



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

Technical Assistance Report from the Scottish Government

1. Purpose

- 1.1 To report to the Committee on the availability of Technical Assistance (TA), to support effective programme implementation.

2. Background

- 2.1 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.

- 2.2 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.

- 2.3 Technical Assistance actions will be undertaken within the framework of each operational programme, however support is not available to co-finance existing public sector employees or to subsidise revenue costs of existing public sector agencies.

- 2.4 Technical Assistance is available to support actions on the basis of up to 50% of eligible expenditure.

- 2.5 Technical Assistance is a valuable tool to ensure the effective implementation of programmes. Although not necessarily direct beneficiaries from TA, partners will benefit from the assistance through the availability of support from the IAB and from advances in key business processes such as on-line

applications and claims processes.

3. Allocation

3.1 TA is available under both operational programmes at a level of 3% of the total allocation on the following basis:

FUND	ALLOCATION (£)*	ALLOCATION (€)
ERDF	6.310m	9.023m
ESF	4.530m	6.478m
TOTAL	10.840m	15.501m

*based on European Commission monthly exchange rate for October 2007: 0.699300

These figures are all within Commission guidelines and represent the total TA available over the lifetime of the Programmes.

3.2 Unlike in previous programmes the sole applicant for TA will be the Scottish Government which will determine how TA is used and will provide the co-finance necessary to meet the total expenditure.

3.3 The Scottish Government is already committed to utilising TA to support:

- (i) the contract with the IAB's, operational from 3rd January 2007;
- (ii) the development and installation of a new computerised information and management system;
- (iii) the evaluation strategy; and
- (iv) the communications plan.

4. Retrospection

4.1 In order to support the foregoing it is proposed that TA shall be available retrospectively, from 3rd January 2007.

5. Budget

5.1 It is proposed that in the first instance a total of £7.046m of TA will be granted to the Scottish Government, effective from 3rd January 2007 to 31st December 2010. This is to be drawn on the basis of 65% of the total allocation of each operational programme - £4.102m from ERDF and £2.945m from ESF. This reflects front loading of activity.

5.2 Applications will be brought forward in due course and a report on expenditure will be presented to the Committee at its meeting in the Autumn of 2009 and any TA not committed will be carried over into the next period. TA will be available until 2015/2016 to facilitate programme closure.

6. Recommendation

6.1 Members are invited to:

6.1.1 approve an award of TA totalling £7.046m to the Scottish Government; and

6.1.2 approve retrospection to 3rd January 2007.



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Technical Assistance New European Structural Funds IT System Report from the Scottish Government

1. Purpose

- 1.1** To update the Committee on the use of a tendering process and contract to deliver a replacement IT system to run the 2007-13 Programmes of European Structural Funds in Scotland.

2. Background

- 2.1** Following an external business process review of European Structural Funds by logicaCMG (March 2007) and a further specific review by Scottish Government IT colleagues, a recommendation was made to replace - rather than upgrade - our existing on-line claims and applications IT system.
- 2.2** The analysis confirmed that the existing system is probably only sustainable for a limited period and any upgrade could cause its own problems, due to the system already having an overly complex IT infrastructure. In addition it was also confirmed that the business risks and costs of a replacement system would be unlikely to exceed those of upgrading the existing system, but a new system could deliver substantial improvements to stakeholders through more user friendly web-based technologies.

3. Costs, tender process and timetable

- 3.1** Costs were identified and a budget secured within the Scottish Government to cover 55% of the expected value. The remainder of costs (45%) are to be provided from Technical Assistance, which is available from the 4 Structural Funds Programmes across Scotland, to fund such activity. TA costs will be tailored proportionally in line with the 4 relevant Programme values.
- 3.2** A full tender process was undertaken over Summer 2007, with the aid of the Scottish Procurement Directorate. After a very competitive process, and substantial negotiations on both reducing costs and delivery times, Real Time Ltd was appointed on 29 August. Real Time, who deliver support to the existing system, agreed to deliver both the development and 3 year support of a new system, on a fixed based cost of £498,000 (exc. VAT).
- 3.3** The agreed project milestones are set out below at Table 1. A key target date for stakeholders is the end of Stage 4 (11 March 2008), by which time it is a project aim to have put the new system into a live environment. This would enable projects to be able to submit their first quarterly claims/progress reports to the IABs and the Scottish Government. This will rely on the project robustly managing a number of risks successfully. At present the project is running to timetable.

4. Table 1 – IT project milestones

Stage	Start date	Working days	Completion date
Contract duration	10 Sep '07	170 days	23 Apr '08
1. Registration, First Stage and Second Stage Applications	18 Sep '07	42 days	14 Nov '07
2. Auditing, Security and Maintenance	7 Nov '07	29 days	13 Dec '07
3. Claims Entry and Processing	10 Dec '07	42 days	5 Feb '08
4. Payments and SEAS integration	23 Jan '08	35 days	11 Mar '08
5. Declaration, Audit & Closure	3 Mar '08	37 days	23 Apr '08

5. Recommendation

5.1 The Committee is invited;

5.1.1 to approve project costs from the ERDF and ESF TA budgets, adjusted proportionally per Programme value, of £179,280 (ERDF - £103,982 and ESF £75,298) for Lowlands and Uplands Scotland Programmes. The Highlands and Islands PMC will be approached to approve a share of £44,820 (ERDF £31,374 and ESF £13,446). The Scottish Government have budgeted for the remaining £273,900.