



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

### Programmes Summary Report from the Scottish Government

#### 1. Purpose

- 1.1 To provide the Committee with a summary of progress with the 2007-13 Programmes and key changes from previous Programmes.

#### 2. Background

- 2.1 Jim Mather MSP, Minister for Enterprise, Energy and Tourism formally launched the new Lowlands and Uplands Scotland Programmes at an event in the Royal Concert Hall, Glasgow on 1 October 2007. Other speakers included Jose Palma Andres, Director of European Commission Directorate for Regional Policy, Santiago Loranca-Garcia, Head of Unit, DG Employment and Professor John Bachtler, Director of the European Policies Research Centre, University of Strathclyde.
- 2.2 The Lowlands and Uplands Scotland European Regional Development Fund (ERDF) 2007-2013 Programme was approved by the European Commission on 27 September 2007. Formal approval of the Lowlands and Uplands Scotland European Social Fund (ESF) 2007-2013 Programme is anticipated shortly.
- 2.3 There are a number of important changes to Structural Funds Programmes in Scotland for the 2007-13 period. Changes have been driven by the sharp reduction in funding coming to Scotland, as a result of enlargement of the EU. There is a strong possibility that this will be the last significant Structural Funds support for Scotland, which means that there is greater emphasis on assisting strategic projects which leave a legacy.
- 2.4 Lowlands and Uplands Scotland is eligible for funding under the Regional Competitiveness and Employment Objective which replaces previous Objectives 2 and 3 and supports projects to increase competitiveness, employment and skills. There are two Structural Funds Programmes for Lowlands and Uplands Scotland:
- European Regional Development Fund (ERDF); and
  - European Social Fund (ESF).
- 2.5 Copies of the approved Lowlands and Uplands Scotland 2007-2013 ERDF Programme and the draft Lowlands and Uplands Scotland 2007-2013 ESF Programme are attached to this report.

### **3. Changes**

#### **3.1 Changes from previous Programmes include:-**

##### **(i) Tighter restrictions on eligible activities**

Programmes will now have to meet expenditure targets set by the EU to ensure that supported activities contribute to achieving the EU's Lisbon Strategy goals for employment and economic growth. For Lowlands and Uplands Scotland, the minimum Programme spend on Lisbon Strategy goals is 75%, and the European Commission has 'earmarked' types of activities that directly support Lisbon goals and should be the focus of Structural Funds support (these are detailed in the Operational Programme). A key change is that there are now substantial constraints on how much capital infrastructure can be supported by the Programmes.

##### **(ii) Stronger focus on particular issues such as research and innovation support**

Research and innovation support has been prioritised in EU Cohesion Policy for 2007-13 and has been given a separate priority in the Lowlands & Uplands Scotland ERDF Programme. It will also focus on support of the managerial and entrepreneurial skills required to support R&D in enterprises and establish new businesses.

##### **(iii) Greater emphasis on assisting strategic, legacy projects**

Given that this will probably be the last significant Structural Funds support for Scotland, increased weight will be given to projects which fit with Scottish, UK and EU strategies and policies, and which are sustainable beyond Structural Funds support.

### **4. Programme Priorities**

#### **4.1 Lowlands & Uplands Scotland ERDF Programme**

##### **4.2 Priority 1**

**(Research and innovation) €92m (about £63.5 million)**

- Support for individual enterprises
- Support for research collaboration

##### **4.3 Priority 2**

**(Enterprise Growth) €122m (about £84 million)**

- Access to finance
- Entrepreneurship support
- Business processes

##### **4.4 Priority 3**

**(Urban Regeneration) €101.5m (about £70 million)**

- Linking urban areas of need with areas of opportunity
- Improving the potential capacity of urban areas to develop

##### **4.5 Priority 4**

**(Rural Development) €51m (about £35 million)**

- Rural diversification
- Key shared services

#### 4.6 Lowlands & Uplands Scotland ESF Programme

#### 4.7 Priority 1 (Progressing into Employment) €121m (about £83 million)

Target Groups:

- Hardest to reach groups
- Those experiencing multiple deprivation
- NEET group
- Employers recruiting from these groups

#### 4.8 Priority 2

#### (Progressing through Employment) €100m (about £69 million)

- Reinforcing sustainable employment
- Addressing under-representation in the workforce (gender equality)
- Improving entrepreneurial and managerial skills
- Increasing social enterprise skills

#### 4.9 Priority 3

#### (Improving Access to Lifelong Learning) €42 m (about £29 million)

- Projects that develop and mainstream innovative approaches to learning, particularly for target groups for Priority 1
- Development of new training materials or course content
- Projects that develop distance learning and make innovative use of ICT in training

### 5. Eligible Areas

5.1 Some of the Priorities in the 2007-13 Programme have geographical restrictions.

5.2 For ESF Priority 1 and ERDF Priority 3, eligibility will be set at local authority level and for the first round of the Programmes. The following local authorities have been designated as eligible for funding under these Priorities :-

Clackmannanshire  
East Ayrshire  
Fife  
Inverclyde  
North Lanarkshire  
South Lanarkshire  
West Lothian

Dundee City  
Edinburgh City  
Glasgow City  
North Ayrshire  
Renfrewshire  
West Dunbartonshire

5.3 Project applications will be expected to show that activity will benefit the areas where urban deprivation and NEET exclusion is particularly severe. Eligibility will apply for the duration of the project award. The list of eligible areas will be reviewed annually by the Scottish Government, updated using the most recent set of statistics, and published on the ESEP website.

