCOPING WORKSHOP AND PROPOSALS TO STIMULATE ELIGIBLE ACTIVITY IN RURAL AREAS UNDER ERDF PRIORITY 4 AND ESF PRIORITY 2

1. Purpose

- 1.1 To advise the Committee on the deliberations and recommendations arising from the ERDF Priority 4 Rural Development Scoping Workshop held in Stirling on 14 December 2009, and to propose how to stimulate activity under Priority 4 ERDF and Priority 2 ESF.

2. Background

- 2.1 Committee members will recall that at their meeting on 28 October 2009 in the discussion following the presentation on progress on financial and physical progress in implementing the Programmes, members expressed concern at the continuing low level of activity within rural areas. It was agreed that the Scottish Government and the IAB would arrange a workshop for the targeted local authorities and other key partners to discuss potential areas for development in bringing forward eligible project activities under ERDF Priority 4.
- 2.2 This exercise would be assisted by the agreement to introduce a limited number of additional eligible activities including *“support for increasing the sustainable use of natural, historical and cultural assets in support of business and commercial development, or in support of socio-economic development, within the framework of agreed local development strategies”*.
- 2.3 The workshop was convened over a full day on 14 December 2009 in Stirling and was attended by 24 delegates from the 10 original target local authorities and the two new additional authorities of Fife and South Lanarkshire. The event, which was supported by an independent facilitator, was also attended by representatives of four Further Education Colleges having a strong interest in rural development and providing services to land based industries, as well as representatives from the national agencies of Scottish Enterprise and Visit Scotland.
- 2.4 The broad aims of the workshop were to explore and scope in outline new and innovative projects that meet the revised eligibility criteria and Lisbon priorities, in particular support for local SMEs. It was explained to participants that the central task was to re-focus rural development and rural diversification programmes and actions in order that they more directly impact upon and benefit rural businesses (SMEs). In the plenary session it was agreed that we should aim to develop projects which were more strategic in nature and involving consortium and/or partnership arrangements between local authorities and other key stakeholders such as the colleges.

3. Outcomes

- 3.1** The morning plenary session set out to discuss and explore all the key issues and possible areas which might generate eligible and realistic opportunities for funding under ERDF Priority 4. From this exercise it was agreed to narrow the scope and identify three substantive issues which would then form the focus for discussion and development in separate break-out groups.
- 3.2** The three substantive issues which were identified were;
- 3.2.1 Rural Town Centres as New Drivers for SMEs and Regeneration
 - 3.2.2 Growth Sector Priorities and Supply Chain Linkages in Rural Areas
 - 3.2.3 Innovation in Rural Knowledge Exchange and Transfer
- 3.3** These break-out groups, in the limited time available produced a number of initial findings which merit further consideration and development. For example, it was recognised that the growth sector mix would differ between areas, while there was a need to re-define “high growth” SMEs to better reflect the importance of long term business sustainability. Also, the cost and complexity of effective knowledge exchange and transfer posed a particular challenge for rural areas due to the spatial distribution of SMEs. There was a clear consensus that the risk of losing the remaining allocation of ERDF Priority 4 funding was a very real risk with the potential for Scotland’s rural areas losing out competitively to urban centres. All agreed to the need to reconvene the three break-out groups to take forward the initial findings with a view to developing innovative and strategic projects, which in particular better targeted and supported rural businesses, and involved the participation and collaboration of all the key economic actors. The attached summary note (Appendix A) provides more detail on the discussions and outcomes of the plenary discussion and break-out groups.
- 3.4** In view of the continuing high demand for funding under ERDF Priorities 1 and 2 and the prospect for virement from ERDF Priority 4, delegates were mindful of the need to make quick progress with the intention of bringing forward proposals for consideration by the PMC at its meeting in October 2010. This would necessitate projects being considered under the exceptional projects procedure. It is considered that this would be justified where these projects were deemed to be strategic with the criterion on time critical being already met.

4. Stimulating ESF Activity in Rural Areas

- 4.1** For ESF Priority 2, Progressing through Employment the best method of stimulating interest would be to work with the relevant colleges to discuss a possible consortium bid of the rural colleges aimed at providing workforce development activities that ensure employees continue to train and enhance their skills through the recession and the upturn.
- 4.2** This could be done on a regional basis with the key economic development agencies in the region – including the Council and Chamber of Commerce, providing a strategic programme of integrated support for the region’s business community, with the College taking the lead role.
- 4.3** It might also be possible to continue to work with some individual Colleges which have expressed interest in coming forward with ideas linked into local initiatives which could be funded under ESF 2 Priority.

5. Recommendations

5.1 The Committee is invited to:

- 5.1.1 note the initial findings and outcomes of the rural development scoping workshop
- 5.1.2 agree that these initial discussions should be progressed by the IAB with the aim of generating strategic and innovative projects for funding under ERDF Priority 4;
- 5.1.3 agree to the IAB pursuing discussions with rural colleges which might wish to collaborate on proposals under ESF Priority 2; and
- 5.1.4 agree that these strategic projects be appraised under the exceptional projects procedure and considered by the PMC at its meeting in October 2010.

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