

# East of Scotland European Partnership

**EAST OF SCOTLAND OBJECTIVE 2  
PROGRAMME 2000 - 2006**

**PROGRAMME COMPLEMENT**



*assisting progress through partnership*

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## SECTION 1

- INTRODUCTION

## **1. INTRODUCTION**

### **1.1 The Programme and the Programme Complement**

The East of Scotland Objective 2 Programme for the period 2000 - 2006 makes available 250 million Euros from the European Structural Funds to help the East of Scotland continue to adapt to the fundamental economic and social changes which have characterised the area in recent years and will continue to have a profound impact in years to come. The Programme is detailed and explained in a Single Programming Document (SPD) which was approved by the European Commission on 22 March 2001 for the whole of the seven year period to the end of 2006.

The Programme Complement is a separate document which provides essential guidance for organisations wishing to apply for financial support from the Programme. Unlike the Programme, it may be amended by the Programme Monitoring Committee during the life of the Programme if circumstances require, and within the limits allowed by the Regulations.

### **1.2 Moving on from previous Programmes**

In January 2000, the former Eastern Scotland Objective 2 Partnership, the Rural Stirling and Upland Tayside Objective 5b Partnership, and the North West Grampian Objective 5b Partnership came together to form the East of Scotland Partnership for the Objective 2 Programme 2000 - 2006.

The new Partnership adopted the following long term economic development vision for the Region to guide all aspects of its work:

"A dynamic, innovative and competitive regional economy where people and businesses are well equipped to face the challenges of new and emerging European and international markets."

The Programme for 2000 - 2006 therefore builds on four Programmes funded by the European Regional Development Fund. These were:

Eastern Scotland Objective 2 Programme 1994 - 1996

Eastern Scotland Objective 2 Programme 1997 - 1999

Rural Stirling and Upland Tayside Objective 5b Programme 1994 - 1999

NW Grampian Objective 5b Programme 1994 - 1999

Since 1994 there have however been a number of changes in the regional economy and in the wider context of national and European policy. These changes, along with lessons which emerged from previous programmes, necessarily affected the new Programme and

account for many of the changes in its framework when compared with previous programmes.

The main points are summarised below to explain the origins of the Operational Priorities and Measures which represent the substance of the new Programme.

### **1.3 The Economic and Social Context**

The European Commission requires that the Programme be based on a socio-economic analysis which provides:

- a coherent hierarchy of the more critical disparities to be addressed in the region; and
- an identification of those factors driving towards social and economic cohesion and sustainable development.

From this analysis emerged a number of issues which were addressed when the Programme was formulated:

- **accommodating the diversity of the area;**

The East of Scotland has few unifying features and is made up of several sub-regions, with a number of very distinct local economies. This is partly reflected in the range of fully eligible/transition and non-eligible areas but great care is required to achieve a coherent meaningful strategy, without inappropriate prescription.

- **demographic change and the ageing of the workforce;**

The working age population of 2006 will be older than today's. Whilst it may be possible to meet employers labour requirements with a smaller number of young workers, care should be taken in delivering the Objective 2 Programme so that older workers detachment from the labour force is tackled in pursuit of economic and social cohesion as well as economic efficiency.

- **increasing the entrepreneurship rate in the East of Scotland;**

New businesses and ideas are the lifeblood of enterprise and offer opportunities, not only to create jobs but also to develop a more sustainable, locally controlled and higher order local economy. Greater entrepreneurship rates would reduce the East of Scotland's considerable reliance on overseas investors and the public sector as sources of employment and would assist the positive restructuring of traditional key industries;



A number of the key sectors identified in the East of Scotland face considerable difficulties, which endanger the basic economic health of parts of the East of Scotland. New ways of creating wealth and employment in agriculture, fishing, tourism and the energy industries are needed.

Emerging key sectors must be exploited to the fullest. Sectors such as biotechnology and information industries require attitudes and incentives to be adjusted so that the potential benefits are maximised for the East of Scotland area by local enterprise. This requires more and better relationships to be developed with the high quality research and education base in the area.

- **the employment creation performance of the area must be improved;**

It is important that more “high quality”, wealth creating opportunities are created, including addressing the decline in the traditional full time male job. At the same time there is a need to extend opportunity, whether by demand or supply measures to those most in need, especially the unskilled, and the older worker.

- **better economic intelligence;**

Information on subjects such as the property market and tourism is inadequate to allow well informed interventions to be made, despite the fact that these are sectors where it is argued that public support is most needed. More needs to be known about the true nature and dynamics of these topics to determine ways in which the Partnership can assist effectively.

- **transport efficiency and access;**

The East of Scotland’s road infrastructure is more a strength than a weakness but reliance on private transport is socially divisive, economically inefficient and environmentally damaging. A better balance needs to be struck between different modes of transport without compromising the effectiveness of any.

- **attention must be paid to the social and economic cohesion effects of economic development**

There is considerable evidence to suggest that the most needy have benefited least from economic growth. When considering the most appropriate options for stimulating economic growth, care should be paid to ensure that these focus, if not mostly then at least equally, on economically disadvantaged groups, especially women, older workers and residents in the targeted areas of concentrated disadvantage.

## **1.4 The Policy Context**

In preparing the new Programme, it was also necessary to take into account two inter-related sets of development challenges arising from the wider policy context within which the Programme operates. These are:

- The external strategic changes which may radically alter the institutional and policy landscape within which the East of Scotland Partnership will have to plan and manage economic, environmental and community initiatives.
- The internal operational and planning issues that will influence the effectiveness of the delivery of the SPD over the 2000-2006 period, and which required consistency and cohesion in the preparation of the SPD.

These trends include a number of uncertainties and a degree of flexibility and continuing assessment of the impacts of changes on the SPD will thus be an integral part of the delivery process.

### **1.4.1 Scotland Level Changes**

The emerging national policy priorities for Scotland and the accompanying public expenditure plans for the Scottish Executive which the Parliament has begun to debate and decide since its establishment in July 1999. Over the period to 2006 new policies and priorities may have an impact on some operational activities of the East of Scotland SPD, but the strong commitment to Europe shown by the European Affairs Committee will ensure continuing close liaison with the East of Scotland Partnership.

Changes may come about in the remits, powers and resources of some of the public agencies which are members of the East of Scotland European Partnership, such as Scottish Enterprise, local authorities or other bodies.

Above these specific political and institutional challenges there is the wider issue of the emerging new relationship between the Scottish and UK Parliaments which might impact on economic and social issues within the East of Scotland region. The Partnership and Programme Management Executive will keep such changes at the Scotland level under review, and respond to them where necessary with the advice and guidance of the Scottish Executive.

### **1.4.2 European Level Changes**

The Partnership is fully aware of the major structural shifts and innovations that are underway within the European Union, and it recognises that these challenges will have both direct and indirect impacts upon communities, enterprises, institutions and people throughout the East of Scotland region. The most visible of these changes are:

- the planned enlargement of the European Union
- the future role and importance of the Euro as an effective and preferred single currency
- the future role and structure of the rural economies, especially future decisions concerning support to the agricultural sectors and the future regulation of the fisheries sector.
- the continuing evolution of European Union policy and support frameworks for other key areas

### **1.4.3 International Level Changes**

The third set of external influences upon the East of Scotland Regional Conversion Strategy will be the changes and trends in global corporate, economic and political systems and structures. This complex group of changes are outwith the influence of the region, and over the short-term they are also capable of modest influence by the European Union as a whole. Amongst the most influential of these developments may be:

- the continuation of the recent rapid globalisation
- the increasing concern about the threats to the global environment,
- the potential for the major developed industrial nations of the world to maintain the recent long period of sustained economic growth

### **1.4.4 The Internal Planning Challenges**

In preparing the updated regional conversion strategy for the East of Scotland region the Plan Team, its advisors and the Partnership have sought to identify best practice and innovations in economic and social development to address continuing Programme challenges. These are:

- The balance between capital and revenue projects
- Levering essential co-financing from Partners and the Private Sector
- Identifying and accommodating large strategic projects
- Formulating effective innovative actions and pilot projects



These strategic planning challenges, which reflect the conclusions of both the earlier SPD evaluations and Partnership experience, have helped shape the operational and management approach of the Objective 2 Plan for the period to 2006. Each of these challenges is separately explained below, together with the Partnership's response and intentions.

#### **1.4.5 The Capital v Revenue Balance**

Previous Structural Fund Programmes have often focused resources on capital expenditure projects as these are seen as continuing to contribute to the economic growth of areas once specific Programmes have ended. Experience suggests that the durability of the economic development impacts of such capital spend declines over time in comparison to the effect of enhancing and embedding new skills, practices, relationships and attitudes within the population of the region. The Partnership wishes to secure economic development through Structural Fund support that will continue to have positive benefits well beyond 2006; and thus will evaluate both capital and revenue based project applications against the criteria of their enduring and durable contributions to the longer-term renaissance of the East of Scotland. Because of this, the SPD will seek to be innovative in supporting local development initiatives with a degree of perpetuity, especially in relation to community economic development.

#### **1.4.6 Co-Financing and Leverage**

The Partnership recognised that it can be difficult for some local communities and sector-based organisations to develop projects in the detail necessary to secure co-financing and/or to effectively lever funds from other public and private sector organisations serving the Programme Area. It is also important, especially in relatively small rural communities, to both recognise and support the inputs of time and other in-kind resources to creating and progressing economic and community development initiatives. The Partnership wishes to encourage and promote such local initiative and spirit as an inherently important component of regional economic regeneration; and have thus framed the Operational Measures in the Plan to encourage innovative approaches to co-financing projects.

#### **1.4.7 Major Strategic Projects**

The Objective 2 and 5b Programmes in the East of Scotland have provided Structural Fund support for large infrastructure, tourism and property projects in the region since 1994, and these have made a significant contribution to the general improvement in the Area's comparative economic performance. The Partnership, through the SPD, will continue to welcome applications for appropriate Structural Fund support for major strategic projects *provided* these are within the strategic locations and allied to the overlay of strategic sectors that have been identified by the Partnership; and provided such projects can clearly demonstrate and explain the region-wide and national benefits in their *ex-ante* feasibility studies. However, it is the intention of the Partnership, given the relatively limited level of Structural Fund resources available for the East of Scotland Programme Area over the 2000-2006 period, to guard against major strategic projects dominating the Programme's annual and Plan period expenditure. Consequently, such projects will only be considered where they have a major, enduring and catalytic national economic impact for Scotland.

#### **1.4.8 Innovative Actions and Pilot Projects**

The Partnership has sought to encourage creativity in both economic and community development projects and frameworks in the earlier Objective 2 and 5b Programmes for the East of Scotland, and this pursuit of innovation will be maintained throughout the 2000-2006 period. To encourage and enable this, the SPD's Operational Measures have been designed to promote new approaches; to identify (and where appropriate) transfer emerging best-practice from elsewhere; and to embed a spirit of exploration and innovation within people, enterprises and communities in the East of Scotland through adoption of inclusive and outward-looking projects.

### **1.5 New Strategic Aim and Objectives to 2006**

To take forward the Partnership's vision for the future of the Region, new aims and objectives for the Conversion Strategy, and hence for the new Programme, were needed to reflect changes in the economic, social and policy contexts.

The core strategic aim of the regional conversion strategy for the East of Scotland, both for the period to 2006 and for the longer term is;

“To promote sustainable economic development in the East of Scotland which is founded on the key principles of enterprise, learning and social justice”

This strategic aim for the region will be realised through the achievement of six inter-related strategic economic development objectives. These are to:

- Build a strong regional and community capability in order to leave a durable legacy beyond the end of the Plan period.
- Assist and encourage the development of a more competitive, dynamic and innovative business base.
- Embed an inclusive and collaborative approach to economic and community development throughout the region.
- Work towards an equality of opportunity for all of the people in the region.
- Improve the environmental performance of the enterprises, communities and organisations in the region.
- Meet the challenges of economic, environmental and social change through fostering entrepreneurship and lifelong learning.

These are challenging objectives for the East of Scotland and they are to be pursued through all the means at the disposal of the members of the Partnership. The Programme for 2000 - 2006 is one of the most important of these means, and the resources of the Programme have therefore been structured in such a way as to achieve maximum leverage and thus maximum progress towards achieving these objectives.

The resources of the Programme will therefore be deployed using a set of Priorities and Measures, backed by four strategic development drivers which cut across all of the Measures, as well as a strengthened system of spatial targeting. These are summarised below, and explained in more detail in the attached appendices.

## **1.6 The Strategic Development Drivers and Themes**

There are four inter-related strategic development themes within the East of Scotland SPD for the period to December 2006, namely;

- **Sustainable Development**, which encompasses the Partnership's activities for equal opportunities; economic and social inclusion; and for environmental enhancement.
- **Enterprise Development**, which addresses the Partnership's goals for business creation and growth; social entrepreneurship; and community enterprise.

- **Learning and Innovation** through which the Partnership seeks to radically enhance and establish life-long learning activities and attitudes throughout the region; to help improve the quality of the learning environment and the accessibility of the region's training infrastructure; and to encourage and support programme and project innovation.
- **Building Regional Capacity** in the East of Scotland through Partnership support for both hard infrastructure projects in terms of spatial Development Priorities and strategic sites; and soft infrastructure initiatives encompassing innovation in strategic development partnerships and financial engineering.

Each of these strategic development drivers is important to the East of Scotland's regional conversion strategy and SPD, and is thus further explained below.

#### **1.6.1 Sustainable Development**

The Partnership recognises that the conversion strategy for the East of Scotland will be part of a much longer economic development process to maintain and enhance both the national and international competitiveness of the region, and to progressively improve the quality of life for all its people, families and communities. The strategy's success and benefits will thus require that the development that it promotes is sustainable in terms of continuing without further Structural Fund support; durable in that the positive changes are embedded in the business and society of the East of Scotland Programme Area; and simultaneously improving environmental quality throughout the region. These are the challenges that the Plan Team have addressed in this SPD: the three sets of Operational Measures to promote strategic economic development, strategic locations and sectors and community economic development therefore have sustainability as an essential criterion for all potential projects.

Sustainable Development forms the basis of the East of Scotland Plan 2000-2006. This is consistent with European Union, UK Government and Scottish Executive policy and guidance; it also draws on previous work by the Partnership's Eastern Scotland Sustainable Development Project – Final Report October 1999, supported by the Commission and the Executive. Sustainable Development is defined in the Treaty of Amsterdam in the context of financial instruments, including Structural Funds, as follows:

"The Union's financial instruments are required to work, simultaneously and in the long term interest, towards economic growth, social cohesion and the protection of the environment; in other words sustainable development."

The requirement to embed sustainable development as the basis for the Programme is expressed in 3 ways. First, as an overall strategic development theme running throughout the Programme; second, as the basis for the project selection criteria and third, as required by the Commission, as an explicit horizontal theme.

- The projects funded by the Partnership must have directly addressed the implications and operational requirements for using the project to pursue the conversion strategy's social inclusion, equal opportunity and environmental improvement objectives.

Because sustainable development combines economic, social and environmental policy, the three horizontal themes - sustainable development, social inclusion, and equal opportunities - are closely inter-dependent. Again, this inter-dependence is reflected in the integrated approach adopted in the SPD.

Sustainability is also essential in underpinning the conversion strategy's long term durability in developing enterprise, learning and innovation and building regional capacity - the other strategic development themes.

- The projects accepted for Structural Fund support by the Partnership must have an inherent and explicit capability to embed the knowledge, skills, attitudes and processes of change that will be required to maintain the momentum beyond 2006. Projects will be carefully assessed against this requirement.
- The projects to be supported must explain how the activities, organisations and development impact will continue beyond the end of the Plan period in 2006; and identify the further resources that may be required.

The Partnership through the Programme Management Executive will continually seek to identify and learn from best practice in appropriate continued development, and transfer this knowledge to organisations in the Programme Area.

### **1.6.2 Enterprise Development**



The effectiveness of identifying, defining and delivering economic, community and environmental improvement in the East of Scotland will principally be determined by the creativity and entrepreneurial drive of individuals and groups of people in the private, public and voluntary sectors. This strategic development driver has become progressively important to the Programme Area over the past decade, and the Partnership wishes to further enhance the contribution to economic growth through encouraging the development of enterprise in all its forms. This will encompass both commercial and social entrepreneurship during the Programme period to 2006, and the main Partnership organisations will also seek to extend their own entrepreneurial activities and approaches in support of the SPD's Operational Measures. If the sustainability driver behind the conversion strategy is to be achieved, a more effective approach to supported enterprise must be introduced.

The Partnership has thus developed a series of Operational Measures to promote the growth and benefits of enterprise throughout the Programme Area encompassing SME creation; further improvements in access to risk capital; the more effective commercialisation of the regions R&D strengths; and a start to encouraging and supporting social entrepreneurship in disadvantaged urban and rural communities in the Eligible and Transition Areas. These Operational Measures are designed to raise the understanding, interest in, and participation in entrepreneurial activities in companies, organisations and communities. The Partnership recognises that this will require to be supported through further innovation in both financial engineering or risk capital support for enterprise creation and growth, and in terms of mentoring, training and advisory skills. This key strategic driver is an area where the Partnership can learn from experience and best practice elsewhere, and consideration will be given to collaboration with appropriate regions in other countries.

### **1.6.3 Learning and Innovation**

The third strategic driver behind the conversion strategy for the East of Scotland is that of learning and innovation, with the rationale being the acceptance that *learning* (as distinct from *training*) is a fundamental component of economic and social development. Embedding both a desire for learning, and the provision of means to meet the learning needs of individuals, groups and communities, will in the future knowledge-based global economy, determine the economic, social and environmental progress in the Programme Area. This strategic driver is one where the Partnership will seek innovation and

imagination in promoting and delivering learning; and the Programme Area's Further and Higher Education institutes will be encouraged to play a lead role in helping target groups to identify and achieve their learning needs, especially as an input to the adoption of life-long learning.

The Operational Measures evolved by the Plan Team to encourage learning initiatives and support learning facilities throughout the Programme Area, seek to address the personal and professional development needs of the SME business community and the designated excluded communities and groups within the Strategic Economic Development, and the Community Economic Development Priorities. The emphasis of the learning driver will be especially focused upon the conversion strategy's social inclusion and equal opportunity objectives for urban and rural communities requiring to promote change through acquiring social entrepreneurship and management knowledge and skills. Also, the Partnership will give especial priority to projects and initiatives in learning with a clear sustainability focus, and that embed a learning capability beyond 2006.

#### **1.6.4 Building Regional Capacity**

The final strategic driver within the conversion strategy for the East of Scotland is that of building the capacity of the region's organisations and communities to identify, plan and promote effective economic, social and environmental development activities during and beyond the end of the Programme period. The Partnership recognises that this will normally require an initial period of encouragement and mentoring to enable effective groups to form, and to undertake the internal consultations required to establish achievable, practical and enduring initiatives. In addition, there is a need to strengthen the local potential for small-scale funding provision managed by the community; and thus the Partnership believes that the Structural Funds can usefully encourage this through a contribution to appropriate Community Chest and Common Good trust funds. This latter Programme innovation is especially important in relation to the longer- term regenerative capacity of local communities beyond 2006.

The Operational Measures within the SPD have made provision for building capacity wherever this is identified as a pre-requisite for the effective delivery of economic and community development projects through Structural Fund support. Thus, local communities can be helped to come together and begin planning through the Community Engagement and Capacity

Building Measure; and commercialisation of university and research institute R&D can be similarly supported. The Partnership will give special attention to the specialist advisor and mentoring skills required by this strategic driver, and will explore means of encouraging specialist continuous professional development in this new area of economic development.

## **1.7 New Priorities and Measures**

During the preparation of the Programme it was recognised that new Priorities and Measures were also needed as a framework for the allocation of the resources.

Particularly influential in this respect were lessons from the evaluations of the 1994-1996 and the 1997-1999 Objective 2 Programmes and the interim evaluation of the RSUT and NW Grampian 5b Programmes: from consideration of the experience of other Objective 2 strategies in the UK and of the effectiveness of the development framework to date, especially in terms of which programme initiatives and approaches have been relatively more successful in meeting the Partnerships goals and targets for the region. A series of consultations resulted in a consensus that the Objective 2 strategy for the East of Scotland will be most effectively delivered as follows:

- Enterprise and employment growth will be encouraged through strategic economic development initiatives
- A more cohesive and inclusive local economy will be encouraged through community economic development
- The strategic focus and coherence of the Programme will be assisted through investment in locations and sectors of strategic importance for the region as a whole

A focus on three major visible Development Priorities will make the overall Programme management more efficient and effective. It will combine a more streamlined approach with the prospect of increased flexibility, and will enable a greatly improved integration of the key policy areas and activities in the strategy.

The three Priorities encapsulate all of the proposed Operational Measures in a logical manner, and enable a clear distinction to be made between *priorities* and *measures* which in the Plan Team's view have had an element of duplication in past programmes.

### **Priority 1: Strategic Economic Development**

#### **1.1 SME Creation and Development**

1.2 Access to Risk Capital

1.3 Technology and Knowledge Transfer

Priority 2: Strategic Locations and Sectors

2.1 Strategic locations and sectors (Revenue)

2.2 Strategic locations and sectors (Capital)

Priority 3: Community Economic Development

3.1 CED Engagement and Capacity Building

3.2 CED Implementation - Spatial Targeting

3.3 CED Implementation - Thematic Activity

Each of these Priorities and Measures is described more fully in Part 2 of this document.