5.4 For ERDF Priority 4, areas will be defined at local authority level, and for the first round of the Programmes the following local authorities have been designated as eligible for funding under this Priority:-

Aberdeenshire  
Argyll & Bute (in LUPS area)  
East Ayrshire  
Moray (in LUPS area)  
Scottish Borders

Angus  
Dumfries & Galloway  
East Lothian  
Perth & Kinross  
Stirling

**5.5** Project applications will be expected to show that activity will benefit 'remote rural' and 'accessible rural' areas. Eligibility will apply for the duration of the project award. The list of eligible areas will be reviewed annually by the Scottish Government, updated using the most recent set of statistics, and published on the ESEP website.

## **6. Project Size**

**6.1** For the Lowlands and Uplands Scotland Programmes, eligible projects must have a minimum annual average of total eligible project costs of £200,000 or over. If applicants are concerned that their project size falls below this threshold, they should contact ESEP for advice, who may be able to put them in touch regarding other complementary projects.

## **7. Intermediate Administration Bodies**

**7.1** The Lowlands and Uplands Scotland Programmes will be administered by ESEP Ltd as an Intermediate Administration Body (IAB) under contract to the Scottish Government. The IAB for the Highlands and Islands Programmes is Highlands & Islands Structural Funds Partnership Ltd.

**7.2** The IABs will undertake many of the current PME tasks. Key differences for the 2007-13 Programmes are:-

- the IABs have been selected through tender and are subject to a three-year contract, to be reviewed at the end of 2009; and
- the IABs will be funded directly by the Scottish Government under contract, rather than through voluntary partner contributions, as the PMEs have been.

**7.3** The PMEs will continue to fulfil their role for the 2000-6 Programmes, particularly regarding closure, and all queries on the 2000-6 Programmes should be directed to the relevant PMEs, including ESEP.

## **8. Applications**

**8.1** All Priorities in the ESF and ERDF Programmes are open to competitive bidding from eligible organisations, with the following exceptions:

### **8.2 ERDF Priority 1 – Strategic Delivery Body**

For part of the funding in this Priority, the Managing Authority will commission Scottish Enterprise as a Strategic Delivery Body to use Structural Funds to support activity that is clearly additional to their existing activities and fully eligible with the scope of the Programme.

### **8.3 ESF Priority 1/ERDF Priority 3 – Community Planning Partnerships**

Under ESF Priority 1 and ERDF Priority 3, Community Planning Partnerships are being invited to submit large integrated bids to support two year projects that would be jointly funded by the two priorities.

**8.4** Eligible CPPs will be expected to apply for both ERDF and ESF funding as their applications will be assessed on how well they can integrate funding from both Priorities (separate applications will be required). Funding will also be available for individual projects applying to these two Priorities. There are no set limits to the funding available for CPPs and for individual projects under these two Priorities. These will be decided on the basis of the quality of CPP and individual project applications by the Programme Monitoring Committee after the appraisal of all applications. Organisations taking part in CPP applications can also submit separate applications for individual project funding, however the same activity can only appear in one application. CPPs can also apply to other Priorities in the Programmes.

**8.5** Eligible CPPs must be based in local authority areas that are eligible for Priority 3 ERDF and Priority 1 ESF funding. These are:

Clackmannanshire	Dundee City
East Ayrshire	Edinburgh City
Fife	Glasgow City
Inverclyde	North Ayrshire
North Lanarkshire	Renfrewshire
South Lanarkshire	West Dunbartonshire
West Lothian	

**8.6** Successful CPPs will have to produce a complementary statement aligned to their Community Plan objectives and Regeneration Outcome Agreements (ROAs).

**8.7 ERDF Priority 4 – South of Scotland**

The Managing Authority will commission one of the local authorities in the South of Scotland (Dumfries and Galloway Council) to operate a global grant under Priority 4 of the ERDF Programme (Rural Development) for three years initially. Only projects in the South of Scotland meeting the criteria for Priority 4 will be able to bid into this global grant pot. South of Scotland projects will consequently not have access to the competitive funding available under the rest of Priority 4.

**8.8** Eligible areas under Priority 4 are:

Aberdeenshire	Angus
Argyll & Bute (in LUPS area)	Dumfries & Galloway
East Ayrshire	East Lothian
Moray (in LUPS area)	Perth & Kinross
Scottish Borders	Stirling

**9. Recommendation**

**9.1** The Committee is invited to note the contents of the report.