## **1.8 Strengthened Spatial Targeting**

The strategic aim of the new Programme is “To promote sustainable economic development in the East of Scotland which is founded on the key principles of enterprise, learning and social justice”. This means that the economic conversion of the region takes place within a strategic development framework which respects and promotes the principles of Sustainable Development. The framework must also concentrate limited resources where they can have the greatest benefit, not just in regard to economic impact but also in terms of contingent social inclusion gains.

This affects the Programme in different ways:

- Eligible and Transition areas - the rules governing the European Structural Funds mean that the Programme area includes some areas which are fully eligible for ERDF support and others which attract support only at a reduced rate and for a lesser period.
- Strategic Locations are 9 targeted development zones within the Programme Area providing a range of development opportunities including infrastructure. Within these locations, action will be further targeted on defined sectors of the economy recognised as being of strategic significance. These areas represent opportunities to benefit residents from adjacent communities which are at the moment excluded from the mainstream economy. They also afford opportunities to deal more effectively and

comprehensively with environmental considerations in that they can be designed into all aspects of the development of sites and sectors to enhance and protect the environmental capital of the Programme Area.

- Community Economic Development - support will be targeted on a limited number of the Eligible and Transition areas. The principle of concentration of resources established in drawing up the Objective 2 map necessarily led to further emphasis in determining eligibility for support for Community Economic Development. This support is restricted to a limited proportion of the population of the Programme Area to ensure that qualitative and durable benefits can be achieved.

The reasoning behind the selection of the areas prioritised in the Programme, and the roles which the areas will play, are further explained in greater detail in Appendix 4 of the Programme Complement. Appendix 4 also lists the electoral wards in each type of area.

The proposed broad allocation of the Objective 2 Programme budget between Eligible and Transition Areas in the East of Scotland is shown in the table below.

**Allocation of Objective 2 Plan Resources Between Eligible Areas and Transition Areas in the East of Scotland 2000-2006 (Millions of Euros)**

	2000	2001	2002	2003	2004	2005	2006	Total 2000-06
Eligible Areas	23.61	24.14	24.63	25.08	23.16	23.69	24.15	168.46
Transition Areas	23.68	20.12	16.44	12.53	6.78	2.53	0	82.08
<b>Total ERDF Programme</b>	<b>47.29</b>	<b>44.26</b>	<b>41.07</b>	<b>37.61</b>	<b>29.94</b>	<b>26.22</b>	<b>24.15</b>	<b>250.54</b>

## 1.9 Integration of this Programme with other Structural Funds programmes

There are two main elements to the European Structural Funds - the European Regional Development Fund (ERDF) and the European Social Fund (ESF), and these two elements are concerned with



different but mutually interdependent forms of intervention in the economy. Co-ordination of the use of these funds at local level is therefore of the utmost importance.

The East of Scotland Objective 2 Programme 2000 - 2006 is funded entirely from the ERDF. In this area, ESF resources are made available through the Objective 3 Programme for Scotland which is administered by a different Programme Executive.

Whilst the strategic framework for the East of Scotland does not include dedicated ESF measures the regional conversion strategy assumes appropriate and targeted ESF actions to be delivered through the Objective 3 Programme for Scotland.

Acknowledging the comprehensive approach embodied by the Scottish ESF Objective 3 Operational Programme, and the priority for intervention accorded to the regional Objective 2 Programmes.

Accordingly, and in order to promote and ensure effective integration of ESF actions with ERDF supported activities, where for example an area based strategy or business development strategy comprises an integrated HRD component, there is a need to establish an efficient and effective co-ordination between Objective 2 ERDF and Objective 3 ESF. Co-ordination needs to operate across a range of key functions including;

- project guidance
- project development
- project appraisal
- project approval
- project monitoring

Fundamentally, this approach promotes coherence and consistent compliance with the National Employment Action Plan, in particular the four pillars of the Employment Strategy. They are;

- employability
- adaptability
- entrepreneurship
- equal opportunities

Moreover, the European Social Fund Regulation sets out five policy fields;

- developing and promoting active labour market policies to combat and prevent unemployment
- promoting equal opportunities for all in accessing the labour market with particular emphasis on those exposed to social exclusion

- promoting employability skills and mobility through lifelong learning
- promoting a skilled, trained and adaptable workforce and developing entrepreneurship; and
- improving women's access to, and participation in the labour market and reducing vertical and horizontal segregation on the basis of gender in the labour market

The regional conversion strategy, strategic aim and strategic objectives for the East of Scotland Plan and SPD are very much in sympathy with the four pillars and the five policy fields. In particular, the four pillars and five policy fields have a profound resonance with the underpinning sustainable development approach at the heart of the East of Scotland Programme.

The key policy fields in the East of Scotland Plan for which accompanying ESF actions will be critical are;

- support for SME competitiveness through the provision of training in business, financial management and change management
- promotion of a more dynamic and innovative indigenous SME base through the encouragement of leadership development and behavioural change
- fostering entrepreneurship in order to improve the region's continuing underperformance in new firm formation through the provision of enterprise skills
- improving the quality of the tourism product through targeted training support for employees engaged in the tourism industry
- the reintegration of excluded groups back into the mainstream economy through the provision of core competencies and a range of targeted training and employment support measures.

Importantly, for the Community Economic Development Priority in the East of Scotland Programme, assistance will largely be given following a detailed assessment of area based strategies and/or local development plans. These local partnership proposals will identify a range of key actions to be supported by either ERDF or ESF.

Conversely the objective 2 Programme for the East of Scotland makes provision for the support for targeted and appropriate forms of training infrastructure in order to assist the achievement of the NAP and the employment strategy.

It will be essential that the commitment to a co-ordinated approach to ESF and ERDF where they require to act in an integrated and mutually reinforcing way is translated into positive actions. Much will depend on the joint working between the respective Programme Executives in order to ensure synergy between the Funds but also to minimise where possible the administrative burden on applicants and achieve

contemporaneous decision making. What is clear is that considerable flexibility will be required, particularly in the scheduling of joint appraisal.

A number of practical arrangements have been drawn up to promote effective co-ordination between Objective 2 and Objective 3. These include;

- joint working between the Programme Management Executives
- greater consistency between project application forms and guidance for both ERDF and ESF
- greater consistency where appropriate between selection criteria
- advisory groups for the East of Scotland Objective 2 Programme to include where appropriate one or more members with HRD experience/expertise
- the creation of a common project data base for all Scottish programmes
- improved liaison and reporting arrangements between the Objective 2 and 3 Management Committees which might involve joint meetings.

## SECTION 2

- THE OPERATIONAL PRIORITIES AND MEASURES

## **2 THE OPERATIONAL PRIORITIES AND MEASURES**

### **2.1 PRIORITY 1: STRATEGIC ECONOMIC DEVELOPMENT**

#### **2.1.1 Purpose of the Priority**

The long-term future of the East of Scotland will be predominantly determined by the ability of people and institutions within the region to create a continuing flow of profitable private sector enterprises which can then grow into national and international businesses generating employment, exports and wealth. This is especially true within the plan period as competition of mobile investment increases and existing industrial and commercial enterprises face potential acquisition and rationalisation. A healthy and sustainable base of small and medium-sized businesses is thus an essential requirement for the East of Scotland's future economic development.

Current characteristics of the regional economy include concerns such as:

- Economic activity rates are below average in the Plan Area, partly due to increased participation in education but also the growth in inactivity amongst older workers, particularly males
- total employment in the Plan Area increased, albeit modestly, between 1993 and 1997, but this growth was significantly below that achieved nationally
- Female economic activity rates are much lower than for men, and there is scope for increasing female involvement through addressing constraints to their participation such as availability of childcare
- Across the Objective 2 Area, female employment increased by 10,000 between 1993 and 1997, whilst male full time employment dropped by 9% in the fully eligible areas, faster than the decline in Scotland, and at a time of GB growth
- workforce attainment of qualifications is below the national average and professional, managerial and other higher order occupations are amongst the hardest to fill. Shortages of available staff in intermediate occupations have also become evident e.g. buyers, sales representatives
- The Plan Area has proportionately fewer manufacturing businesses than the national average, suggesting a greater dependence on larger manufacturing employers



- Export volumes are dominated by a limited number of products e.g. chemicals highlighting the need to encourage a broader range of export activity and whilst SMEs account for a larger share of exporters in the Plan Area than nationally, trading overseas remains dominated by larger firms
- The Plan Area continues to lag behind the national average in all measures of new business formation In spite of the generally positive economic conditions, the number of VAT registered businesses fell by 2% between 1994 and 1998, with the greatest reductions in Moray, Angus, and Dundee.
- the Plan Area remains under-represented in R&D and innovatory activity, but further development of links between HEIs and SMEs offers significant potential to increase investment and participation in R&D
- a sizeable minority of SMEs continue to lack basic modern technologies e.g. PCs

The conversion strategy thus gives priority to encouraging and supporting the SME sector throughout the Eligible and Transition Areas of the Programme Area.

### **2.1.2 Introduction to the Measures**

To secure the development of a strong, internationally competitive economy in the East of Scotland, these issues must be tackled strategically, not in a piecemeal fashion. Of all the challenges facing local entrepreneurs however, there are three in particular which are closely related and where support from the European Structural Funds would be appropriate. Not every business will need all three forms of assistance, but others may do - either at once or over a period of time as part of a step by step plan for the development of the business. Three Operational Measures have therefore been framed, each of which is targeted at a specific area of economic development opportunity:

- 1.1: SME Creation and Development
- 1.2: Access to Risk Capital

As a result of the Structural Fund support it is forecast that the Strategic Economic Development Priority will achieve the following intermediate outcomes during the period of the Plan.

**Intermediate Outcomes**

Total gross new sales in SMEs	£800m
Total gross direct jobs in SMEs	10,394
Total gross safeguarded jobs in SMEs	4454

Specific objectives and targets are given for each of the three Operational Measures within this Development Priority, together with their contribution to the overall strategic themes and to the Development Priority. Progress against these targets will be carefully measured, monitored and reported throughout the Programme.

Each of these three Operational Measures is explained in more detail below.

## THE OPERATIONAL MEASURES

### 2.1.3 Strategic Economic Development Measures

#### Priority: Strategic Economic Development

#### Measure: 1.1

#### Title: SME Creation & Development

##### (i) Rationale

Despite relative improvements in the rate of new business formation achieved in the Programme Area in recent years this has to be set in the context of continuing poor performance in comparison with the rest of the UK. It is the aim of the Partnership to make the Programme Area a more encouraging and supportive area for both prospective and committed entrepreneurs. This aim will be achieved through the support of initiatives which encourage and convince those interested in starting a business. The provision of key business start-up advice and assistance, linked to practical and meaningful aftercare in the early trading period, is recognised as critical to the success of any new venture. Importantly, support for the development of new ventures will be targeted at activities with growth potential and where there is limited local displacement. Also, support for entrepreneurship and enterprise activities will include actions which encourage and promote the increased participation of women entrepreneurs.

##### (ii) Description and Strategic Focus

Measure 1.1 in the Strategy will provide support for a carefully planned range of interventions within the Eligible and Transition Areas in the East of Scotland to enhance the competitiveness of the indigenous SME and entrepreneurship base. Given the considerable range of business development support agencies and the even greater number and range of support activities, there is a need to focus Structural Fund support on added value and employment growth. This should be assisted by developing a more integrated and strategic approach to support provision for SMEs at a regional or sub-regional level. Applications for assistance will be required to be presented in the context of a sub-regional strategy for support to local SMEs. This business support strategy should set out the overall strategy and describe the various actions proposed to achieve the strategic objectives and the business development bodies charged with delivery. European Structural Fund assistance will not be given to support 'core activities'. Applications for funding submitted in the context of the business support strategy will require to demonstrate added value and the ability to generate improved business competitiveness and employment growth.

This Measure will give especial priority during the 2000-2006 period to strengthening the capability of the region's SME support and advisory capability to operate effectively beyond 2006, and thus to permanently elevate comparative SME creation and growth rates.

### (iii) Objectives

The SME Creation and Development Measure will have the following strategic and operational objectives:

By 31 December 2008, to improve the rates of creation and survival of new SMEs and growth and competitiveness among existing SMEs in the Programme Area by providing targeted support to 9677 new and existing SMEs and resulting in 9257 gross jobs created or safeguarded. To this end, this Measure will:

- Increase the formation rate of new micro-businesses and SMEs throughout the East of Scotland, especially for new ventures with significant growth and export potential in leading-edge sectors.
- Improve the growth rates and profitability of existing SMEs in the region through their adoption of improved management skills; strengthening their market and customer knowledge; and the provision of appropriate development finance.
- Enhance the contribution of the universities, colleges, research institutes and other relevant agencies to the creation and growth of SMEs, especially through the encouragement of appropriate market-led research and development activities driven by the private businesses in the region.
- Encourage the adoption by new and existing SMEs of environmentally sustainable business processes, technologies, materials and products and services; and in parallel to promote the growth of enterprises based on the natural heritage of the region as well as those providing environmental goods, technologies and services.
- Promote the adoption of equal opportunities in the SME sector throughout the East of Scotland; and continue to address the issues of discrimination in terms of gender, ethnicity, disability or residence.

#### **(iv) The Scope of the Measure**

ERDF will be available under this Measure for SME development initiatives which assist and support local businesses through:

- Improving the awareness of the advantages of starting a business amongst employed and unemployed potential entrepreneurs.
- The provision of start-up advice to potential entrepreneurs and the development of aftercare support, in particular geared to the needs of women entrepreneurs.
- Spin-outs from existing businesses
- The continued provision of enhanced demand-driven business support services that enables SME owners and managers to access effective and appropriate advice for strategic planning; market awareness and entry; production and product planning; financial systems and planning; the adoption of best practice in knowledge creation and management and other corporate development requirements.
- Increase awareness of longer-term market opportunities and stimulate SMEs to anticipate and respond to change more effectively and thus achieve organisational sustainability.
- Assist SMEs with long term growth potential in preparing and presenting investment applications to financial institutions, and the provision of post-investment company development support and mentoring to successful applicants.
- The encouragement of collaborative and co-operative linkages and groupings between SMEs in the Programme Area to enable their effective pursuit of business opportunities through export, purchasing, trade development, marketing and transportation networks in domestic and international markets, including the identification of joint ventures with SMEs from other Member States of the European Union.
- Provision of advice and assistance to SMEs to enhance their environmental performance in pursuit of genuinely sustainable development through support for environmental and energy audits; the introduction of environmentally sustainable production systems; the minimisation of pollutants and waste; the maximisation of recycling; the efficient use of energy throughout the production and distribution process; and the development of products, services and technologies with environmental benefits, including those based on the natural heritage in the area.



- Innovative actions to raise the awareness and adoption of proven new production, process, communications and information technologies by SMEs to raise their competitive potential, including the adoption of e-business approaches, processes and systems.

**(v) Programme Priority**

Within the 2000-2006 Programme priority will be given to SME development projects within the scope of the Measure that;

- Actively involve SMEs and their representative organisations in the design, delivery and promotion of the operational projects to ensure that support provided through the Programme clearly meets the real needs of SMEs in the East of Scotland.
- Demonstrate integration and complementarity with appropriate actions in the other Operational Measures in the Programme designed to achieve both strategic and community economic development.
- Are consistent with and integrated into national, regional and local business development strategies and initiatives; and that actively involve the key economic development agencies promoting such strategies.
- Promote and demonstrate environmentally sustainable development relevant to the Measure and to the overall Programme objectives.
- Help reduce (and where possible remove) barriers to access and opportunities for the residents of CED and other areas of disadvantage, and that genuinely promote equal opportunities in relation to new employment and enterprise opportunities.
- Represent the minimum level of grant necessary for the project to proceed and be operationally effective.

Each project application will be assessed against these operational priorities.

**(vi) Geographical Coverage**

Development support to SMEs under this Measure will be available throughout the Eligible and Transition Areas in the East of Scotland.

**(vii) Outputs, Results and Impacts**

The indicators are based on the Scottish Core Indicators. The quantifiable economic and physical outcomes from the forecast expenditure under this Measure are based on a number of assumptions derived from experience in

implementing the 1997-99 programme. These assumptions will be reviewed as necessary. The attached table at (xiii) details the indicators and quantified targets for this Measure.

**(viii) Project Selection Criteria**

SME development projects under this Measure will be eligible for ERDF support where, in accordance with regulations, there is a clear demonstration of both need and sustained additional benefits for the East of Scotland Objective 2 Programme Area as a result of such Structural Fund support.

The selection criteria to be used for SME development initiatives under this Measure will be determined by the Programme Monitoring Committee. Some of these will be related to the specific objectives and priorities of this Measure.

**(ix) European Structural Fund Grant Rates**

ERDF assistance for this Measure will be provided at a rate consistent with the provisions on the Rates of Structural Fund intervention as set out in the Table below.

Description	Rat	Example
Infrastructure/revenue generating/not direct investments	35%	An indirect investment in a capital project that brings in revenue, e.g. a property fund
Investments in firms/schemes/not direct investment	50%	A scheme which gives grants to SMEs e.g. the setting up of a business development scheme
Investments in firms/schemes/direct investment	15%	A direct investment in an SME e.g. the actual grant which is given to an SME participating in a scheme
Investments in firms/not schemes/not direct investment	25%	An indirect investment in a revenue project e.g. setting up an SME loan fund or investment fund

**(x) Responsible Authorities**

The responsible authority for Measure 1.1 is the Programme Monitoring Committee.

**(xi) Contribution to Horizontal Themes**

Within the overall Strategic Development theme of Sustainable Development:

The assistance and support provided to SMEs within this Measure will directly contribute to the sustainable development objectives of the Programme by encouraging:

- Environmental development audits, advice and promotion;
- Development of environmental technologies; and, in all assisted SMEs,
- Minimisation of adverse environmental impact and
- Efficiency in resource use.

The Measure will especially seek to address Social Inclusion by the creation and safeguarding of jobs in disadvantaged rural and urban communities; and support capacity building and local added value; and wherever possible integrate the disadvantaged into mainstream activities.

It is also a requirement for all SMEs in the region receiving support under Measure 1.1 to demonstrate an effective commitment to ensuring access and opportunity for all. In particular there must be commitment to Equal Opportunities goals and processes in the recruitment, training promotion and reward practices of all SMEs supported under this Measure. Preference will also be given to projects which positively tackle more subtle forms of discrimination and exclusion.

**(xii) Final Beneficiaries**

The final beneficiaries for Programme support under this Measure will be the new and existing private businesses within the Programme Area which meet the European Commission's SME eligibility criteria. The support to the sector will be delivered through the appropriate financial intermediaries in the region which include:

- Local Authorities
- Scottish Natural Heritage, Scottish Environmental Protection Agency
- Scottish Enterprise and the Local Enterprise Companies
- Community organisations and local economic initiatives
- Non-Governmental Organisations
- University and Research Institutions
- Further Education Colleges
- Area Tourist Boards

**(xiii) Outputs and Results**

**OUTPUTS**

Ind No.	Core Indicator Title	Target
791	Total no. of instances of assistance to existing businesses	12,455
1378	No. of instances of assistance to existing businesses in areas of most need	3,737
1379	No. of instances of assistance to existing businesses owned or managed by women	2,491
789	Total no. of existing businesses assisted	6,228
1376	No. of existing assisted businesses from areas most in need	1,868
1377	No. of existing assisted businesses owned or managed by women	1,246
792	Total no. of instances of assistance to new businesses	3,449
1374	No. of instances of assistance to new businesses in areas of most need	1,035
1375	No. of instances of assistance to new businesses owned or managed by women	1,380
793	Total no. of new businesses assisted/created	3,449
1372	No. of new assisted businesses from areas most in need	1,035
1373	No. of new assisted businesses owned or managed by women	1,380

**RESULTS**

876	Total no. of gross new jobs created	6,480
843	No. of gross new jobs created in areas defined as most in need	1,944
842	No. of gross new jobs created for women	2,592
877	Total no. of jobless people securing employment	2,160
845	No. of jobless people from areas of most need securing employment	648
879	Total no. of people under 25 securing employment	720
855	No. of people under 25 from areas of most need securing employment	216
871	Total gross jobs created through self employment	1,725

809	Gross jobs created for women through self employment	690
872	Total gross no. of jobs safeguarded	2,777
846	No. of jobs safeguarded in areas of most need	833
812	Gross no. of jobs for women safeguarded	1,111
819	Increase in sales in existing businesses (£million)	317.52
820	Increase in sales in new businesses (£million)	136.08
865	Private sector leverage (£million)	12.3
853	No. of organisations taking up e-commerce trading	483
836	No. of organisations which introduce active people friendly policies	967
833	No. of organisations achieving recognised quality awards	967
874	Total no. of organisations undertaking environmental management	967



**2.1.4 Priority: Strategic Economic Development****Measure: 1.2****Title: Access to Risk Capital****(i) Rationale**

The provision of risk capital to independent businesses in the East of Scotland, for their creation, early growth or later significant expansion, has been an area of economic development where the economy has performed poorly compared to other UK, European and North American regions with broadly similar endowments of entrepreneurship, technological innovation, financial resources and international visibility. Whilst groupings of hi-tech SMEs around Edinburgh and Dundee have been demonstrators of building employment through risk capital investment, most SMEs in the Eligible and Transition Areas have found it difficult to secure long-term and supportive risk capital. Making the breakthrough from micro or family businesses to significant national and international businesses requires long-term capital provided by knowledgeable funding institutions. The Eastern Scotland Partnership pioneered investment in an innovative public-private venture capital fund towards the end of the 1997-1999 Programme, and the Partnership considers it important to enhance the availability of risk capital and the associated entrepreneurial, investment and advisory skills. In both addressing the development needs of growth companies (SMEs) and the ambitious targets set by Government for the creation of new enterprises, the availability and accessibility of risk capital will be a key and crucial factor. Recognising that there is a need for new and enhanced financial instruments, there will be a requirement for enquiry co-ordination, sign-posting and effective business linkages between the range of existing and prospective risk capital funds, particularly at the lower end of the venture capital market. This operational Measure is especially important in relation to Programme durability beyond 2006 in that supported funds will require to operate on a revolving basis.

**(ii) Description and Strategic Focus**

Measure 1.2 will directly support the provision of direct investment into start-up and early stage growth SMEs in the East of Scotland through the provision of long-term risk capital to new public-private investment funds. This will build on the experience and potential for risk capital support to fast-growth SMEs pioneered through the East of Scotland Investment Fund within the 1997-1999 Eastern Scotland SPD and the establishment of the new Business Growth Fund. The

additional ERDF resources to be deployed through Measure 1.2 will enable the extension of risk capital support to the northern parts of the Programme Area and to the rural areas in the East of Scotland; and will be used in ways that ensure a continuing risk-capital provision in the East of Scotland beyond 2006. The provision of risk capital will also be available to hi-tech and fast-growth entrepreneurial teams from the non-assisted areas in the East of Scotland provided their core business is established in or relocates to designated locations within the Programme's Eligible and Transition Areas. Support to SMEs through Measure 1.2 will also be integrated, where appropriate, with Measures 1.3 (Technology & Knowledge Transfer) and Priority 2 (Strategic Locations & Sectors). Environmental aspects of the sustainable development of the region will be incorporated in the Measure through including a specific environmental impact requirement in business plans seeking risk capital.

### **(iii) Objectives**

The access to risk capital Measure will have the following strategic and operational objectives:

By 31 December 2008, to improve the rates of creation and survival of new SMEs and growth and competitiveness among existing SMEs in the Programme Area by providing access to risk capital for 849 new and existing SMEs and resulting in 2097 gross jobs created or safeguarded. To this end, this Measure will:

- Encourage entrepreneurs in the East of Scotland to invest in new business start-ups and early growth expansion as a means of generating significant job opportunities, exports and wealth for the East of Scotland.
- Target direct investment support for fast-growth SMEs on those sectors and locations with clear job creation potential where business owners, managers and investors can create internationally competitive enterprises.
- Promote further investment partnerships and collaborative programmes between appropriate public sector agencies and private sector investment funds and pools in ways that are genuinely additional to the provision of direct investment to SMEs on attractive terms.
- Enhance the awareness of SMEs and entrepreneurs of the benefits of securing risk-capital to grow their business; to help development agencies and private investors to adopt best practice investment and support activities; and to monitor changing international trends in development, seed and venture capital provision.

- Ensure that best environmental practice is built into business proposals at key points in the investment decision process.

These objectives will be actively pursued by the Partnership throughout the East of Scotland Programme Area.

**(iv) Scope of the Measure**

ERDF will be available under this Measure to agencies and organisations promoting and managing risk-capital funds that support SME creation and growth through:

- Provision of long term risk capital to new public-private partnership funds specifically targeted at the long-term equity capital needs of high growth potential business start-ups and early growth SMEs
- Ensuring easier more timely access to risk capital for entrepreneurs and SME owners through the promotion of business assessment mechanisms and skills amongst potential investors throughout the Programme Area.
- Piloting and demonstrating new approaches to risk-capital funding, development finance, loan guarantees, business insurance and other essential components of risk finance including support towards mentoring and the post-formation advisory requirements of start-ups.
- Improving the awareness of the potential advantages of starting a business based on risk capital; of the requirements for securing development finance; and of the appropriate sources of risk-capital within the region.

**(v) Programme Priority**

Priority will be given under this Measure to new risk-capital initiatives and vehicles which demonstrate to the Programme Monitoring Committee or Programme Management Committee that;

- Actively involve SME investment and advisory agencies, and existing private sector investors in the design and delivery of new or enhanced risk capital ventures in the region.
- Demonstrate an effective integration into existing national, regional and European risk-capital initiatives and strategies, and that actively involve the key economic development agencies promoting such initiatives.
- Are coherently integrated into the appropriate SME development activities in the other Operational Measures in the Programme designed to pursue effective strategic and community economic development.
- Promote, as an integral part of the growth induced by risk-

capital, environmentally sustainable business development and management practices relevant both to the Measure and the Programme's overall environmental objectives.

- Actively address within the business plans and corporate strategies of SMEs seeking risk-capital, the barriers to employment access and opportunities for residents and communities throughout the region, in order to genuinely promote equal opportunities in relation to new enterprise and employment opportunities.
- Represent the minimum level of growth support required to establish and launch new seed, development and venture capital funds.

Each application for ERDF assistance to risk-capital initiatives will be assessed against these Programme priorities.

**(vi) Geographical Coverage**

Development funding contributions to new risk-capital initiatives under this Measure will be available throughout the Programme Area; including seed, development and venture capital funds with their offices in the non-Eligible areas provided that their funds and investments are confined to entrepreneurs and SMEs located in the Eligible and Transition Areas of the East of Scotland.

**(vii) Outputs, Results and Impacts**

The indicators are based on the Scottish Core Indicators. The quantifiable economic and physical outcomes from the forecast expenditure under this Measure are based on a number of assumptions derived from experience in implementing the 1997-99 programme. These assumptions will be reviewed as necessary. The attached table at (xiii) details the indicators and quantified targets for this Measure.

**(viii) Project Selection Criteria**

Risk-capital initiatives supported under this Measure will be eligible for ERDF support where, in advance of the regulations, there is a clear, defined and sustainable additionality in SME investment provision in the East of Scotland Objective 2 Programme Area as a result of such Structural Fund support.

The selection criteria to be used for risk-capital investment and support initiatives under this Measure will be determined by the Programme Monitoring Committee and will include the conditions contained in the Commission's eligibility rules on support for venture and risk capital.

**(ix) European Structural Fund Grant Rate**

ERDF assistance for this Measure will be provided at a rate consistent with the provisions on the Rates of Structural Fund intervention as set out in the Table below. In the case of grant contributions to the investment capital of new or expanded SME investment funds, the ERDF contribution will not exceed 25% of the contributed capital of the fund, including contributions to associated revenue costs.

Description	Rate	Example
Infrastructure/revenue generating/not direct investments	35%	An indirect investment in a capital project that brings in revenue, e.g. a property fund
Investments in firms/schemes/not direct investment	50%	A scheme which gives grants to SMEs e.g. the setting up of a business development scheme
Investments in firms/schemes/direct investment	15%	An direct investment in an SME e.g. the actual grant which is given to an SME participating in a scheme
Investments in firms/not schemes/not direct investment	25%	An indirect investment in a revenue project e.g. setting up an SME loan fund or investment fund

**(x) Responsible Authorities**

The responsible authority for Measure 1.2 is the Programme Monitoring Committee.

**(xi) Contribution to Horizontal Themes**

Within the overall Strategic Development theme of Sustainable Development:

The development/risk capital available to SMEs in the Programme Area through this Measure will require that the environmental aspects and implications of the business are an integral part of the business plan and investor appraisal process. This includes:

- Securing efficiency in resource use, including encouraging investment in 'green' products and services; and
- Aiming to achieve a positive impact on the region's infrastructure and on the environment.



In terms of Social Inclusion, the investment funds providing risk-capital under this Measure will be encouraged to give priority wherever appropriate to new SMEs capable of providing secure long-term employment to disadvantaged communities and employee groups within the East of Scotland. The aim to build capacity in the local economic infrastructure should include provision for local support and local access to resources.

The Programme aims to ensure access and opportunity for all, and to redress past discrimination. There will be an investor requirement on all entrepreneurs, owners, investors and managers associated with SMEs receiving risk capital under this Measure to demonstrate an active commitment to Equal Opportunities goals and processes in all aspects of their business operations. This applies to both providers and recipients of risk capital.

These aspects aim to ensure that new business ventures receiving risk-capital contribute to the sustainable development objectives of the Programme.

#### **(xii) Final Beneficiaries**

The final beneficiaries of ERDF assistance provided under Measure 1.2 of the Programme are the new and growing SMEs throughout the region that are enabled to create new job opportunities, especially those in disadvantaged areas; and the managers in public and private investment funds whose project appraisal and aftercare skills are enhanced through participation in new risk capital funds. The support to SMEs under this Measure will be delivered through the appropriate financial intermediaries in the East of Scotland including:

- Central Government and Scottish Executive departments and agencies
- Scottish Enterprise Operations and Local Enterprise Companies
- Local Authorities
- Sectoral and Community Development Initiatives

**(xiii) Outputs and Results**

**OUTPUTS**

Ind No.	Core Indicator Title	Target
791	Total no. of instances of assistance to existing businesses	772
1378	No. of instances of assistance to existing businesses in areas of most need	232
1379	No. of instances of assistance to existing businesses owned or managed by women	154
789	Total no. of existing businesses assisted	618
1376	No. of existing assisted businesses from areas most in need	185
1377	No. of existing assisted businesses owned or managed by women	124
792	Total no. of instances of assistance to new businesses	231
1374	No. of instances of assistance to new businesses in areas of most need	69
1375	No. of instances of assistance to new businesses owned or managed by women	92
793	Total no. of new businesses assisted/created	231
1372	No. of new assisted businesses from areas most in need	69
1373	No. of new assisted businesses owned or managed by women	92

**RESULTS**

876	Total no. of gross new jobs created	1,468
843	No. of gross new jobs created in areas defined as most in need	440
842	No. of gross new jobs created for women	587
877	Total no. of jobless people securing employment	489
845	No. of jobless people from areas of most need securing employment	147
879	Total no. of people under 25 securing employment	163
855	No. of people under 25 from areas of most need securing employment	49

871	Total gross jobs created through self employment	23
809	Gross jobs created for women through self employment	9
872	Total gross no. of jobs safeguarded	629
846	No. of jobs safeguarded in areas of most need	189
812	Gross no. of jobs for women safeguarded	252
819	Increase in sales in existing businesses (£million)	71.89
820	Increase in sales in new businesses (£million)	30.81
836	No. of organisations which introduce active people friendly policies	85

**2.1.5 Priority: Strategic Economic Development****Measure: 1.3****Title: Technology & Knowledge Transfer****(i) Rationale**

The next decade will see the evolution of an increasingly global economy where market competitiveness of private enterprise, public and voluntary sector organisations, and communities will be dependent upon their involvement in the modern technology-based knowledge economy. The socio-economic situation in the East of Scotland suggests that the capability to access and adopt appropriate knowledge and technology remains concentrated in a relatively limited part of the region, especially in the more prosperous ineligible areas. There is a need to encourage a continued expansion of the area's research, innovation and commercialisation capability; and to assist local SMEs, organisations and communities to draw upon those aspects of the regional economy with long-term sustainability.

**(ii) Description**

Measure 1.3 in the Programme will provide support for a targeted series of interventions within the Eligible and Transition Areas of the East of Scotland to increase the number of innovative business start-ups in the region deploying advanced technologies; build stronger linkages between centres of excellence in the university and research institutes in the East of Scotland and SMEs in the Programme Area; encourage commercialisation of the region's R&D activities; and also build on local strengths in environmental sciences and technologies to evolve this as a new competitive industrial sector for the East of Scotland (see also Priority 2). The improvement in technology and knowledge transfer between national and international science and technology centres and local business is an essential pre-requisite for embedding sustainable economic growth in the East of Scotland beyond 2006, building on the region's strengths in biological, agricultural, veterinary and medical science; biotechnology, electronics and information technology and the emerging creative industries.

**(iii) Objectives**

The Technology and Knowledge Transfer Measure will have the following strategic and operational objectives:

By 31 December 2008, to enhance growth and competitiveness among existing SMEs in the Programme Area by facilitating and delivering technology and knowledge transfer services to 1797 new and existing SMEs and resulting in 3494 jobs created or safeguarded. To this end this Measure will:

- Enhance the capability and effectiveness of the transfer of know-how, advanced scientific knowledge and applied technology from the region's universities and research institutions into new and growing SMEs, and into the larger commercial and industrial enterprises in the region.
- Strengthen the commercialisation capability and activities of the region's universities and research institutes through helping them develop best-practice skills and systems in commercialisation, including the use of Internet and specialist e-business approaches.
- Improve the ability of SMEs in the region to identify their R&D needs required to maintain their market competitiveness; introduce further innovations in specialist advisory services associated with building this local demand for R&D from the region's universities and research institutes.
- Encourage and enable the development of innovative research and training on knowledge and technology transfer so that the East of Scotland becomes an international leader in this area of economic development.

**(iv) The Scope of the Measure**

ERDF will be available under this Measure for knowledge and technology transfer initiatives which directly contribute to improving the region's economic competitiveness through:

- Actions which encourage and enable SMEs throughout the East of Scotland to seek out, acquire and deploy innovations in their products, services, processes, communications and research and development activities.
- Support and advice to SMEs for new product and new service development, especially where this involves a commercial partnership with a local university or research institute.
- Actions to improve the effective commercialisation of the R&D activities and results of the region's universities/colleges and research institutes, including the further transfer of commercialisation skills into centres of excellence.
- Support for patenting and licensing to bring new products to market.
- Activities which raise the effectiveness of environmental



and technology support for SMEs, and enhance the involvement of SMEs in the emerging environmental products and services sector.

- Actions which enable the region's SMEs to take full commercial advantage of the market opportunities that can be generated by the growth of the global internet and knowledge economy, including specialist on-line advisory and support services.

These activities and actions will all be eligible for ERDF support under the Measure.

#### **(v) Programme Priority**

Within the 2000-2006 Programme priority will be given to knowledge and technology transfer projects within the scope of the Measure that:

- Actively involve SMEs and HEIs in the design, delivery and promotion of the operational projects to ensure that support provided through the Programme clearly meets the real needs of SMEs in the East of Scotland.
- Demonstrate integration and complementarity with appropriate actions in the other Operational Measures in the Programme designed to achieve both strategic and community economic development.
- Are consistent with and integrated into national and regional and commercialisation and technology development strategies and initiatives; and that actively involve the key economic development agencies promoting such strategies.
- Promote and demonstrate environmentally sustainable development relevant to the Measure and to the overall Programme objectives.
- Help reduce (and where possible remove) barriers to access and opportunities for the residents of CED and other areas, and that genuinely promote equal opportunities in relation to new employment and enterprise opportunities created via commercialisation.
- Represent the minimum level of grant necessary for the project to proceed and be operationally effective.

Each project application under this Measure will be assessed against these operational priorities.

**(vi) Geographical Coverage**

Development support to SMEs, universities and research institutes under this Measure will be available throughout the Eligible and Transition Areas of the East of Scotland,

**(vii) Outputs, Results and Impacts**

The indicators are based on the Scottish Core Indicators. The quantifiable economic and physical outcomes from the forecast expenditure under this Measure are based on a number of assumptions derived from experience in implementing the 1997-99 programme. These assumptions will be reviewed as necessary. The attached table at (xiii) details the indicators and quantified targets for this Measure.

**(viii) Project Selection Criteria**

Knowledge & technology transfer projects under this Measure will be eligible for ERDF support where, in accordance with regulations, there is a clear demonstration of both need and sustained additional benefits for the East of Scotland Objective 2 Programme Area as a result of such Structural Fund support.

The selection criteria to be used for SME development initiatives under this Measure will be determined by the Programme Monitoring Committee. Some of these will be related to the specific objectives and priorities of this Measure.

**(ix) European Structural Fund Grant Rates**

ERDF assistance for this Measure will be provided at a rate consistent with the provisions on the Rates of Structural Fund intervention as set out in the Table below.

Description	Rate	Example
Investments in firms/ schemes/not direct investment	50%	A scheme which gives grants to SMEs e.g. the setting up of a business development scheme
Investments in firms/ schemes/direct investment	15%	A direct investment in an SME e.g. the actual grant which is given to an SME participating in a scheme
Investments in firms/ not schemes/not direct investment	25%	An indirect investment in a revenue project e.g. setting up an SME loan fund or investment fund

**(x) Responsible Authorities**

The responsible authority for Measure 1.3 is the Programme Monitoring Committee.

**(xi) Contribution to Horizontal Themes**

Within the overall Strategic Development theme of Sustainable Development:

The assistance and support provided to SMEs, universities and research institutes in the Programme Area, will aim to enhance resource efficiency, including enhancing the capacity of SMEs in the emerging environmental products and services sector.

Environmental development for knowledge and technology transfer will directly contribute to the environmental aspects of the sustainable development objectives of the Programme.

The assistance and support provided within this Measure in relation to commercialisation will especially seek to create and safeguard jobs in disadvantaged rural and urban communities. It will also aim to reduce, and where possible remove, barriers to access and opportunities and thus directly address the Social Inclusion objectives of the Programme.

There will be a requirement for SMEs, universities and research institutes in the region receiving support under Measure 1.3 to demonstrate an effective commitment to Equal Opportunities goals and processes in their recruitment, training, promotion and reward practices. This includes promotion of Equal Opportunities in relation to new employment and enterprise opportunities created via commercialisation.

**(xii) Final Beneficiaries**

The final beneficiaries of Programme support under this Measure will be both the new and existing SME base throughout the East of Scotland Area via the boost to competitiveness from acquiring and deploying advanced knowledge and technology; and the regions universities and research institutes through improvement in their commercialisation practices on behalf of the local economy. The support to SMEs and the research sector will be delivered through the appropriate financial intermediaries in the East of Scotland which include;

- Scottish Enterprise and the Local Enterprise Companies
- The Scottish Executive departments and agencies
- University and Research Institutes
- Local Authorities
- Further Education Colleges

**(xiii) Outputs and Results**

**OUTPUTS**

<b>Ind No.</b>	<b>Core Indicator Title</b>	<b>Target</b>
791	Total no. of instances of assistance to existing businesses	2,420
1378	No. of instances of assistance to existing businesses in areas of most need	726
1379	No. of instances of assistance to existing businesses owned or managed by women	484
789	Total no. of existing businesses assisted	1,210
1376	No. of existing assisted businesses from areas most in need	363
1377	No. of existing assisted businesses owned or managed by women	242
792	Total no. of instances of assistance to new businesses	587
1374	No. of instances of assistance to new businesses in areas of most need	176
1375	No. of instances of assistance to new businesses owned or managed by women	235
793	Total no. of new businesses assisted/created	587
1372	No. of new assisted businesses from areas most in need	176
1373	No. of new assisted businesses owned or managed by women	235
724	No. of commercialisation projects in HE, FE and research institution	10
	<b>RESULTS</b>	
876	Total no. of gross new jobs created	2,446
843	No. of gross new jobs created in areas defined as most in need	734
842	No. of gross new jobs created for women	978
877	Total no. of jobless people securing employment	815
845	No. of jobless people from areas of most need securing employment	245
879	Total no. of people under 25 securing employment	272
855	No. of people under 25 from areas of most need securing employment	82



871	Total gross jobs created through self employment	59
809	Gross jobs created for women through self employment	24
872	Total gross no. of jobs safeguarded	1,048
846	No. of jobs safeguarded in areas of most need	314
812	Gross no. of jobs for women safeguarded	419
819	Increase in sales in existing businesses (£million)	171.5
820	Increase in sales in new businesses (£million)	73.5
865	Private sector leverage (£million)	4.9
827	Increased investment in R&D by assisted businesses (£million)	3.2
878	Total no. of patents issued / IPR registrations by businesses	449
853	No. of organisations taking up e-commerce trading	180
836	No. of organisations which introduce active people friendly policies	180
833	No. of organisations achieving recognised quality awards	449
874	Total no. of organisations undertaking environmental management	180

## **2.2 PRIORITY 2: STRATEGIC LOCATIONS AND SECTORS**

### **2.2.1 Purpose of this Priority**

Whereas the other priorities within the Programme are concerned with the development needs of either individual enterprises or local communities, Priority 2 reflects a complementary need to achieve a wider strategic focus and coherence in the actions supported through the Programme. This will help maximise the economic impacts of support by focussing on larger areas and key economic sectors whose development will help achieve the overall aim and objectives of the Conversion Strategy.

The policy thrust behind the development of the Strategic Locations and Sectors Priority, also derives in part from a recognition of the relative reduction in the overall level of Structural Fund resources and the consequential imperative to prioritise and target these diminishing resources more effectively, and to ensure more durable benefits.

This framework must also reflect the need to concentrate resources where they can have the greatest benefit, not just in regard to economic impact, but also in terms of contingent social inclusion gains.

The locations and sectors covered by this Priority are mutually reinforcing: within the designated locations, support will only be given to activities which fall within the key strategic sectors.

Thus, applicants will require to describe the strategic context within which the proposal or set of integrated actions will be implemented. This strategic context should, where relevant, reflect the strategic development themes of the overarching SPD strategy, and at minimum, they must set out their sustainable development credentials.

### **2.2.2 Locations**

Whilst the targeted areas constitute major economic development opportunities, they can also represent opportunities to benefit residents from adjacent communities which are excluded from the mainstream economy.

Targeting resources in this way should also afford significant opportunities to enhance and protect the environmental capital of the Plan Area. Strategic development locations present the opportunity to deal more effectively and comprehensively with environmental considerations in that they can be designed into all aspects of the development of sites and sectors.

The strategic locations are in effect targeted development zones which will comprise more than one key development site. Whilst it is expected that activity will be focused on these key sites there will be scope to support projects operating on a broader geographical basis but within the location. The locations can also encompass a number of settlements, which share similar socio-economic circumstances and taken together form a coherent strategic planning area.

The designated strategic locations will for the most part be referred to in economic development strategies, local plans or structure plans. However, in view of the fact that the Plan Area covers 8 structure plans, the actual configuration of the strategic locations will be such that they may cross structure plan boundaries.

Strategic locations will by their nature provide opportunities for a range of development activities including infrastructure. Support for infrastructure should respect the sustainable development approach i.e. maximise existing infrastructure. However, support for new infrastructure may be agreed where there is a robust economic justification and there are accompanying compensatory social and environmental benefits. In the case of roads this will be limited to roads which provide direct access to strategic development sites within a designated strategic location where development is planned to take place within a 3-year period.

As regards port facilities, ERDF support will only be given where these facilities are located within a designated strategic location and are exclusively for the use of commercial operators in handling freight or passenger traffic. Submissions will require to demonstrate a viable business case and the achievement of significant economic benefit to the regional economy.

The Locations within the East of Scotland Programme Area that have been identified as the focus for Structural Fund support under the Strategic Economic Development Priority for 2000-2006 are;

- The (proposed) Loch Lomond and the Trossachs National Park
- The (proposed) Cairngorms National Park
- Rosyth and Bridgehead Area
- Kirkcaldy/South Glenrothes
- Coastal Moray Firth
- City of Dundee/South Coastal Angus
- M9/M876 Development Corridor
- M8 Development Corridor
- Lothians - South East Wedge - A701 Corridor

The locations include key development sites as identified in current structure and local plans. These initial strategic locations will be re-assessed during the Programmes's mid-term review.

### **2.2.3 Strategic Sectors**

In identifying the strategic locations listed above the key emphasis has been the need to spatially target resources in order to maximise the economic impacts of support and promote sustainable growth. Having established the principle of targeting it is proposed that support within the strategic locations is refined further by the identification of 6 strategic growth sectors. This means that within the designated locations support will only be given to activities (capital and revenue) that fall within one of these key strategic sectors.

The 6 sectors have been identified on the basis of their strategically critical characteristics. These include

- the sector comprises indigenous SMEs as target beneficiaries
- the sector is a dynamic and growing sector or is positioned to expand
- significant growth in the short to medium term

**The 6 Strategic Sectors are:**

#### **Tourism and Cultural Industries**

With particular focus on improving the quality of the product through;

- I. Niche and destination marketing
- II. New/improved systems of information provision and exchange, including the promotion of e-commerce
- III. Arts and cultural events which will address the problem of seasonality and produce significant economic benefits
- IV. Upgrade/renewal and development of key strategic visitor facilities/attractions

### **Biotechnology and Life Sciences**

With particular focus on;

- I. The promotion and provision of patient capital to the technology fields such as biotechnology
- II. Marketing the competence “cluster”, which is emerging in the East of Scotland
- III. Building a better commercial awareness amongst the research scientists in research and higher education institutes
- IV. Providing facilities for biotechnology companies that take account of all phases of company maturity from incubation to manufacturing

### **Food and Drink**

With particular focus on improving the quality of the product through;

- I. Branding/marketing initiatives
- II. IT/Technology Transfer – food technology, new packaging technology, e-commerce
- III. Collaborative ventures, which build secure supply chains from primary producers to retailers

### **Forest Products**

With particular focus on improving the quality of the product through;

- I. Developing linkages between the forestry industry, forest products and the end user
- II. Innovation of new products and production processes
- III. Product development and manufacture – furniture production, manufacture of wooden flooring, timber frame housing
- IV. Construction materials
- V. Energy production (bio-fuels)



### **Creative Industries**

With particular focus on;

- I. Business support services – marketing, specialist units, development of e-commerce initiatives
- II. Design
- III. Multi-media and games development and marketing
- IV. Soft ware development
- V. Film and animation
- VI. Innovation of new processes and developing links with research and higher education institutions to facilitate creativity transfer

### **Electronics/Opto-Electronics**

With particular focus on;

- I. Marketing support for SMEs in manufacturing
- II. Promotion of supplier chain initiatives
- III. Product development and commercialisation
- IV. Upgrade of existing or construction of new facilities

Commercial, collaborative and promotional projects, both capital and revenue activities, in all of these strategic sectors will be deemed eligible for Structural Fund assistance in the East of Scotland, especially where they demonstrate a capability to continue beyond the end of the plan period 2006.

### **Derogations**

However, notwithstanding the broad thrust of this rationale three exceptions are provided for in the Programme:

#### **• Marketing/Branding Initiatives and IT Networks**

In certain circumstances support will also be given to sector specific projects that are not targeted on a specific location but where they can demonstrate significant impacts at a regional or Programme level and as such could be defined as being of strategic importance. It is envisaged that the main types of project in this category would be niche/destination marketing, branding initiatives and the development of information/IT networks in direct support of SMEs.

- **Training Infrastructure**

In agreeing not to include ESF support within the Programme the Partnership acknowledged the need for clear links with the Objective 3 Programme to ensure that strategic development aims are met and that key projects with both ERDF and ESF components are highlighted within the Objective 3 appraisal process.

It is therefore incumbent on the Objective 2 Programme to provide ERDF support for training infrastructure that directly links to ESF activity under the Objective 3 Programme, and is consistent with the strategic focus of the East of Scotland Objective 2 Programme. Whilst accepting that this activity can not be limited to the strategic locations it is proposed that ERDF support should be primarily for projects aimed at SMEs within the strategic sectors.

- **Manufacturing**

In recognising the relative disadvantage and uncompetitive position of the eligible areas as compared with transition areas, there is a need to encourage and promote development opportunities, which are not solely confined to the 6 strategic sectors. In order to achieve significant value add, particularly in regard to additional employment opportunities, proposals could be supported within the designated strategic locations, but limited to sites which have Objective 2 eligibility status, that provide industrial sites and premises for SMEs engaged in manufacturing.

#### **2.2.4 Delivery Plans**

An underpinning principle of the new strategy, and which is contained in the first strategic objective, is that of building regional capacity in order to leave a durable legacy. Fundamentally, the designated strategic locations require to have in place an integrated delivery plan supported by the key development bodies drawing together the actions to be taken in respect of the strategic locations and sectors.

Delivery Plans have been prepared for each of these 9 areas. They are summarised in Appendix 4 of the Programme Complement

### **2.2.5 Introduction to the Measures**

Under this Priority, resources will be made available not only for capital investment but also for revenue expenditure to back up this investment through activities such as marketing. The balance between capital and revenue expenditure is expected to vary between the strategic locations.

The promotion of strategic locations within the Programme Area and the encouragement of strategic economic sectors will be pursued by two Operational Measures:

- 2.1: Strategic Locations and Sectors (Revenue)
- 2.2: Strategic Locations and Sectors (Capital)

As a result of the Structural Fund support it is forecast that the Strategic Locations and Sectors Priority will achieve the following outcomes during the period of the Plan.

### **2.2.6 Intermediate Outcomes**

Total gross new sales in SMEs	£222m
Total gross direct jobs in SMEs	4697
Total gross safeguarded jobs in SMEs	9675

Specific objectives and targets are given for each of the two Operational Measures within this Development Priority, together with their contribution to the overall strategic themes and to the Development Priority. Progress against these targets will be carefully measured, monitored and reported throughout the Programme.

The measures are explained in detail below.

**2.2.7 Priority: Strategic Locations and Sectors****Measure: 2.1****Title: Strategic Locations & Sectors (Revenue)****(i) Rationale**

The future economic competitiveness of the East of Scotland will be increasingly driven by the advanced technology and high quality consumer sectors which are relatively strongly represented in the region. The Programme will thus seek both to further the internationalisation of their markets and to strengthen their supplier and workforce linkages to enterprises and communities in the Eligible and Transition Areas. Critical to the central objective of improving the quality of business within the strategic sectors will be marketing and branding initiatives, which seek to promote the key products, activities and themes. Marketing activity conducted in this way is fundamental to strengthening the local business base. Furthermore, it will significantly improve the ability of the sectors to impact on the local economy by securing additional economic and multiplier effects.

**(ii) Description and Strategic Focus**

This Measure therefore aims to provide business development support to SMEs within the Strategic Sectors in order to improve their overall performance and competitiveness. In particular, issues of quality in service delivery and standards of provision will be key to the successful implementation of this Measure. Whilst acknowledging the desire to target resources on the strategic locations it is accepted that in certain circumstances maximum benefit for the Area will be achieved by a Regional or Programme level approach to activities such as marketing/branding and the development of information networks.

**(iii) Objectives**

Support under this Measure is for activities that will improve the competitiveness of SMEs in the 6 strategic sectors. These actions should improve the quality of products and service and encourage businesses to operate in a sustainable manner. Sector specific projects outwith the strategic locations will only be considered if they can demonstrate significant Regional or Programme level impacts.

By 31 December 2008 the Measure will seek to promote growth and competitiveness in the designated Strategic Sectors through sectoral initiatives leading to the creation or safeguarding of 5166 gross jobs.

**(iv) The Scope of the Measure**

ERDF will be available under this Measure for Strategic Locations and Sectors for projects and initiatives, which directly contribute to strengthening the Programme Area's economic competitiveness and environmental quality through;

- Marketing and branding initiatives that promote the key strategic sectors and facilitate growth and employment opportunities.
- Destination and niche marketing and associated events programmes that will attract significant additional visitors from outwith the Programme Area and which can demonstrate strategic impacts at a regional or Programme level.
- Initiatives to link up and promote in a unified manner strategic sites located along important geographical corridors or centred around the designated locations within the East of Scotland to maximise both supplier linkage and promotional gains to existing and potential investors in the strategic sectors.
- Support for the implementation and management of mini-programmes that result from the delivery plans provided that this is compatible with the proposed development of Local Economic Development Fora and Community Planning arrangements.

These activities and actions will all be eligible for ERDF support under this Measure

**(v) Programme Priority**

Within the 2000-2006 Programme for the East of Scotland priority will be given to strategic locations and sector projects that;

- Actively involve local communities, industrial organisations and relevant SMEs in the design, delivery, promotion and management of operational projects seeking to improve economic and environmental quality and performance.
- Demonstrate integration and complementary with appropriate actions in the other operational measures in the Programme designed to achieve both strategic and community economic development.
- Are consistent with and integrated into national and regional area and environmental development strategies and initiatives; and that actively involve the key economic development and environmental agencies promoting such strategies, including integration with Regional Structure Plans.

- Promote and demonstrate environmentally sustainable development relevant to the Measure and to the overall Programme objectives.
- Help reduce (and where possible remove) barriers to access and opportunities for the residents of CED and other areas, and that genuinely promote equal opportunities in relation to new employment and enterprise opportunities created by development under this Measure.
- Represent the minimum level of grant necessary for the project to proceed and be operationally effective.

Each project application under this Measure will be assessed against these operational priorities.

**(vi) Geographical Coverage**

Development support under this Measure will be available in the Eligible and Transition Areas of the East of Scotland to the designated strategic locations and designated strategic sectors.

**(vii) Outputs, Results and Impacts**

The indicators are based on the Scottish Core Indicators. The quantifiable economic and physical outcomes from the forecast expenditure under this Measure are based on a number of assumptions derived from experience in implementing the 1997-99 programme. These assumptions will be reviewed as necessary. The attached table at (xiii) details the indicators and quantified targets for this Measure.

**(viii) Project Selection Criteria**

Projects under this Measure will be eligible for ERDF support where, in accordance with regulations there is a clear demonstration of both need and sustained additional benefits for the East of Scotland Objective 2 Programme Area as a result of such Structural Fund support. The selection criteria to be used under this Measure will be determined by the Programme Monitoring Committee. Some of these will be related to the specific objectives and priorities of this Measure.



**(ix) European Structural Fund Grant Rates**

ERDF assistance for this Measure will be provided at a rate consistent with the provisions on the Rates of Structural Fund intervention as set out in the Table below.

Description	Rate	Example
Investments in firms/ schemes/not direct investment	50%	A scheme which gives grants to SMEs e.g. the setting up of a business development scheme
Investments in firms/ schemes/direct investment	15%	A direct investment in an SME e.g. the actual grant which is given to an SME participating in a scheme
Investments in firms/not schemes/not direct investment	25%	An indirect investment in a revenue project e.g. setting up an SME loan fund or investment fund

**(x) Responsible Authorities**

The responsible authority for Measure 2.1 is the Programme Monitoring Committee.

**(xi) Contribution to Horizontal Themes**

Within the overall Strategic Development theme of Sustainable Development:

The assistance and support provided to strategic locations and sectors in the Programme Area will directly contribute to the sustainable development objectives of the Programme, by securing both strategic integration, and multiplier effects through efficient use of resources and infrastructure. These will be reinforced by strengthening linkages between suppliers and the workforce to enterprises and communities, and by local participation in the delivery of more effective and strategic marketing and branding initiatives.

Both improving resource efficiency and aiming to secure a positive impact on the environment, and specific support in relation to environmental networks and the marketing of green tourism, will enhance environmental aspects of sustainable development.

The assistance and support provided within the Measure will especially seek to create and safeguard jobs in disadvantaged rural and urban communities, and thus directly address the Social Inclusion objectives of the Programme.

There will be a requirement for all organisations in the region receiving support under Measure 2.1 to demonstrate and effective commitment to Equal Opportunities goals and processes in their recruitment, training, promotion and rewards practices.

**(xii) Final Beneficiaries**

The principal beneficiaries of the support to be provided through the strategic locations and sectors Measure will be the enterprises, research institutes and industrial associations in the targeted sectors, commercial and residential communities in and around the strategic locations and the employees and supplier sectors supporting their development. The financial beneficiaries under this Measure will include.

- Local Authorities
- Scottish Enterprise and Local Enterprise Companies
- Non Government Organisations
- Scottish Executive Department and Agencies
- University & Research Institutes
- The National Park Authorities
- Scottish Natural Heritage
- Area Tourist Boards
- Voluntary Sector
- Further Education

**(xiii) Outputs and Results**

**OUTPUTS**

Ind No.	Core Indicator Title	Target
791	Total no. of instances of assistance to existing businesses	2,005
1378	No. of instances of assistance to existing businesses in areas of most need	602
1379	No. of instances of assistance to existing businesses owned or managed by women	401
789	Total no. of existing businesses assisted	1,003
1376	No. of existing assisted businesses from areas most in need	301
1377	No. of existing assisted businesses owned or managed by women	201
792	Total no. of instances of assistance to new businesses	556
1374	No. of instances of assistance to new businesses in areas of most need	167
1375	No. of instances of assistance to new businesses owned or managed by women	222
793	Total no. of new businesses assisted/created	556
1372	No. of new assisted businesses from areas most in need	167
1373	No. of new assisted businesses owned or managed by women	222
788	Total no. of environmental partnerships supported	6
759	No. of marketing campaigns / initiatives supported	27

**RESULTS**

876	Total no. of gross new jobs created	2,146
843	No. of gross new jobs created in areas defined as most in need	644
842	No. of gross new jobs created for women	858
877	Total no. of jobless people securing employment	715
845	No. of jobless people from areas of most need securing employment	215
879	Total no. of people under 25 securing employment	238

855	No. of people under 25 from areas of most need securing employment	71
871	Total gross jobs created through self employment	55
809	Gross jobs created for women through self employment	22
872	Total gross no. of jobs safeguarded	3,020
846	No. of jobs safeguarded in areas of most need	906
812	Gross no. of jobs for women safeguarded	1,208
819	Increase in sales in existing businesses (£million)	43.86
820	Increase in sales in new businesses (£million)	29.24
865	Private sector leverage (£million)	2
822	Increase in visitor numbers	3,000,000
836	No. of organisations which introduce active people friendly policies	156
874	Total no. of organisations undertaking environmental management	156

**2.2.8 Priority: 2 Strategic Locations and Sectors****Measure: 2.2****Title: Strategic Locations & Sectors (Capital)****(i) Rationale**

The wider East of Scotland region, as shown by the socio-economic analysis, has seen a continuing strong flow of capital investment from private, public and European Union sources into the provision of high quality locations and infrastructure to support both expansion of existing enterprises and the attraction of inward investment. There remains a need however to further strengthen the attractiveness and visibility of the core of internationally important strategic locations within the region over the period to 2006. In addition, further investment is required to enhance the technical and commercial linkages between businesses and R&D institutes and Higher Education institutions in these strategic locations. The continuing importance of Tourism as a strategic sector for the East of Scotland, needs to be recognised in terms of promoting a positive image of the Programme Area for investment and visitors, and also in assisting the diversification of the regional economy, in particular for fragile rural areas.

**(ii) Description and Strategic Focus**

Strategic Locations receiving support under this Measure are in effect targeted economic and environmental development zones in the Programme Area, each of which may contain a number of key development sites. It will also include strategic development corridors linking similar clusters of advanced technology or outstanding environmental areas: this concept has been explained further in the conversion strategy, together with the eligibility criteria and the 9 strategic locations and corridors where this Measure will apply.

In these Locations, this Measure will provide ERDF support for a range of property, site infrastructure, IT, training facilities, transport and technology-transfer initiatives that can strengthen and promote their economic and environmental quality and potential, and promote both social inclusion and equal opportunity objectives.

Sector specific projects outwith the strategic locations will only be considered if they can demonstrate significant Regional or Programme level impacts.

As explained in the introduction to this Priority, in the part dealing with Derogations, in recognising the relative disadvantage and uncompetitive position of the eligible areas as compared with transition areas, there is a need to encourage and promote development opportunities, which are not solely confined to the 6 strategic sectors. In order to achieve significant value add, particularly in regard to additional employment opportunities, proposals could be supported within the designated strategic locations, but the support will be limited to sites which have Objective 2 eligibility status, that provide industrial sites and premises for SMEs engaged in manufacturing.

It is also incumbent on the Objective 2 Programme to provide ERDF support for training infrastructure that directly links to ESF activity under the Objective 3 Programme, and is consistent with the strategic focus of the East of Scotland Objective 2 Programme. Whilst accepting that this activity can not be limited to the strategic locations it is proposed that ERDF support should be primarily for projects aimed at SMEs within the strategic sectors.

Strategic locations will by their nature provide opportunities for a range of development activities including infrastructure. Support for infrastructure should respect the sustainable development approach i.e. maximise existing infrastructure. However, support for new infrastructure may be agreed where there is a robust economic justification and there are accompanying compensatory social and environmental benefits. In the case of roads this will be limited to roads which provide direct access to strategic development sites within a designated strategic location where development is planned to take place within a 3-year period.

As regards port facilities, ERDF support will only be given where these facilities are located within a designated strategic location and are exclusively for the use of commercial operators in handling freight or passenger traffic. Submissions will require to demonstrate a viable business case and the achievement of significant economic benefit to the regional economy.

### **(iii) Objective**

By 31 December 2008, this Measure will seek to promote growth and competitiveness in the designated Strategic Sectors through the provision of infrastructure in designated Strategic Locations leading to the creation or safeguarding of 9206 gross jobs.



#### (iv) The Scope of the Measure

ERDF will be available under this Measure for Strategic locations and sectors for projects and initiatives, which directly contribute to strengthening the Programme Area's economic competitiveness and environmental quality through;

- Activities that enable landowners and developers in both the public and private sectors to create, promote and manage high quality industrial, research and manufacturing facilities as competitive locations for companies (SMEs) in the strategic sectors in the Programme Area.
- Actions that can improve the environmental quality and sustainability of strategically important rural, coastal and the proposed National Park areas in the East of Scotland, especially where these help to generate visitor and investment income for the region.
- Upgrading of existing and development of new visitor and conference facilities which are part of an agreed tourism strategy and where the facility represents added value and can demonstrate significant levels of additional visitors.
- Support for the rehabilitation of derelict or contaminated land and property within the region's strategic locations where such investment can restore these locations to productive use and where it forms part of the agreed development proposal for the site.
- The provision of integrated child/dependent care facilities in support of business creation/development.
- Actions to provide the facilities and environment for quality HRD for SMEs within the Strategic Sectors, that will increase competitiveness and improve overall business performance and also actions targeted in support of the employment strategy of the Scottish Objective 3 Programme.
- Other actions in training, infrastructure, ICT and quality natural and built landscape projects that can help the competitiveness of the region's strategic locations and sectors and contribute to the conversion strategy for the East of Scotland.

These activities and actions will all be eligible for ERDF support under this Measure

**(v) Programme Priority**

Within the 2000-2006 Programme for the East of Scotland priority will be given to strategic locations and sector projects that;

- Actively involve local communities, industrial organisations and relevant SMEs in the design, delivery, promotion and management of operational projects seeking to improve economic and environmental quality and performance.
- Demonstrate integration and complementary with appropriate actions in the other operational measures in the Programme designed to achieve both strategic and community economic development.
- Are consistent with and integrated into national and regional area and environmental development strategies and initiatives; and that actively involve the key economic development and environmental agencies promoting such strategies, including integration with Regional Structure Plans.
- Promote and demonstrate environmentally sustainable development relevant to the Measure and to the overall Programme objectives.
- Help reduce (and where possible remove) barriers to access and opportunities for the residents of CED and other areas, and that genuinely promote equal opportunities in relation to new employment and enterprise opportunities created by development under this Measure.
- Represent the minimum level of grant necessary for the project to proceed and be operationally effective.

Each project application under this Measure will be assessed against these operational priorities.

**(vi) Geographical Coverage**

Development support under this Measure will be available in the Eligible and Transition Areas of the East of Scotland to the designated strategic locations and designated strategic sectors as agreed by the Programme Monitoring Committee.

**(vii) Outputs, Results and Impacts**

The indicators are based on the Scottish Core Indicators. The quantifiable economic and physical outcomes from the forecast expenditure under this Measure are based on a number of assumptions derived from experience in implementing the 1997-99 programme. These assumptions will be reviewed as necessary. The attached table at (xiii) details the indicators and quantified targets for this Measure.

**(viii) Project Selection Criteria**

Projects under this Measure will be eligible for ERDF support where, in accordance with regulations there is a clear demonstration of both need and sustained additional benefits for the East of Scotland Objective 2 Programme Area as a result of such Structural Fund support. The selection criteria to be used under this Measure will be determined by the Programme Monitoring Committee. Some of these will be related to the specific objectives and priorities of this Measure.

**(ix) European Structural Fund Grant Rates**

ERDF assistance for this Measure will be provided at a rate consistent with the provisions on the Rates of Structural Fund intervention as set out in the Table below. Where an individual development site within a designated Strategic Location straddles the boundary between eligible and transitional areas the intervention rate for the whole site will be decided by the majority component.

Description	Rate	Example
Infrastructure/non-revenue generating/direct investments	50%	A capital project that doesn't bring in any revenue, e.g. a road
Infrastructure/revenue generating/direct investments	25%	A capital project that does bring in revenue, e.g. a tourist facility
Infrastructure/revenue generating/not direct investments	35%	An indirect investment in a capital project that brings in revenue, e.g. a property fund
Investments in firms/schemes/ not direct investment	50%	A scheme which gives grants to SMEs e.g. the setting up of a business development scheme
Investments in firms/schemes/direct investment	15%	A direct investment in an SME e.g. the actual grant which is given to an SME participating in a scheme
Investments in firms/not schemes/not direct investment	25%	An indirect investment in a revenue project e.g. setting up an SME loan fund or investment fund

**(x) Responsible Authorities**

The responsible authority for Measure 2.2 is the Programme Monitoring Committee.

**(xi) Contribution to Horizontal Themes**

Within the overall Strategic Development theme of Sustainable Development:

The assistance and support provided to strategic locations and sectors in the Programme Area will directly contribute to the sustainable development objectives of the Programme. In all activities supported by this Measure, securing efficient use of infrastructure and resources, and positive environmental impact, will contribute towards environmental aspects of sustainable development. There will also be special potential in relation to environmental improvement initiatives, including:

- the rehabilitation of land in the designated locations;
- waste, energy-efficiency and transport integration projects in strategic sectors; and
- support for sustainable tourism management in the National Parks in the region.

The assistance and support provided within this Measure will especially seek to create and safeguard jobs in disadvantaged rural and urban communities. It will also seek to reduce, and where possible remove, barriers to access and opportunity for residents of CED and other areas. By these means it will directly address the Social Inclusion objectives of the Programme.

There will be a requirement for all organisations in the region receiving support under Measure 2.2 to demonstrate an effective commitment to Equal Opportunities goals and processes in their recruitment, training, promotion and reward practices.

**(xii) Final Beneficiaries**

The principal beneficiaries of the support to be provided through the strategic locations and sectors Measure will be the enterprises, research institutes and industrial associations in the targeted sectors, commercial and residential communities in and around the strategic locations and the employees and supplier sectors supporting their development. The financial beneficiaries under this Measure will include.

- Local Authorities
- Scottish Enterprise and Local Enterprise Companies
- Non Government Organisations
- Scottish Executive Department and Agencies
- University & Research Institutes
- The National Park Authorities
- Scottish Natural Heritage
- Area Tourist Boards
- Voluntary Sector
- Further Education

**(xiii) Outputs and Results**

**OUTPUTS**

<b>Ind No.</b>	<b>Core Indicator Title</b>	<b>Target</b>
709	Hectares of serviced land created or enhanced (brownfield)	58
710	Hectares of serviced land created or enhanced (Greenfield)	25
796	Total sqm of business space created	117,920
797	Total sqm of business enhanced	78,613
776	Sqm of business space created in areas of most need	29,480
777	Sqm of business space enhanced in areas of most need	29,480
794	Total no. of training / learning facilities created	2
795	Total no. of training / learning facilities enhanced	2
770	No. of training/learning facilities created in areas of most need	1
771	No. of training/learning facilities enhanced in areas of most need	1
804	Total sqm of training / learning facilities created	3,448
805	Total sqm of training / learning facilities enhanced	2,299
780	Sqm of training/learning facilities created in areas of most need	862
781	Sqm of training/learning facilities enhanced in areas of most need	862
784	Total no. of childcare facilities created	34
722	No. of childcare facilities created in areas of most need	10
798	Total sqm of childcare facilities created	1,710
799	Total sqm of childcare facilities enhanced	1,710
767	No. of sites provided with direct access	17



## RESULTS

876	Total no. of gross new jobs created	2,551
843	No. of gross new jobs created in areas defined as most in need	765
842	No. of gross new jobs created for women	1,020
877	Total no. of jobless people securing employment	850
845	No. of jobless people from areas of most need securing employment	255
879	Total no. of people under 25 securing employment	283
855	No. of people under 25 from areas of most need securing employment	85
872	Total gross no. of jobs safeguarded	6,655
846	No. of jobs safeguarded in areas of most need	1,997
819	Increase in sales in existing businesses (£million)	89.4
820	Increase in sales in new businesses (£million)	59.6
881	Total sqm of business space occupied after 18 months	98,267
882	Total sqm of business space occupied after 36 months	16,705
865	Private sector leverage (£million)	11.8
822	Increase in visitor numbers	647,000
1384	Hectares of natural habitat management	50
875	Total no. of childcare places created	342
837	No. of childcare places created in areas of most need	103
1385	Area of technology training premises developed (sqm)	5,747

## **2.3 PRIORITY 3: COMMUNITY ECONOMIC DEVELOPMENT**

### **2.3.1 Purpose of the Priority**

In common with many other regions of Europe, the East of Scotland encompasses local communities and sections of the population who are marginalised to a greater or lesser degree by the process of economic and social change. Recent years have seen a growing recognition that the exclusion of individuals, groups, areas or communities from access to opportunities to make the most of their human potential not only reflects adversely on our commitment to social justice but also represents an under-utilisation of resources which constrains the pace and direction of economic growth.

The need for action is addressed in the wider framework of national and European policy, and is further reflected in the vision and statement of aims and objectives for the East of Scotland Objective 2 Programme 2000 - 2006. Policy coherence and operational integration with those activities being delivered under the Government's agenda on social inclusion, in particular Social Inclusion Partnerships (SIPs) and Community Planning is central to this Priority and supporting Measures,

The other priorities of the Programme will contribute in other ways to tackling the range of problems on a practical level. The Programme would however be incomplete without measures which respond directly to local communities and Priority 3 is designed to do that.

The central goal of this Priority is to encourage communities and excluded groups to examine, assess and determine their own economic and social development needs and opportunities, to translate these aspirations into practical achievable projects (possibly with mentoring or advisory support); to secure ERDF and appropriate matched funding to launch and deliver their projects; and to gain experience that will enable them to pursue additional opportunities in the future beyond 2006.

Actions under this Priority will be expected to follow a set of principles which must be fully recognised and incorporated into any proposals for funding. These are set out in Appendix 5 of this document.

### **2.3.2 Introduction to the Measures**

Strengthening the capability of local communities and their

people throughout the East of Scotland to create and/or access new enterprise and employment opportunities in the region will be pursued through the delivery of three Operational Measures. The format followed seeks to reflect the underlying principles and begins with the pre-delivery process of engagement and then progresses to actions related either to particular areas (spatial targeting) or types of activity (thematic activity).

The strengthening of the capability of local communities and their people throughout the East of Scotland to create and/or access new enterprise and employment opportunities in the region will be pursued through the delivery of three Operational Measures, each of which is targeted at a specific community economic development opportunity.

- 3.1: CED Engagement and Capacity Building
- 3.2: CED Implementation – Spatial Targeting
- 3.3: CED Implementation – Thematic Activity

As a result of the Structural Fund support it is forecast that the Community Economic Development Priority will achieve the following outcomes during the period of the Plan:

**Intermediate outcomes**

Total gross new sales in SMEs	£72m
Total gross direct jobs in SMEs	1780
Total gross safeguarded jobs in SMEs	763

Specific objectives and targets are given for each of the three Operational Measures within this Development Priority, together with their contribution to the overall strategic themes and to the Development Priority. Progress against these targets will be carefully measured, monitored and reported throughout the Programme

Each of the measures under this priority is detailed below.

### **2.3.3 Community Economic Development Measures**

#### **Priority: Community Economic Development**

##### **Measure: 3.1**

##### **Title: Community Engagement and Capacity Building**

#### **(i) Rationale**

This Measure acknowledges that a critical component of CED is the extent to which the communities actively engage in the development of their community. This engagement is crucial if there is to be ownership of the development strategy both in terms of formulating the strategy and intended outcomes of local development and in plan management and its subsequent delivery. For deprived and excluded communities to be actively involved and empowered requires not just consultation but that they be given the opportunity and support to participate; to build consensus and a common purpose and with appropriate assistance acquire the competencies and confidence to play a full and active part.

#### **(ii) Description and Strategic Focus**

This Measure has two principal elements which describe a process which progresses from engagement of the community through to the community helping to define the needs, aspirations and priorities for the development of their communities and to putting in place local management structures. The Measure recognises that discrete communities or aggregations of communities, whether urban or rural, will be at different stages of development or maturity and will consequently require differing degrees and types of intervention. However, the thrust of the CED Priority is to promote and ensure effective, open and equitable participation of the local communities in the development effort. There is therefore a requirement that all communities or coherent groupings of communities meeting the defining criteria set out for both urban and rural communities participate in the engagement process. For some communities, this may be a brief review and reappraisal requiring no further action, while for others a more involved programme of engagement, capacity and strategy building may be needed.

#### **(iii) Objectives**

In promoting the inclusion of disadvantaged and marginalised communities it is imperative that effective ways and means are employed to ensure the effective participation of these communities and excluded groups and that the process of engagement and empowerment can be measured and its benefits made visible.

By 31 December 2008 this Measure will enhance community participation in local economic development by providing support for capacity building in 435 community based organisations.

#### **(iv) The Scope Of The Measure**

ERDF will be available under this Measure for proposals that directly contribute to the effective participation of targeted communities and excluded groups in local regeneration and development plans.

- Support for the costs involved in providing independent assessment of the stage of development of the community; achievements to date; aspirations for future development; prioritisation and identification of mechanisms and competent bodies for implementation.
- Support for the costs involved in providing independent advice and assistance for communities wishing at an appropriate point in the process of engagement to assume responsibilities for developing, managing and delivering economic and social regeneration of their community. This might for example include support on project management, financial management, monitoring and evaluation, chairing meetings and negotiation.
- Support will also be given with the development of the local area strategies/development plans and where appropriate, assistance towards small-scale feasibility studies and primary research.
- Where management structures, monitoring and reporting arrangements are lacking or non-existent, assistance can be provided for the establishment of appropriate local management committees.
- Assistance may also be given to meet part of the costs of employing local development workers/animateurs where they are employed by the non-statutory bodies and their activities are overseen and supervised by the local partnership arrangements. Their remit could extend to include activities in relation to supporting the local management structures, monitoring and reporting arrangements.

All activities and actions will be eligible for ERDF support under this Measure where they contribute to the process of community engagement and lead to the production of a local development plan.

**(v) Programme Priority**

Within the 2000-2006 Programme, priority will be given to projects within the scope of the Measure that:

- Actively involve local individuals and groups in targeted communities in the design, delivery and promotion of the operational projects to ensure that support provided through the Programme clearly meets the real needs of communities in the East of Scotland.
- Demonstrate integration and complementarity with appropriate actions in the other Operational Measures in the Programme designed to achieve both strategic and community economic development.
- Are consistent with and integrated into national and regional community development strategies and initiatives including Community Planning; and that actively involve the key economic development agencies promoting such strategies.
- Promote and demonstrate environmentally sustainable development relevant to the identified needs of local communities, the Measures and to the overall Programme objectives.
- Help reduce (and where possible remove) barriers to access and opportunities for the residents of CED and other areas of disadvantage, and that genuinely promote equal opportunities in relation to new employment and enterprise opportunities created through social entrepreneurship initiatives.

Represent the minimum level of grant necessary for the project to proceed and be operationally effective. Each project application under this Measure will be assessed against these operational priorities.

**(vi) Coverage**

Development support under this Measure will be available to local communities and excluded groups in the designated CED areas, as detailed in Appendix 4 of the Programme Complement.



**(vii) Outputs, Results and Impacts**

The indicators are based on the Scottish Core Indicators. The quantifiable economic and physical outcomes from the forecast expenditure under this Measure are based on a number of assumptions derived from experience in implementing the 1997-99 programme. These assumptions will be reviewed as necessary. The attached table at (xiii) details the indicators and quantified targets for this Measure.

**(viii) Project Selection Criteria**

Projects under this Measure will be eligible for ERDF support where, in accordance with regulations, there is a clear demonstration of both local need and sustained additional benefits for the East of Scotland Objective 2 Programme Area as a result of such Structural Fund support. The selection criteria to be used for initiatives under this Measure will be determined by the Programme Monitoring Committee. Some of these will be related to the specific objectives and priorities of this Measure.

**(ix) European Structural Fund Grant Rates**

ERDF assistance for this Measure will be provided at a rate consistent with the provisions on the Rates of Structural Fund intervention as set out in the Table below.

Description	Rate	Example
Investments in firms/schemes/not direct investment	50%	A scheme which gives grants to SMEs e.g. the setting up of a business development scheme

**(x) Responsible Authorities**

The responsible authority for Measure 3.1 is the Programme Monitoring Committee.

**(xi) Contribution to Horizontal Themes**

Within the overall Strategic Development theme of Sustainable Development:

The assistance and support provided to local individuals and community groups in the Programme Area will directly contribute to the sustainable development objectives of the Programme.

The aim of enabling excluded urban and rural communities to participate in the mainstream economy, and doing so through building competencies and confidence so that they can actively engage in the development of their community, will mean that economic, social and environmental objectives can be identified and addressed.

Local environmental development projects may improve environmental quality, but also tackle economic and social problems such as fuel poverty or lack of accessibility.

The assistance and support provided within this Measure will especially seek to create and safeguard jobs in disadvantaged rural and urban communities through enabling them to acquire the necessary skills and competencies, and engaging in the development process. In this way residents of these communities can begin to explore and pursue routes back into the mainstream economy. It will thus directly address the Social Inclusion objectives of the Programme.

There will be a requirement for local communities and other organisations receiving support under Measure 3.1 to demonstrate an effective commitment to Equal Opportunities goals and processes in their recruitment, training, promotion and reward practices.

#### **(xii) Final Beneficiaries**

The final beneficiaries of Programme support under this Measure will be the targeted individuals, groups and communities in the eligible and transitional areas of the East of Scotland. The support to the eligible individuals and groups in this Measure will be delivered through the appropriate financial intermediaries in the Programme Area which include:

- Scottish Enterprise and the Local Enterprise Companies
- Local Authority departments
- Non-Government Organisations
- Scottish Executive departments and agencies
- The Voluntary Sector

(xiii) **Outputs and Results**

	<b>OUTPUTS</b>	
<b>Ind No.</b>	<b>Core Indicator Title</b>	<b>Target</b>
725	No. of community appraisals completed	109
727	No. of community development plans prepared	87

**RESULTS**

838	No. of community development plans implemented	78
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**2.3.4 Priority: Community Economic Development**  
**Measure: 3.2**  
**Title: CED Implementation: Spatial Targeting**

**(i) Rationale**

There is a major requirement for investment in the essential social and economic infrastructure to support long-term economic growth and regional competitiveness for urban and rural communities and groups that are economically excluded from the mainstream economy. The post-1994 Eastern Scotland Objective 2 Programme and the Objective 5b Programmes provided ERDF funding support to a range of property and infrastructure projects with both economic and community development objectives. The comparative effectiveness of these earlier initiatives has encouraged the continuation of funding support for local social and economic infrastructure. However, targeted communities will be encouraged to be innovative in terms of the types of infrastructure project submitted to the Programme during the period 2000-2006.

**(ii) Description and Strategic Focus**

This investment will be focused on a limited number of priority areas and activities where it can be demonstrated that such additional expenditure is justified as contributing to both local strategic objectives and those of the conversion strategy set out in this SPD.

This local infrastructure may take a number of forms including local development finance; visitor facilities: outreach and ICT programmes: the provision of small business units: community facilities and networks: and environmental initiatives such as energy efficiency and recycling.

Also, promoting and embedding social entrepreneurship (which is a different and broader concept from community business) will be especially important in the East of Scotland's regional conversion strategy to 2006, as success in building social entrepreneurship knowledge and skills will partially determine the sustainability of the economic development effort in such communities beyond the present Programme. It is thus an area for innovation and demonstration.

In supporting the enhancement of local social and economic infrastructure it will also be important to help local communities and excluded groups evolve project development and project management capability that can contribute to local economic and social development beyond the end of the 2000-2006 Programme.

There is also opportunity under this Measure to support activities delivered across targeted CED communities within the Programme Area.

The Partnership will require proposals to be submitted in the context of local development plans for these targeted communities in the East of Scotland as defined in Appendix 5.

### **(iii) Objectives**

This Measure will have the following strategic and operational objectives:

By 31 December 2008, to increase economic activity in the designated CED areas through support for local hard and soft economic and social infrastructures resulting in 1678 CED residents securing employment. To this end the Measure will:

- Enhance the capability of local communities and excluded groups in the East of Scotland to come together in the identification of opportunities to permanently enhance their local economic and/or social infrastructure in a sustainable way in the context of the regional conversion strategy.
- Enable local communities and excluded groups to develop, detail and assess for financial and market feasibility new economic and social infrastructure projects to prepare project applicants for ERDF and Partner funding; and to then launch and successfully deliver funded projects.
- Embed project development skills and knowledge within the East of Scotland, in particular within the communities and groups, in such a way as to ensure that they can generate, fund and deliver further economic and social infrastructure projects beyond 2006.
- Encourage and support innovation and variety in the design and provision of economic and social development projects that can raise the awareness of community economic development possibilities throughout the East of Scotland, and to draw on experience from the European Union and elsewhere.

These objectives will be supported by funding provided under Measure 3.2.

#### **(iv) The Scope Of The Measure**

The scope of this Measure has been drawn widely on the basis that it is the local communities and excluded groups will best know their development needs and priorities. Project applications will thus be sought for projects that are justified in the context of achieving both community economic development strategies and the conversion strategy for the East of Scotland Programme Area. ERDF will be available under this Measure to targeted local communities and excluded groups in the designated CED areas of the Programme Area for investment in economic and social infrastructure that directly contributes to community economic development goals through:

- Actions which enable community organisations and groups in the East of Scotland to undertake project development activities designed to contribute to community development in a sustainable manner and which help to promote cohesion and integration.
- Actions which inform and promote the concept of social entrepreneurship including support and advice to individuals and groups in formulating and adopting relevant and achievable proposals. Mentoring support to organisations and groups delivering and managing social entrepreneurship initiatives.
- Support for the provision of local development finance to local community groups to enable initiatives to proceed. Development finance may include support for the funding for credit unions; the provision of local social capital; and contributions to existing community chests and trusts as a means of enhancing local funding capability beyond 2006.
- Capital and revenue funding support for economic and social infrastructure projects in the target communities where this is both essential to mobilise matching public and private sector funds, and to cover launch and initial operating cost provided full project development plans or business plans have been submitted. Appropriate economic and social infrastructure projects for ERDF support might encompass a variety of initiatives such as;
  - Innovative developments in training infrastructure, including outreach, distance and Web
  - The provision of new or refurbishment of craft workshops/small business units
  - Environmental initiatives including recycling, waste reduction and energy efficiency
  - New or enhanced visitor facilities, tourism events and tourism promotion
  - The support for the provision of facilities and support services for childcare, elderly or dependent care to



- enable access to job and training opportunities
- The provision of on going support to local enterprise organisations, for example through the exchange of experience, ideas and information
- The conversion, adaptation or construction of small industrial/business units or workspace accommodation designed to meet the needs of local enterprise activities. This may include support for the operating and security costs of the units or managed workspace
- Support for local job match facilities seeking to enhance employment opportunities for excluded groups and targeted communities
- Assistance for the development of new services and products converting informal or social activities into more permanent professional services or employment
- Support for small scale environmental works and image enhancement as part of an agreed community strategy and integrated programme of regeneration in the targeted communities
- The provision of new, or enhancement of existing, social facilities and infrastructure within local communities which encompass both economic and social functions for the community. This may take the form of assistance to community owned revenue generating assets.
- The provision of community transport schemes such as travel to work and travel to interview schemes
- Improvement in the targeting of information on public transport

#### **(v) Programme Priority**

Wherever possible, priority will be given to supporting activities and investments that build on existing facilities and activities, and which encompass both economic and social functions for the community. In addition, within the 2000-2006 Programme priority will be given to economic and social infrastructure initiatives within the scope of the Measure that:

- Actively involves community groups, organisations and individuals in the identification, development, delivery, management and promotion of economic and social infrastructure projects in the target communities.
- Demonstrate integration and complementarity with appropriate actions in the other Operational Measures in the Programme designed to achieve both strategic and community economic development.
- Are consistent with and integrated into national and regional community development strategies and initiatives; and that actively involve the key economic development agencies promoting such strategies.
-

- Are consistent with and integrated into ESF supported activity in the CED areas being delivered under the Objective 3 Programme. In particular Measures 2.2 Addressing Urban Exclusion, and 2.3 Addressing Rural Exclusion, of the Objective 3 Plan that address those forms of social and economic exclusion, which are geographically targeted.
- Promote and demonstrate environmentally sustainable development relevant to the Measure and to the overall Programme objectives.
- Help reduce (and where possible remove) barriers to access and opportunities for the residents of CED and other areas, and that genuinely promote equal opportunities in relation to new employment and enterprise opportunities.

Each project application under this Measure will be assessed against these operational priorities.

**(vi) Coverage**

Development support under this Measure will be available to local communities and excluded groups in the designated CED areas, as detailed in Appendix 4 of the Programme Complement.

**(vii) Output, Results and Impacts**

The indicators are based on the Scottish Core Indicators. The quantifiable economic and physical outcomes from the forecast expenditure under this Measure are based on a number of assumptions derived from experience in implementing the 1997-99 Programme. These assumptions will be reviewed as necessary. The attached table at (xiii) details the indicators and quantified targets for this Measure.

**(viii) Project Selection Criteria**

Projects under this Measure will be eligible for ERDF support where, in accordance with regulations there is a clear demonstration of both need and sustained additional benefits for the East of Scotland Objective 2 Programme Area as a result of such Structural Fund support. The selection criteria to be used under this Measure will be determined by the Programme Monitoring Committee. Some of these will be related to the specific objectives and priorities of this Measure.

#### (ix) European Structural Fund Grant Rates

ERDF assistance for this Measure will be provided at a rate consistent with the provisions on the Rates of Structural Fund intervention as set out in the following Table.

Description	Rate	Example
Infrastructure/non-revenue generating/direct investments	50%	A capital project that doesn't bring in any revenue, e.g. a road
Infrastructure/revenue generating/direct investments	25%	A capital project that does bring in revenue, e.g. a tourist facility
Infrastructure/revenue generating/not direct investments	35%	An indirect investment in a capital project that brings in revenue, e.g. a property fund
Investments in firms/schemes/not direct investment	50%	A scheme which gives grants to SMEs e.g. the setting up of a business development scheme
Investments in firms/schemes/direct investment	15%	A direct investment in an SME e.g. the actual grant which is given to an SME participating in a scheme
Investments in firms/not schemes/not direct investment	25%	An indirect investment in a revenue project e.g. setting up an SME loan fund or investment fund

#### (x) Responsible Authorities

The responsible authority for Measure 3.2 is the Programme Monitoring Committee.

#### (xi) Contribution To Horizontal Themes

Within the overall Strategic Development theme of Sustainable Development:

The assistance and support provided to community organisations and groups in the Programme Area through investment in social, economic and environmental infrastructure will directly contribute to the sustainable development objectives of the Programme.

Support for local environmental enhancement projects for recycling, waste minimisation, energy efficiency, rehabilitation of workspace, or habitat and landscape restoration, will contribute directly to environmental aspects of sustainability.

Support for social economy organisations, provision of innovative local development finance, and promotion of social entrepreneurship contribute directly to economic aspects.

The assistance and support provided to community groups and organisations under this Measure will give special priority to creating and safeguarding employment in communities, will build community spirit and cohesion, and will directly address Social Inclusion at the local level in innovative ways. So too will child and dependent care facilities and local job match facilities.

There will be a requirement for community organisations and groups receiving assistance through this Measure to demonstrate and effective commitment to Equal Opportunities goals and processes in all aspects of the economic and social infrastructure project and activities.

**(xii) Final Beneficiaries**

The final beneficiaries of Programme support under this Measure will be the excluded groups and targeted local communities in the East of Scotland. The support to excluded groups and local communities through this Measure will be delivered through the appropriate financial intermediaries in the East of Scotland which include;

- Local Authority departments and organisations
- Scottish Enterprise and the Local Enterprise Companies
- Scottish Executive departments and agencies
- Non Governmental Organisations
- The Voluntary Sector
- Area Tourist Boards
- Further Education Colleges

(xiii) **Outputs and Results**

**OUTPUTS**

Ind No.	Core Indicator Title	Target
1378	No. of instances of assistance to existing businesses in areas of most need	227
1379	No. of instances of assistance to existing businesses owned or managed by women	65
1376	No. of existing assisted businesses from areas most in need	113
1377	No. of existing assisted businesses owned or managed by women	32
1374	No. of instances of assistance to new businesses in areas of most need	57
1375	No. of instances of assistance to new businesses owned or managed by women	32
1372	No. of new assisted businesses from areas most in need	57
1373	No. of new assisted businesses owned or managed by women	32
709	Hectares of serviced land created or enhanced (brownfield)	2
776	Sqm of business space created in areas of most need	8,860
777	Sqm of business space enhanced in areas of most need	13,291
770	No. of training/learning facilities created in areas of most need	16
771	No. of training/learning facilities enhanced in areas of most need	16
780	Sqm of training/learning facilities created in areas of most need	805
781	Sqm of training/learning facilities enhanced in areas of most need	805
722	No. of childcare facilities created in areas of most need	32
786	Total no. of community facilities created	3
787	Total no. of community facilities enhanced	3
800	Total sqm of community facilities created	17,367
801	Total sqm of community facilities enhanced	17,367
734	No. of community services supported	1,200

732	No. of community groups supported with admin. of Key Funds or similar	15
733	No. of community ICT projects supported	30
735	No. of community transport projects supported	30
730	No. of community waste management facilities created	10
731	No. of community waste management facilities enhanced	40

### RESULTS

843	No. of gross new jobs created in areas defined as most in need	1,175
842	No. of gross new jobs created for women	671
845	No. of jobless people from areas of most need securing employment	705
855	No. of people under 25 from areas of most need securing employment	235
871	Total gross jobs created through self employment	40
809	Gross jobs created for women through self employment	16
846	No. of jobs safeguarded in areas of most need	503
812	Gross no. of jobs for women safeguarded	288
819	Increase in sales in existing businesses (£million)	49
820	Increase in sales in new businesses (£million)	21
881	Total sqm of business space occupied after 18 months	15,823
882	Total sqm of business space occupied after 36 months	26,899
836	No. of organisations which introduce active people friendly policies	243
874	Total no. of organisations undertaking environmental management	49
1384	Hectares of natural habitat management	9
837	Total no. of childcare places created	460



**2.3.5 Priority: Community Economic Development****Measure: 3.3****Title: CED Implementation: Thematic Activity****(i) Rationale**

Investment in the essential social and economic infrastructure to support long-term economic growth and regional competitiveness for urban and rural communities and groups that are economically excluded from the mainstream economy will in the main be delivered through the spatially targeted provision of Measure 3.2.

However, in addition to the spatially targeted provision there remains a need for activity around a limited number of local development themes to be delivered at a more strategic level across the CED areas. Under these themes, the activities that will have a greater impact when delivered across the East of Scotland CED Areas. This is primarily for two reasons. Firstly, in parts of the Programme area the lack of access to services and employment opportunities will not be addressed by a locally based provision due to the remoteness of the locations. Secondly, there are economies of scale in providing certain Programme wide activities, with the opportunity to disseminate good practice across the CED areas of the Programme.

**(ii) Description and Strategic Focus**

Thematic activity across the Programme area covering excluded groups and communities will cover activity that will considerably contribute to the economic regeneration of the East of Scotland.

This support will be focused on a limited number of development themes where it can be demonstrated that such additional expenditure is justified as contributing to both local strategic objectives and those of the conversion strategy set out in this SPD. This thematic activity will be restricted to a number of prioritised local development themes. These will be IT Networking; Networking (General); Community Transport; Micro-Finance; Rural Development/Diversification (Non-agricultural) and Capacity Building (in support of the other themes).

A considerable barrier to the economic development of the East of Scotland is the lack of access to the existing services. In order for the Programme to effectively deliver the economic regeneration then overcoming the barrier to the accessing of the services, facilities and opportunities must addressed. One way in which this could be addressed is through the provision of support for community transport. This would be eligible

under the Programme where the community transport was targeted exclusively at overcoming the barrier to accessing essential economic and social facilities. Community transport assets must be owned by public or community bodies. It is thus an area for innovation and demonstration.

### **(iii) Objectives**

The CED Implementation: Thematic Activity Measure will have the following strategic and operational objectives:

By 31 December 2008 to increase economic activity in the designated CED areas through support for strategic CED initiatives and infrastructures resulting in 131 CED residents securing employment. To this end the Measure will:

- Enhance the capability of communities and excluded groups in the East of Scotland's CED areas to come together in the identification of opportunities to permanently enhance their economic and/or social infrastructure in a sustainable way in the context of the regional conversion strategy.
- Enable communities and excluded groups to develop, detail and assess for financial and market feasibility new economic and social infrastructure projects to prepare project applicants for ERDF and Partner funding; and to then launch and successfully deliver funded projects.
- Embed project development skills and knowledge within the East of Scotland, in particular within the communities and groups, in such a way as to ensure that they can generate, fund and deliver further economic and social infrastructure projects beyond 2006.
- Encourage and support innovation and variety in the design and provision of economic and social development projects that can raise the awareness of community economic development possibilities throughout the East of Scotland, and to draw on experience from the European Union and elsewhere.

### **(iv) The Scope Of The Measure**

ERDF will be available under this Measure to communities and excluded groups in the Programme's CED Areas for investment in economic and social infrastructure that directly contributes to community economic development goals through:

- Actions which enable community organisations and groups in the East of Scotland to undertake project development activities designed to contribute to community development in a sustainable manner and which help to promote

cohesion and integration. Such activity might for example include support for community and IT networking.

- Actions which provide access to essential employment and training opportunities. This could take the form of assistance for community transport provision.
- Actions which inform and promote micro-finance including support services for locally based credit unions and loan funds which operate at a Programme level. This could include advice to organisations and groups in formulating and adopting relevant and achievable proposals.
- Actions which assist in rural development/diversification (non-agricultural) and to the extent not supported by the RDP or other national Programmes. This could take the form of themed marketing activities (e.g. food trails, heritage trails, cultural heritage). Also, support for non-agricultural business activities arising through diversification initiatives e.g. conversion of farm buildings for holiday accommodation and craft workshops.
- Actions which assist capacity building in support of the other development themes. For example, actions which support the capacity of the local management structures delivering the ERDF funded regeneration effort across the Programme area and actions to promote good practice in the operation of credit unions across the Programme area.
- The scope of this Measure has been narrowly drawn on the basis that only limited actions will operate at the Programme level. Project applications will thus be sought for projects that are justified in the context of achieving both community economic development strategies and the conversion strategy for the East of Scotland Programme Area. Appropriate economic and social infrastructure projects for ERDF support might encompass a variety of initiatives such as;
  - Support for community and IT networking.
  - The provision of on going support to the local management structures for example through the exchange of experience, ideas and information.
  - Support for micro-finance initiatives that have a Programme wide focus. This could be the support service for credit unions or a loan fund operating across the Programme area.
  - The provision of community transport schemes such as travel to work/ interview schemes, access to childcare provision and access to training provision.

**(v) Programme Priority**

- Wherever possible, priority will be given to supporting activities and investments that build on existing facilities and activities, and which encompass both economic and social functions for the community. In addition, within the 2000-2006 Programme priority will be given to economic and social infrastructure initiatives within the scope of the Measure that:
- Actively involves community groups, organisations and individuals in the identification, development, delivery, management and promotion of economic and social infrastructure projects in the target communities.
- Demonstrate integration and complementarity with appropriate actions in the other Operational Measures in the Programme designed to achieve both strategic and community economic development.
- Are consistent with and integrated into national and regional community development strategies and initiatives; and that actively involve the key economic development agencies promoting such strategies.
- Are consistent with and integrated into ESF supported activity in the CED areas being delivered under the Objective 3 Programme. In particular Measures 2.2 Addressing Urban Exclusion, and 2.3 Addressing Rural Exclusion, of the Objective 3 Plan that address those forms of social and economic exclusion, which are geographically targeted.
- Promote and demonstrate environmentally sustainable development relevant to the Measure and to the overall Programme objectives.
- Help reduce (and where possible remove) barriers to access and opportunities for the residents of CED and other areas, and that genuinely promote equal opportunities in relation to new employment and enterprise opportunities.
- Each project application under this Measure will be assessed against these operational priorities.

**(vi) Coverage**

Development support under the Measure will be available to the communities and excluded groups in the designated CED areas as detailed in Appendix 5 of the Programme Complement.

### **(vii) Outputs, Results and Impacts**

The indicators are based on the Scottish Core Indicators. The quantifiable economic and physical outcomes from the forecast expenditure under this Measure are based on a number of assumptions derived from experience in implementing the 1997-99 programme. These assumptions will be reviewed as necessary. The attached table at (xiii) details the indicators and quantified targets for this Measure.

### **(viii) Project Selection Criteria**

Projects under this Measure will be eligible for ERDF support where, in accordance with regulations there is a clear demonstration of both need and sustained additional benefits for the East of Scotland Objective 2 Programme Area as a result of such Structural Fund support. The selection criteria to be used under this Measure will be determined by the Programme Monitoring Committee. Some of these will be related to the specific objectives and priorities of this Measure.

### **(ix) European Structural Fund Grant Rates**

ERDF assistance for this Measure will be provided at a rate consistent with the provisions on the Rates of Structural Fund intervention as set out in the Table below.

<b>Description</b>	<b>Rate</b>	<b>Example</b>
Infrastructure/non-revenue generating/direct investments	50%	A capital project that doesn't bring in any revenue, e.g. a road
Infrastructure/revenue generating/direct investments	25%	A capital project that does bring in revenue, e.g. a tourist facility
Infrastructure/revenue generating/not direct investments	35%	An indirect investment in a capital project that brings in revenue, e.g. a property fund
Investments in firms/schemes/not direct investment	50%	A scheme which gives grants to SMEs e.g. the setting up of a business development scheme
Investments in firms/schemes/direct investment	15%	A direct investment in an SME e.g. the actual grant which is given to an SME participating in a scheme
Investments in firms/not schemes/not direct investment	25%	An indirect investment in a revenue project e.g. setting up an SME loan fund or investment fund



**(x) Responsible Authorities**

The responsible authority for Measure 3.3 is the Programme Monitoring Committee.

**(xi) Contribution To Horizontal Themes**

Within the overall Strategic Development theme of Sustainable Development:

The assistance and support provided to community organisations and groups in the Programme Area through investment in social, economic and environmental infrastructure will directly contribute to the Programme's sustainable development objectives.

Support for rural diversification, micro-finance initiatives, and community transport provision accord with the sustainable development objectives of building capacity, resource efficiency and reducing adverse environmental impact.

The assistance and support provided to community groups and organisations under this Measure will give special priority to creating and safeguarding employment in targeted communities, and securing access to existing economic opportunities and social services. It will build capacity, community spirit and cohesion, and will directly address Social Inclusion at the local level in innovative ways.

There will be a requirement for community organisations and groups receiving assistance through this Measure to demonstrate an effective commitment to Equal Opportunities goals and processes in all aspects of the economic and social infrastructure project and activities.

**(xii) Final Beneficiaries**

The final beneficiaries of Programme support under this Measure will be the excluded groups and communities in the East of Scotland. The support to excluded groups and communities through this Measure will be delivered through the appropriate financial intermediaries in the East of Scotland which include;

- Local Authority departments and organisations
- Scottish Enterprise and the Local Enterprise Companies
- Scottish Executive departments and agencies
- The Voluntary Sector
- Area Tourist Boards
- Further Education Colleges



**(xiii) Outputs and Results**

**OUTPUTS**

Ind No.	Core Indicator Title	Target
1378	No. of instances of assistance to existing businesses in areas of most need	36
1379	No. of instances of assistance to existing businesses owned or managed by women	10
1376	No. of existing assisted businesses from areas most in need	18
1377	No. of existing assisted businesses owned or managed by women	5
1374	No. of instances of assistance to new businesses in areas of most need	9
1375	No. of instances of assistance to new businesses owned or managed by women	5
1372	No. of new assisted businesses from areas most in need	9
1373	No. of new assisted businesses owned or managed by women	5
734	No. of community services supported	120
732	No. of community groups supported with admin. of Key Funds or similar	10
733	No. of community ICT projects supported	15
735	No. of community transport projects supported	15

**RESULTS**

843	No. of gross new jobs created in areas defined as most in need	71
842	No. of gross new jobs created for women	41
845	No. of jobless people from areas of most need securing employment	42
855	No. of people under 25 from areas of most need securing employment	14
846	No. of jobs safeguarded in areas of most need	31
812	Gross no. of jobs for women safeguarded	18
819	Increase in sales in existing businesses (£million)	2

820	Increase in sales in new businesses (£million)	1
836	No. of organisations which introduce active people friendly policies	39

## **2.4 Technical Assistance for the Programme**

### **2.4.1 The Importance of Technical Assistance**

The relatively limited economic and community development budgets available to the East of Scotland Partnership to drive the regional conversion strategy in the Eligible and Transition Areas will require that the planning, management, administration and promotion of the Programme for 2000-2006 be both efficient and demonstrate professional best practice. The Partnership and the Programme Management Executive have carefully considered the management implications of the evaluations of the 1994-1996 and the 1997-1999 Programmes for Eastern Scotland, and have identified some changes to be made to the Technical Assistance associated with the Programme to ensure that the resources provided by the European Commission, the Partnership and the private sector maximise the sustainable economic development of the region. The detailed management proposals for the 2000-2006 Programme are explained in Section 6 of the SPD, but are summarised here to explain the budget line allocated to Technical Assistance within the Programme.

### **2.4.2 Technical Assistance and Programme Management**

The Partnership's Programme Management Executive (PME) will have the devolved remit and responsibility for all essential management and administrative activities necessary to successfully deliver the 2000-2006 SPD. In delivering these services it will report to the Chair of the Programme Monitoring Committee on all aspects of Technical Assistance on a regular basis. The PME Technical Assistance activities in support of the 2000-2006 Programme will encompass:

- Assisting sponsors with the preparation and progressing of project applications to the Programme, especially where sponsors may have little experience in project development (as with disadvantaged communities).
- Ensuring comprehensive ex-ante appraisal of project applications, and of them ensuring that appropriate projects meeting eligibility and priority criteria are presented in the formats established by the Monitoring Committee.
- Monitoring the delivery, progress and impacts of projects supported by the Programme; advising project sponsors and managers on performance measurement and monitoring; commissioning independent impact evaluations of major or visible projects; and reporting on outputs and benefits to the Monitoring Committee.
- Providing support for Partnership organisations undertaking new projects and initiatives in the integration of

sustainable development and equal opportunities in both organisational strategies and project development.

- Servicing the Committees, Advisory Groups and other relevant groupings established by the Partnership to deliver the 2000-2006 Programme, including the provision of agendas, supporting reports and papers, minutes and meeting notes, and all other essential executive and management servicing requirements.
- Promoting and ensuring efficient and cost-effective integration between the Objective 2 and 3 Structural Funds made available within the Programme Area; between the Eligible and Transition Areas; and between the Structural Funds and funding support from other appropriate CIs, the RDR and other funding from the European Commission.
- Developing, enhancing and promoting the East of Scotland Programme for 2000-2006 to strengthen its impact and sustainability through advising and assisting the Partnership to progressively improve the focus and impact of its economic and community development activities.
- Promote, explain and publicise the Partnership, Programme and projects to organisations, individuals and communities throughout the Eligible and Transition Areas within the East of Scotland; to the Scottish Executive, Scottish Parliament and UK government; and to the European Commission.

The Programme Management Executive will prepare an annual Business Plan setting out its budget priority areas and issues to be pursued on behalf of the Monitoring Committee.

#### **2.4.3 The Eligible Technical Assistance Activities**

Technical Assistance is not exclusive to the activities of the Programme Management Executive and the following types of Technical Assistance expenditure will be eligible for Structural Fund support during the 2000-2006 Programme provided that such activities and expenditure are *clearly additional* to the public administration of the Structural Funds through the Scottish Executive; and that such expenditure is essential to the needs of the Monitoring Committee in fulfilling the overall Programme management remit on behalf of the Scottish Executive, the European Commission and the Partnership. The eligible Technical Assistance activities include;

- Support for the free-standing Programme Management Executive
- Programme evaluation; enhanced project monitoring; and impact assessment
- Provision and strengthening of effective management information systems
-

- Procurement of external independent advisory and evaluation expertise
- On-going research and monitoring on local labour market enterprise activities and the performance of the local economy
- Advice on Programme management and implementation practice

Assisting local communities to formulate, detail, cost and make funding applications to the Partnership for Structural Fund support; with a requirement that such skills be sustainably transferred to the organisation(s) receiving support.

The Programme Management Executive will provide a forecast of each of these eligible Technical Assistance activities in the annual operating plan put to the Monitoring Committee for agreement.

#### **2.4.4 Technical Assistance**

Commission Regulation (EC) 1685/2000 of 28 July 2000 laying down detailed rules for the implementation of Council Regulation (EC) 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds, provides the regulatory basis for the use of Technical Assistance in support of the management and implementation of the Structural Funds Programmes.

According to Rule 11 "costs incurred in managing and implementing the Structural Funds", Technical Assistance can be used to co-finance expenditure incurred for management, implementation, monitoring and control expenditure under certain conditions. The implementation of this Rule has to be agreed between the Commission and the member state concerned and laid down in the assistance. For the purposes of performance monitoring and financial control, these costs will be the subject of specific measures within Technical Assistance. In accordance with Rule 11 there will be 2 Technical Assistance Measures. They are:

- Measure 4.1; activities concerned with the management and administration of the Structural Funds Programme.
- Measure 4.2; activities concerned with the provision of research, economic and labour market intelligence and evaluation, and including the acquisition and installation of computerised systems for management, monitoring and evaluation.

The specific provisions to be covered under the two separate Technical Assistance Measures are described in detail in the accompanying Measure fiches. Overall, between the two Measures a sum equivalent to 5.5 Million of Euro has been allocated from Technical Assistance for the management and implementation of the East of Scotland Objective 2 Programme. This total figure and the sub allocations to the two Measures fall within the limits set by Rule 11 and specifically points 2.4 to 2.6. For the purposes of monitoring, Measure 4.1 complies with the provisions set out in point 2.1 and the conditions established in point 2.4. With regard to Measure 4.2 this is governed by the provision of point 3 (Other Expenditure under Technical Assistance).

In accordance with Article 34 of Council Regulation (EC) 1260/1999, the Managing Authority will be the Scottish Executive Development Department. The Managing Authority and the Paying Authority will delegate certain tasks and responsibilities concerning the management and administration of the East of Scotland Objective 2 Programme to the East of Scotland Programme Management Executive. The specific business functions are set out in Measures 4.1 and 4.2.



#### **2.4.5 Measure 4.1 Technical Assistance - Programme Management**

##### **(i) Rationale**

Effective management and administration of the Programme is crucial to the achievement of its strategic objectives. Accordingly, the Programme Management Executive's prime objective is to provide management and support services that allow the new Programme Monitoring Committee to achieve the maximum commitment and expenditure of the Programme allied to the satisfactory achievement of projected economic impact and wider benefits. The Programme Management Executive, in line with the recent PME Review, will continue to work for the consistent provision of a high quality and value add service to the Partnership and the respective Programme management structures throughout the new Programming period.

##### **(ii) Specific Actions**

As a company limited by guarantee and governed by a Board of Directors drawn from the Partnership, the Programme Management Executive, reporting to the Programme Monitoring Committee, will deliver the following core functions:

- Assisting in the strategy development process for the Objective 2 Programme in the East of Scotland.
- Providing a secretariat service for all Programme management structures.
- Implementing committee decisions.
- Assisting with project development.
- Managing the project appraisal system.
- Monitoring progress of projects and the Programme.
- Managing the evaluation and review process.
- Promoting/encouraging activity in line with the strategic objectives of the Programme.
- Liaising with the European Commission and the Scottish Executive Development Department.
- Developing and implementing a communications strategy and communications plan for the Programme.

##### **(iii) Selection and Assessment of Effectiveness**

A key recommendation of the Programme Management Executive Review was to require an integrated business planning process for all proposals in respect of Programme management and administration. This business planning approach also incorporates an annual costed work programme, which allocates staff resources against the core

business functions. It also importantly sets out a detailed framework for performance measurement of the activities of the Programme Management Executive. The full business and operational plan will be presented as part of the Technical Assistance bid to the Programme Monitoring Committee for its consideration at its first meeting.

**(iv) Costs**

ERDF resources available for Technical Assistance under Measure 4.1 are 4.2 Million Euro. The Structural Fund contribution will not exceed 50% of the total eligible costs.

**(v) Responsible Authority**

The Programme Monitoring Committee.

#### **2.4.6 Measure 4.2 Technical Assistance - Other Costs**

##### **(i) Rationale**

In order to deliver cost effective and efficient programme management and administration support to the Programme it is essential that the acquisition, management and manipulation of data is provided through appropriate electronic means. In particular, the very rigorous monitoring requirements for the new Programme require that effective monitoring systems and tools are in place to provide complete and accurate reports to the Monitoring Committee. Moreover, in managing the implementation of a complex regional development programme, and in attempting to measure the performance and impact of the Programme activities, it is essential that there is a research and evaluation strategy which can inform and assist the Programme Monitoring Committee in its strategic oversight of Programme implementation. These additional key functions will be managed on behalf of the Partnership and reporting to the Programme Monitoring Committee by the Programme Management Executive.

##### **(ii) Specific Actions**

The specific areas of activity which come within Measure 4.2 include:

- The acquisition and installation of appropriate computer hardware and computer software.
- The costs associated with computer systems maintenance and development.
- The commissioning of research and evaluation studies including interim and ex-post evaluations.
- Costs associated with the provision of labour market and economic intelligence.

Measure 4.2 also makes provision for costs associated with specific actions aimed at improving the implementation of the Programme and services which promote the Programme and the open and equitable participation of the Partnership. This could involve the delivery of additional and specific services by organisations other than the Programme Management Executive, provided that these services did not duplicate those being provided by the PME.

##### **(iii) Selection and Assessment of Effectiveness**

A key recommendation of the Programme Management Executive Review was to require an integrated business planning process for all proposals in respect of Programme

management and administration. This business planning approach also incorporates an annual costed work programme, which allocates staff resources against the core business functions. It also importantly sets out a detailed framework for performance measurement of the activities of the Programme Management Executive. The full business and operational plan will be presented as part of the Technical Assistance bid to the Programme Monitoring Committee for its consideration at its first meeting.

**(iv) Costs**

ERDF resources available for Technical Assistance under Measure 4.2 are 1.3 Million Euro. The Structural Fund contribution will not exceed 50% of the total eligible costs.

**(v) Responsible Authority**

The Programme Monitoring Committee.

## SECTION 3

- **SELECTION CRITERIA AND APPRAISAL OF PROJECTS**

### **3. SELECTION CRITERIA AND THE APPRAISAL OF PROJECTS**

#### **3.1 Methodology for The Appraisal, Ranking And Selection Of Projects 2000-2006**

##### **3.1.1 Project Processing and Appraisal**

Figure 1 overleaf is a diagrammatic representation or flow-chart of the key stages involved in processing and appraising project applications. The flow-chart provides an indication of the average time taken at each of these stages in what might be regarded as a 'normal' application round. This varies between 16 and 20 weeks depending on the volume and scale of submitted applications. Accordingly, in recognition of the 'extremes' experienced at critical periods in the implementation of the Programme, this diagram should be regarded as an optimum model.

##### **3.1.2 Project Appraisal**

Project appraisal is conducted in three stages. They are an assessment of a project in respect of:

- (i) Technical Eligibility
- (ii) Programme Core Criteria.
- (iii) Measure Specific Selection Criteria including VFM.

The first stage is undertaken by the Programme Management Executive and this involves both a quality check and an initial assessment of eligibility, both technical and financial, against a standard checklist. At this time applicants may be contacted and advised of any obvious problems in respect of eligibility or the omission of key details.



Figure 1: ESEP Summary timetable for 16 week processing and appraisal cycle.

EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006

Project Processing and Appraisal Cycle

			Processing of Applications			Financial and Physical Monitoring		
Time Line	Previous Round		Week 15 Week 19 - Programme Management Committee (PMC) Meeting					
	Current Application Round		Week 1 Deadline for Submission of Applications - Receipt and registration of submissions		Note 6		Note 8	
			Week 2 Week 3 Week 4 Week 5 Week 6 - First Advisory Group Meetings Week 7 Week 8 - Second Advisory Group Meetings Week 9 Week 10 - Third Advisory Group Meetings Week 11 Week 12 - Fourth Advisory Group Meetings Week 13 Week 14 Week 15 Week 16 - Programme Management Committee (PMC) Meeting		Note 1  			

Notes:

1. Applications are reviewed, input into the MIS, initial queries raised and technical checks undertaken.
2. Applications and supporting material are copied and sent to Advisory Group (AG) members.
3. Applicants receive feedback and requests from AG for further information if necessary. Applications are scored.
4. Once the Advisory Groups have reached their final recommendations project applicants are advised in writing. Committee papers and spreadsheets are prepared and sent to PMC members 15 working days in advance of the Committee meeting.
5. Approval letters are sent, normally within 10 days of the PMC meeting.
6. Outstanding issues relating to projects in the previous round continue to be dealt with in current round.
7. Advice and guidance given to applicants and preparation for next application round.
8. Financial and physical monitoring are on-going tasks during the Programme period.

The next stage involves the respective Programme Manager with responsibility for the particular development theme (Priority), undertaking an initial scoring of the project application under each measure, against both the core and measure specific criteria. This initial scoring ensures a consistent approach and establishes an initial position for each project. It also importantly reduces the amount of time taken up in the Advisory Group meetings by members working through and agreeing the individual scores. A more effective and productive use of members time and contribution to the appraisal, is to consider the initial scoring at the beginning of the appraisal and at the end, when the initial scoring is agreed or adjusted to reflect the detailed deliberations of the Group and following clarification and/or strengthening of the proposal requested by the Advisory Group.

The Advisory Group are provided with abridged copies of the project application form and the initial scoring sheets against core criteria and measure specific selection criteria at least 5 working days before the Advisory Group meet. Full project applications and any supporting documentation are made available at the Advisory Group meeting.

Discussion at the Advisory Group meetings centres on the key features of the project when issues of;

- fit with the measure
- assessment of forecast target outputs, in particular economic impact
- evidence of demand and market fit
- extent of compliance with horizontal themes
- VFM, amongst others are assessed

The Advisory Group members bring to bear their individual and collective knowledge of the subject, including market demand and development opportunities within and across the Programme Area. Also at this time they assess the extent to which forecast targets ie physical and intermediate outputs and economic impacts are both realistic and accord with those set out in the SPD. Again, using their knowledge and experience of the development theme, and in particular similar development activities, they are able to challenge estimated targets where they are deemed to be unrealistic ie whether overly ambitious or unduly conservative. This notional benchmarking exercise is also guided by the SPD targets established for each measure. The SPD targets are based on national standard outputs determined from a range of past economic impact assessments of similar activities and adjusted to take account of induced effects, deadweight and

displacement. They can when necessary provide what might approximate to a ready reckoner to determine the degree of correspondence.

As each project is appraised in turn, any deficiencies, omissions or points requiring clarification are identified. The Programme Management Executive is then instructed to pursue these concerns in writing with the project applicant(s). Written responses are sought by the next or subsequent Advisory Group meeting, when the Group take a view on how well their concerns have been answered. If insufficient answers have been given the applicant is again requested to provide a more detailed response.

The final and where necessary penultimate meetings are taken up with agreeing the complete list of project recommendations. This involves reviewing each project and agreeing the final scoring against core criteria and measure specific criteria and ranking each project within the quality bands. In a large number of cases this will entail adjusting the initial scores to take account of additional information provided and revisions to the original application.

### **3.1.3 Technical Eligibility**

A prior appraisal of a project's technical and financial eligibility is made by the Programme Management Executive before its consideration by the respective Advisory Group.

This appraisal will involve an assessment of a project's;

- Fit with the objectives and scope of the relevant Priority and Measure of the SPD
- Compliance with the Structural Fund Regulations
- Compliance with EU and national legislation
- Compliance with the Commission's eligibility rules
- Complementarity with sub-regional, regional, national and Community policies
- Complementarity with existing activity or provision
- Viability in respect of the financing plan, and in particular the status of the financial commitments from the respective sponsors
- Viability with regard to the status of planning permission; environmental impact and state aid notification
- Compliance with eligible start date

### 3.1.4 Programme Core Criteria (Sustainable Development)

Having satisfactorily passed the standard checks under the technical and financial eligibility appraisals, projects will progress to an assessment of the extent to which they satisfy the minimum requirements of the Programme core criteria. The core criteria essentially seek to determine (ex ante) the extent to which each project addresses the horizontal themes and strategic objectives and to assess a project's potential to achieve the intended economic impact on the regional economy.

The core criteria include:

- **Net Additional Jobs**

An assessment of the extent to which the project will create net additional jobs including net additional jobs safeguarded.

- **Evidence of Demand**

An assessment of the quality, validity and robustness of market research and/or evidence of market failure provided as justification for intervention.

- **Partnership and Leverage**

An assessment of the extent to which the project shows partnership between agencies reflected in their contributions of funds, expertise and other resources. Particular priority will be given to private sector contributions. Project applications must demonstrate that grant aid is essential for the implementation of the project.

- **Infrastructure Impact**

An assessment of the extent to which the project will impact positively on the region's infrastructure for example by;

- making use of serviced and/or brownfield sites
- re-use of existing buildings
- being in or adjacent to settlements and/or public transport; and
- making use of, or developing, existing services.

- **Resource Efficiency**

An assessment of the extent to which the project in its direct use of resources positively addresses one or more of the following;

- The efficient procurement, and use of water, energy, raw materials and other inputs
- The minimisation and management of waste; and
- The production of 'green' products and services; the development of cleaner technologies/processes; recycling and re-use activities; environmental monitoring and pollution abatement.

- **Environmental Impact**

An assessment of the extent to which the project contributes to the enhancement or protection of the environment in which it is set, or seeks to minimise the negative impacts, whether as an infrastructure development or a revenue activity.

- **Access and Opportunity**

An assessment of the extent to which the project actively promotes the full and equal participation of individuals and social groups in the local economy. This may be achieved for example by;

- Ensuring that there are no physical constraints (e.g. lack of transport) preventing individuals accessing employment and personal development opportunities
- Creating the right conditions in the labour market through active labour market policies
- Positively tackling the more subtle forms of discrimination and exclusion; and
- Providing a supportive learning and working environment including adequate provision and/or assistance for child/dependent care.

- **Local Added Value**

An assessment of the extent to which the project has the ability to generate local added value through for example;

- Productive linkages between local employers and training providers or SMEs and centres of R&D.
- Support for local sourcing initiatives and/or activities aimed at diversification within the local economy.
- Assistance for activities which promote local support e.g. extending the Tourism season; and
- The active support and participation of the local community in project design and implementation.

- **Capacity Building**

An assessment of the extent to which the project addresses identified deficiencies in the local economic and social infrastructure, local organisational competencies or skills and competencies of the workforce, and which act as a constraint on growth and development.

- **Social Inclusion**

An assessment of the extent to which the project is directed at integrating disadvantaged communities into mainstream activities. In particular, projects which enhance access by these communities to opportunities and benefits available elsewhere in the Programme Area will be given priority.

- **Strategic Integration**

An assessment of the extent to which the project can demonstrate direct linkages and coherence with other related activities and strategies – local, national and European – including Development Plans.

- **Durability and Feasibility**

An assessment of the extent to which the project can demonstrate the ability to become self-sustaining over time. This is coupled with an assessment of the feasibility and risks of the project; its design and forecast targets and the capacity and track record of the delivery agent(s) to implement and sustain the project.

### 3.1.5 Measure Specific Selection Criteria and Value for Money(VFM)

Criteria at this level will allow the process of appraisal to focus in on the degree to which a project addresses the very specific requirements, rationale, objectives and intended economic impact, i.e beyond activity related outcomes, established for individual measures.

A limited range of well-defined selection criteria have been developed for each measure. Given the possible diversity of project proposals, not every project can be expected to fully satisfy each of the identified measure specific criteria. Accordingly, selection criteria have been framed in a way that does not make them unduly prescriptive or too narrowly focused.



### 3.1.6 Value for Money and Innovation

The factors of **Value for Money** and **Innovation** are assessed at the measure level. With regard to VFM, this is best achieved as an overall assessment when all other considerations are taken into account. For Innovation, this is not always relevant or necessary in respect of project design or delivery. As a term it is often misused and there is a tendency to define or interpret innovation in a way that is too general and unspecific.

Accordingly, its use is confined to those measures where it is reasonable to expect some degree of genuine innovation.

## 3.2 Scoring Methodology

### 3.2.1 Introduction

The original Working Group in reviewing other Programme appraisal systems, considered that scoring on a numerical basis was unduly complex and mechanistic and gave the impression of a degree of analysis and rigour that was not justified.

The danger with such an approach would be the tendency to place an overreliance on the value of crude estimations and to use these figures and their totals as the basis for a project's recommendation. Essentially, selection criteria and any associated 'scoring' are tools and an aid to project appraisal and should not dictate the process, but should instigate and provide a transparent and consistent framework for debate, leading to a considered assessment .

The scoring approach developed for the former Eastern Scotland Objective 2 Programme uses a simple graduated scale from low to medium to high (see below). The relative position or 'score' of a project against any one criterion on this scale will be determined according to an assessment of the extent to which the project meets the objectives of that selection criterion. The final score will be accorded on the basis of consensus amongst the Advisory Group members.

### 3.2.2 Graduated Scale for Scoring

LOW   MARGINAL   MEDIUM   GOOD   HIGH

As this process progresses through each measure specific criterion in turn, what will emerge is a graphic image which will present an overall indication of a project's priority and fit with the measure. Also, it will highlight any particular areas of weakness, and where these predominate or represent key or critical factors will incline towards a low priority or rejection.

### 3.2.3 Weighting

In order to attach a higher priority to specific selection criteria i.e **weighting** of criteria, this has been achieved as follows;

- certain core criteria e.g. evidence of demand, are reiterated and reinforced in the measure specific criteria.
- certain measure specific criteria have been accorded a higher status in consideration of their importance for that measure - in effect establishing a weighting factor.

Measure specific selection criteria which are especially important if not critical to the determination of high quality, targeted projects have been predetermined. To a very limited extent these agreed criteria vary in number and nature between measures. The **high priority criteria** have been placed together as a separate block, duly outlined and distinct from the remaining criteria.

In this way projects which do not score well against these criteria will not be supported. Equally, such projects are unlikely to achieve a high score against the Value for Money assessment being the final Measure Specific Criterion, standard for all Measures. The VFM assessment is also given a high priority and is separately scored and accorded due prominence in the overall prioritisation and ranking process.

### 3.2.4 Prioritisation and Quality Bands

The proposed scoring system will readily discriminate between good, bad and intermediate projects and additionally will have the ability to establish rudimentary quality thresholds and determine relative priorities for financial assistance. This initial prioritisation exercise establishes distinct **bands of quality and/or priority** against which an assessment can be made in terms of quality and available spend. Thus in any one round, it can determine broadly which bands are recommended for approval; those which are deferred for reworking and/or designated reserve projects and those which are rejected.

A closer examination of the individual scores against Core and Measure criteria can produce a further level of priority and sub-division into 5 quality bands referred to earlier.

They are;

- High Quality Band
- Good Quality Band
- Medium Quality Band
- Marginal Quality Band
- Poor Quality Band

This is achieved by measuring the high-good scores against all of the selection criteria. This in effect focuses in on the extent to which a project scores **above the median**.

### 3.2.5 Primary Assessment and Prioritisation

This assessment against the Measure Specific Criteria will be additional to the appraisal against Core Criteria assessed by respective Advisory Groups. Taken together the outcomes of the 2 separate appraisals will produce an overall assessment of a project's quality and priority for financial assistance ie **the Primary Assessment**.

The following Scoring Matrix is proposed establishing quality thresholds for each of the quality bands.

#### Primary Assessment and Prioritisation

QUALITY BAND	NUMBER HIGH - GOOD SCORES			
	CORE CRITERIA	VFM	MEASURE SPECIFIC CRITERIA	
			HIGH PRIORITY CRITERIA	OTHER CRITERIA
High	9-12	1	7-8	4-5
Good	7-8	1	5-6	3-4
Medium	5-6	1	3-4	2-3
Marginal	3-4	NONE	2-3	1-2
Poor	<3	NONE	<2	1

### 3.2.6 Prioritisation Within A Quality Band - Secondary Prioritisation

In order to further prioritise within a quality band and to rank projects, the process of differentiating between projects in order to establish a cut-off point is undertaken as follows:

- Within the quality band the prior assessment of projects against both the Programme Core Criteria and the Measure Specific Selection Criteria are re-examined.

- At this time a project’s scores **below the median ie low or marginal** for both Core Criteria, VFM and Measure Specific Criteria are assessed and a count taken as described in the schedule below. The total of these scores is computed with the highest score in the respective quality band representing the lowest ranked project.
- Projects can then be ranked and those above the quality threshold/available financial resources will be recommended for approval.
- For projects below the threshold established on the grounds of available financial resources, but still within the agreed quality band threshold, will be reported to the Programme Management Committee with a recommendation that they be treated as reserve projects. These reserve projects may be supported at some future time as additional or underspent resources become available.

Secondary Prioritisation - Ranking

NUMBER LOW - MARGINAL SCORES				
CORE CRITERIA	VFM	MEASURE SPECIFIC PRIORITY		
		HIGH PRIORITY	OTHER	TOTAL

3.2.7 Project Deferrals/Rejections

Where applications for funding are not recommended for approval or deferral by the Advisory Group, the reasons will be duly recorded at the meeting and the applicant organisation advised of the recommended outcome and of the reasons, by the Programme Management Executive in writing.

The advice will refer to the project assessment by the Advisory Group and will in particular identify those criteria where the project scored below the median. Where a project’s overall assessment has led to a recommendation for deferral, the identified weakness will be highlighted with a suggestion that where these weaknesses are capable of being remedied then the project may be resubmitted at a future round. In the event that a project has been recommended for rejection, again the assessed weaknesses will be advised to the applicant.

3.3. Advisory Groups

3.3.1 Introduction

Advisory Groups as detailed below are based on the 3 development priorities of the East of Scotland Programme. They are charged with the important task of appraising project submissions under each of the measures within the 3 Priorities. Membership of the Advisory Groups are achieved by nominations from the key sectoral constituencies of the Partnership. Representation on the Advisory Groups will be primarily based on the experience and expertise of members in respect of the key development themes. Moreover, due consideration is given to knowledge of the Structural Funds and the underpinning EU structural policies, as well as the need to reflect the relative geographic diversity of the Programme Area and the key partnership constituencies. Membership of an Advisory Group does not confer any privilege or advantage in what has become a very competitive environment for drawing down Structural Fund assistance. It does however, constitute a considerable commitment and contribution in time and effort to what is one of the most onerous and demanding aspects of Programme implementation. The Advisory Groups and the Measures for which they are responsible are described at 3.2.

3.3.2 Advisory Group Structure and Responsibilities

Advisory Group	Measure	ERDF/ESF
SME Creation and Development	1.1 Support for SME Creation and Development	ERDF
	1.2 Access to Risk Capital	ERDF
	1.3 Knowledge and Technology Transfer	ERDF
Strategic Locations and Sectors	2.1 Strategic Locations and Sectors (Revenue)	ERDF
	2.2 Strategic Locations and Sectors (Capital)	ERDF
Community Economic Development	3.1 Engagement and Capacity Building	ERDF
	3.2 CED Implementation Spatial Targeting	ERDF
	3.3 CED Implementation Thematic activity	ERDF

With regard to the Strategic Locations and Sectors Advisory Group, membership will need to reflect an adequate level of



knowledge and experience of the respective strategic sectors and strategic locations.

### **3.3.3 Secretariat Support and Chairing of Advisory Groups**

The Programme Management Executive will provide a secretariat service to the Advisory Groups undertaking initial technical and eligibility checks; preparing all documentation for consideration by the Advisory Groups; producing a note of the meeting and advising the project applicants of the recommendations of the Advisory Groups.

The Chief Executive and the Senior Programme Manager will chair the Advisory groups with technical support from the Programme Managers and Assistant Programme Managers.

## **3.4 Rules of Procedure for Advisory Groups**

The East of Scotland appraisal system seeks to minimise the level of subjectivity inherent in project selection. In operating a thematic based representational structure for the Advisory Groups, it is imperative that partners come to view this arrangement as being more effective at the Programme level. This system in effect places a greater reliance on the presentation and justification contained in the application form and supporting documentation.

This should not in any respect diminish the ability of the new appraisal system to reach the right decisions and indeed it does not preclude the opportunity for applicants to produce further clarification/additional information, where necessary and where appropriate, during the appraisal process.

To assist the appraisal process and to promote objectivity and ensure equitable treatment, the following operating rules and procedures are proposed :-

- (i) Members will require to act in an objective and non-partisan way.
- (ii) Members must not advocate for projects within their constituency or interest.
- (iii) In the event that a project application, under consideration by an Advisory Group, derives from the employing organisation of a member of the Advisory Group, that member cannot speak to the project in question and will be asked to disengage themselves from the appraisal process. Also no member of the Advisory Group can advocate or represent a project in any way where their employing authority has a financial or other formally expressed interest in the project. The Advisory Group



member can neither advocate for the project or speak in answer to points of clarification or matters of a technical or factual nature. As with all project applicants questions of clarification and requests for additional information will be formally raised in writing with the applicant organisation following the meeting of the Advisory Group.

- (iv) Recommendations of the Advisory Group will be achieved by consensus.
- (v) The Advisory Group will be encouraged to have a developmental role and to explore and promote appropriate opportunities and means by which the Programme resources can be better targeted at those activities which address identified need and opportunity, and which can generate the greatest economic impact particularly in regard to additional employment opportunities.
- (vi) All discussions of this nature will be recorded and reported to the Programme Management Committee.
- (vii) In order to promote objectivity and the exchange of frank and impartial views and comments, it is essential that Advisory Group members respect the confidential nature of the proceedings of meetings.
- (viii) Accordingly, members must not report the detailed discussion to any third party, and in particular must not attribute any discussion or

comment to any one or more members of the Advisory Group. Any breach of confidentiality will be liable to bring the entire process and proceedings of the appraisal system into disrepute, deter members from participating and render it unworkable.

It is for the Programme Management Executive, acting on behalf of the Advisory Group, to report on the Advisory Group proceedings and recommendations to project applicants and the Programme Management Committee. The deliberations of the respective Advisory Groups must remain unattributable; agreement on project recommendations is achieved by consensus as are the reasons for those recommendations.

- (viii) Decisions of the Advisory Groups concerning project recommendations will be communicated to project applicants in writing, by the Programme Management Executive, and within 15 working days of the conclusion of the appraisal process for that Advisory Group.

- (ix) The Advisory Groups will be assisted in their task by access to a variety of relevant literature. This reference material will require to be in the public domain, and will in particular include local labour market intelligence, the strategic location delivery plans, CED area development plans Scottish ESF Objective 3 Programme, and relevant economic impact assessments and studies.
- (x) The members of the respective Advisory Groups will apply the Measure specific criteria in a fair and consistent manner and will also take into account the assessment against the core criteria.
- (xi) In the event that a member of an Advisory Group is unable to attend a meeting no substitution will be allowed in order that the essential group dynamic is maintained.
- (xii) Members should make all reasonable efforts to attend Advisory Group meetings. Where a member fails to attend more than 3 meetings in succession he/she may be asked to stand down. A replacement will be sought from the same sectoral constituency.

### **3.5 Operational Issues**

There are a number of operational issues which have either informed the design and development of the project appraisal system or serve as key components in the effective delivery of the project appraisal system. Certain issues, in particular LMI, and the role of Advisory Groups, also perform an important function in influencing the effective implementation of the Programme.

#### **3.5.1 Local Labour Market and Economic Intelligence**

A proposed lowland Scotland labour market and economic intelligence system will be made operational by early 2001. This new centralised function would provide a dedicated service to each of the 4 Structural Funds Programmes operating in lowland Scotland. The system will research and produce up-to-date and forecast local labour market information and economic intelligence quarterly which will be validated on a regular basis through local focus groups. This intelligence, augmented by an annual digest presenting an analysis of economic trends and prospects for the area will be essential to project appraisal, and indeed may identify the need for a review of current and future priorities for intervention. This key data and analysis will be made available to the Advisory Groups. It will also inform the preparation of the Annual Implementation Reports.

### **3.5.2 Investment Appraisal/Private Sector Participation/Minimum Grant Necessary**

In particular, although not exclusively, many infrastructure and risk capital projects constitute a substantial level of financial investment and increasingly represent complex and sophisticated arrangements for financing. In particular, the increasing involvement of the private sector in project financing, either through joint venture or private sector led initiatives, demands a more rigorous application of due diligence procedures. Notwithstanding the requirements of public sector organisations as project applicants to conduct a thorough investment appraisal in satisfying their own statutory, internal management and accounting requirements, the Programme Management Executive, and where necessary Scottish Executive Development Department (SEDD), also undertake a separate appraisal. This is done to assess the minimum level of grant necessary for a project to be carried out. However, for investment appraisal to be effective and in view of the increasing range and complexity of project financing packages, it requires a level of expertise which may not always be within the competence of either the PME or SEDD. Accordingly, consideration may be given to exploring other options which might include commissioning external and independent experts as and when the need arises.

### **3.5.3 Project Deferrals/Rejections**

For most measures, continuing high levels of competition for available resources will be experienced, and it is inevitable therefore that a proportion of projects will not achieve a sufficiently high priority in the appraisal process. Consequently, these projects may be rejected or deferred subject to reworking or the availability of additional resources. In that event the appraisal system must be seen as having been applied in an objective, fair, consistent and above all transparent manner. Applicants of rejected or deferred projects will be advised in writing of the specific reasons resulting in the recommendation of a projects rejection or deferral. Should the applicant then wish to tackle the identified weaknesses or appeal the recommendation, they may do so in a more focused way by responding to the specific areas of weakness identified by the appraisal process. However, once the Programme Management Committee confirm that a project is rejected or deferred in one application round, a new application will have to be submitted by sponsors if they decide to seek assistance for that project in any subsequent application round. **In no circumstances will a rejected or deferred project be automatically reconsidered in a future application round.**

### **3.5.4 Project Appraisal Advisory Groups -**

The structure and operation of the Advisory Groups are dealt with in more detail in Appendix 1. Advisory Groups, in addition to their primary role of project appraisal have a developmental role in terms of seeking to promote project activities through the PME where there is a low level of demand being experienced against certain measures, or to encourage the promulgation of good practice and to highlight project exemplars. Equally, Advisory Groups should seek to refine and refocus sectoral strategies and Measure priorities for intervention, where the existing approach is deemed to be inadequate or poorly targeted, or where local economic dislocations require a re-orientation or shift in emphasis. In this regard advisory groups will be encouraged to identify the need for review and to recommend the commissioning of appropriate pieces of research to determine the need for any re-prioritisation or improved targeting of Programme resources.

### **3.5.5 Principles of Advisory Group Membership**

The thematic based approach requires that members of a specific thematic advisory group are sufficiently knowledgeable and experienced in the respective development area in order to contribute to the deliberations and informed assessments of that Group. In addition, and subsidiary to the primary criterion above, membership of the advisory groups are drawn from the Partnership taking into consideration the need to achieve balance and adequate representation in terms of:

- the key partnership constituencies;
- the principal sub-regional areas;
- working knowledge of the European Structural Funds and underpinning structural policies and;
- knowledge of the horizontal themes.

The Scottish Executive Development Department as Managing Authority and other relevant Departments of the Scottish Executive will have automatic membership of all Advisory Groups.

## SECTION 4

- FINANCING PLAN

## **4. FINANCING PLAN**

### **4.1 FINANCIAL ALLOCATIONS**

The following Section provides details of the financing plan, which specifies for each measure the financial allocation envisaged for the contribution of the European Regional Development Fund (ERDF). The Tables also give details of the financial allocation envisaged for the other existing financial instruments and the amount of eligible public or equivalent funding and estimated private funding relating to the contribution of the Funds.

The Tables have distinguished the funding planned for areas securing transitional support.

The envisaged percentage contribution of ERDF to each measure has been determined in light of the provisions of Article 29 of Council Regulation (EC) No 1260/1999.

Co-financing for measures shall be provided by partners, principally the Scottish Enterprise network, local authorities, higher and further education and the voluntary sector. However, envisaged contributions from the private sector are also tabulated.



EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006 - INDICATIVE FINANCIAL ALLOCATIONS BY MEASURE (2000-2006)														
		Expenditure in MEURO												
		Total cost	Total	Public funds			Other public funds				Private funds	EIB loans	Field of Intervention	% Average grant rate
				Total	ERDF	ESF	Total	Central	Regional	Local				
Measure 1.1	ERDF Eligible	88.890	88.890	40.000	40.000		48.890		48.890		0.000			44.999%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	47.750	47.750	19.100	19.100		28.650		28.650		0.000		40.000%	
	Total	136.640	136.640	59.100	59.100	0.000	77.540		77.540		0.000		163	43.252%
Measure 1.2	ERDF Eligible	26.670	18.670	8.000	8.000		10.670		10.670		8.000			29.996%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	10.000	7.000	3.000	3.000		4.000		4.000		3.000		30.000%	
	Total	36.670	25.670	11.000	11.000	0.000	14.670		14.670		11.000		165	29.997%
Measure 1.3	ERDF Eligible	36.670	36.670	16.500	16.500		20.170		20.170		0.000			44.996%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	17.200	17.200	6.880	6.880		10.320		10.320		0.000		40.000%	
	Total	53.870	53.870	23.380	23.380	0.000	30.490		30.490		0.000		182	43.401%
Measure 2.1	ERDF Eligible	27.533	27.533	12.390	12.390		15.143		15.143		0.000			45.001%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	16.500	16.500	6.600	6.600		9.900		9.900		0.000		40.000%	
	Total	44.033	44.033	18.990	18.990	0.000	25.043		25.043		0.000		163	43.127%
Measure 2.2	ERDF Eligible	154.900	115.790	49.570	49.570		66.220		66.220		39.110			32.001%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	82.500	63.500	26.400	26.400		37.100		37.100		19.000		32.000%	
	Total	237.400	179.290	75.970	75.970	0.000	103.320		103.320		58.110		164	32.001%
Measure 3.1	ERDF Eligible	12.160	12.160	6.080	6.080		6.080		6.080		0.000			50.000%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	5.960	5.960	2.980	2.980		2.980		2.980		0.000		50.000%	
	Total	18.120	18.120	9.060	9.060	0.000	9.060		9.060		0.000		166	50.000%
Measure 3.2	ERDF Eligible	64.680	63.180	27.360	27.360		35.820		35.820		1.500			42.301%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	31.650	31.150	13.390	13.390		17.760		17.760		0.500		42.306%	
	Total	96.330	94.330	40.750	40.750	0.000	53.580		53.580		2.000		22	42.303%
Measure 3.3	ERDF Eligible	10.780	10.780	4.560	4.560		6.220		6.220		0.000			42.301%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	5.570	5.570	2.230	2.230		3.340		3.340		0.000		40.036%	
	Total	16.350	16.350	6.790	6.790	0.000	9.560		9.560		0.000		22	41.529%
Measure 4.1	ERDF Eligible	6.200	6.200	3.100	3.100		3.100		3.100		0.000			50.000%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	2.200	2.200	1.100	1.100		1.100		1.100		0.000		50.000%	
	Total	8.400	8.400	4.200	4.200	0.000	4.200		4.200		0.000		411	50.000%
Measure 4.2	ERDF Eligible	1.800	1.800	0.900	0.900		0.900		0.900		0.000		411 [15%]	50.000%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000		412 [10%]	0.000%	
	ERDF Transition	0.800	0.800	0.400	0.400		0.400		0.400		0.000		413 [40%]	50.000%
	Total	2.600	2.600	1.300	1.300	0.000	1.300		1.300		0.000		414 [35%]	50.000%
Total	ERDF Eligible	430.283	381.673	168.460	168.460		213.213		213.213		48.610			39.151%
	ESF related	0.000	0.000	0.000		0.000		0.000		0.000			0.000%	
	ERDF Transition	220.130	197.630	82.080	82.080		115.550		115.550		22.500			37.287%
	Total	650.413	579.303	250.540	250.540	0.000	328.763		328.763		71.110			38.520%

## EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006 - INDICATIVE FINANCIAL ALLOCATIONS BY MEASURE (2000)

		Expenditure in M EURO										
		Public funds								Private	EIB	
		Total	Total	EU grants			Other public funds					
		cost		Total	ERDF	ESF	Total	Central	Regional	Local	funds	loans
Measure 1.1	ERDF Eligible	12.460	12.460	5.607	5.607		6.853		6.853		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	13.777	13.777	5.511	5.511		8.266		8.266		0.000	
	<b>Total</b>	<b>26.237</b>	<b>26.237</b>	<b>11.118</b>	<b>11.118</b>	<b>0.000</b>	<b>15.119</b>		<b>15.119</b>		<b>0.000</b>	
Measure 1.2	ERDF Eligible	3.738	2.617	1.121	1.121		1.496		1.496		1.121	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	2.886	2.020	0.866	0.866		1.154		1.154		0.866	
	<b>Total</b>	<b>6.624</b>	<b>4.637</b>	<b>1.987</b>	<b>1.987</b>	<b>0.000</b>	<b>2.650</b>		<b>2.650</b>		<b>1.987</b>	
Measure 1.3	ERDF Eligible	5.140	5.140	2.313	2.313		2.827		2.827		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	4.962	4.962	1.985	1.985		2.977		2.977		0.000	
	<b>Total</b>	<b>10.102</b>	<b>10.102</b>	<b>4.298</b>	<b>4.298</b>	<b>0.000</b>	<b>5.804</b>		<b>5.804</b>		<b>0.000</b>	
Measure 2.1	ERDF Eligible	3.860	3.860	1.737	1.737		2.123		2.123		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	4.760	4.760	1.904	1.904		2.856		2.856		0.000	
	<b>Total</b>	<b>8.620</b>	<b>8.620</b>	<b>3.641</b>	<b>3.641</b>	<b>0.000</b>	<b>4.979</b>		<b>4.979</b>		<b>0.000</b>	
Measure 2.2	ERDF Eligible	21.712	16.230	6.948	6.948		9.282		9.282		5.482	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	23.803	18.321	7.617	7.617		10.704		10.704		5.482	
	<b>Total</b>	<b>45.515</b>	<b>34.551</b>	<b>14.565</b>	<b>14.565</b>	<b>0.000</b>	<b>19.986</b>		<b>19.986</b>		<b>10.964</b>	
Measure 3.1	ERDF Eligible	1.704	1.704	0.852	0.852		0.852		0.852		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	1.720	1.720	0.860	0.860		0.860		0.860		0.000	
	<b>Total</b>	<b>3.424</b>	<b>3.424</b>	<b>1.712</b>	<b>1.712</b>	<b>0.000</b>	<b>1.712</b>		<b>1.712</b>		<b>0.000</b>	
Measure 3.2	ERDF Eligible	9.066	8.856	3.835	3.835		5.021		5.021		0.210	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	9.131	8.987	3.863	3.863		5.124		5.124		0.144	
	<b>Total</b>	<b>18.197</b>	<b>17.843</b>	<b>7.698</b>	<b>7.698</b>	<b>0.000</b>	<b>10.145</b>		<b>10.145</b>		<b>0.354</b>	
Measure 3.3	ERDF Eligible	1.511	1.511	0.639	0.639		0.872		0.872		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	1.607	1.607	0.643	0.643		0.964		0.964		0.000	
	<b>Total</b>	<b>3.118</b>	<b>3.118</b>	<b>1.282</b>	<b>1.282</b>	<b>0.000</b>	<b>1.836</b>		<b>1.836</b>		<b>0.000</b>	
Measure 4.1	ERDF Eligible	0.870	0.870	0.435	0.435		0.435		0.435		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.634	0.634	0.317	0.317		0.317		0.317		0.000	
	<b>Total</b>	<b>1.504</b>	<b>1.504</b>	<b>0.752</b>	<b>0.752</b>	<b>0.000</b>	<b>0.752</b>		<b>0.752</b>		<b>0.000</b>	
Measure 4.2	ERDF Eligible	0.252	0.252	0.126	0.126		0.126		0.126		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.230	0.230	0.115	0.115		0.115		0.115		0.000	
	<b>Total</b>	<b>0.482</b>	<b>0.482</b>	<b>0.241</b>	<b>0.241</b>	<b>0.000</b>	<b>0.241</b>		<b>0.241</b>		<b>0.000</b>	
<b>Total</b>	ERDF Eligible	60.313	53.500	23.613	23.613		29.887		29.887		6.813	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	63.510	57.018	23.681	23.681		33.337		33.337		6.492	
	<b>Total</b>	<b>123.823</b>	<b>110.518</b>	<b>47.294</b>	<b>47.294</b>	<b>0.000</b>	<b>63.224</b>		<b>63.224</b>		<b>13.305</b>	

## EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006 - INDICATIVE FINANCIAL ALLOCATIONS BY MEASURE (2001)

		Expenditure in MEURO											
		Total	Public funds								Private	EIB	
			Total	EU grants				Other public funds					
				cost	Total	ERDF	ESF	Total	Central	Regional			Local
Measure 1.1	ERDF Eligible	12.739	12.739	5.732	5.732		7.007		7.007		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	11.703	11.703	4.681	4.681	0.000	7.022		7.022		0.000		
	Total	24.442	24.442	10.413	10.413	0.000	14.029		14.029		0.000		
Measure 1.2	ERDF Eligible	3.821	2.675	1.146	1.146		1.529		1.529		1.146		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	2.450	1.715	0.735	0.735	0.000	0.980		0.980		0.735		
	Total	6.271	4.390	1.881	1.881	0.000	2.509		2.509		1.881		
Measure 1.3	ERDF Eligible	5.256	5.256	2.365	2.365		2.891		2.891		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	4.215	4.215	1.686	1.686	0.000	2.529		2.529		0.000		
	Total	9.471	9.471	4.051	4.051	0.000	5.420		5.420		0.000		
Measure 2.1	ERDF Eligible	3.946	3.946	1.776	1.776		2.170		2.170		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	4.044	4.044	1.618	1.618	0.000	2.426		2.426		0.000		
	Total	7.990	7.990	3.394	3.394	0.000	4.596		4.596		0.000		
Measure 2.2	ERDF Eligible	22.199	16.594	7.104	7.104		9.490		9.490		5.605		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	20.220	15.563	6.470	6.470	0.000	9.093		9.093		4.657		
	Total	42.419	32.157	13.574	13.574	0.000	18.583		18.583		10.262		
Measure 3.1	ERDF Eligible	1.742	1.742	0.871	0.871		0.871		0.871		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	1.460	1.460	0.730	0.730	0.000	0.730		0.730		0.000		
	Total	3.202	3.202	1.601	1.601	0.000	1.601		1.601		0.000		
Measure 3.2	ERDF Eligible	9.269	9.054	3.921	3.921		5.133		5.133		0.215		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	7.758	7.635	3.282	3.282	0.000	4.353		4.353		0.123		
	Total	17.027	16.689	7.203	7.203	0.000	9.486		9.486		0.338		
Measure 3.3	ERDF Eligible	1.544	1.544	0.653	0.653		0.891		0.891		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	1.366	1.366	0.547	0.547	0.000	0.819		0.819		0.000		
	Total	2.910	2.910	1.200	1.200	0.000	1.710		1.710		0.000		
Measure 4.1	ERDF Eligible	0.888	0.888	0.444	0.444		0.444		0.444		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	0.540	0.540	0.270	0.270	0.000	0.270		0.270		0.000		
	Total	1.428	1.428	0.714	0.714	0.000	0.714		0.714		0.000		
Measure 4.2	ERDF Eligible	0.260	0.260	0.130	0.130		0.130		0.130		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	0.196	0.196	0.098	0.098	0.000	0.098		0.098		0.000		
	Total	0.456	0.456	0.228	0.228	0.000	0.228		0.228		0.000		
Total	ERDF Eligible	61.664	54.698	24.142	24.142		30.556		30.556		6.966		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	53.952	48.437	20.117	20.117	0.000	28.320		28.320		5.515		
	Total	115.616	103.135	44.259	44.259	0.000	58.876		58.876		12.481		

## EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006 - INDICATIVE FINANCIAL ALLOCATIONS BY MEASURE (2002)

		Expenditure in MEURO											
		Total	Public funds									Private funds	EIB loans
			Total	EU grants				Other public funds					
				Total	ERDF	ESF	Total	Central	Regional	Local			
Measure 1.1	ERDF Eligible	12.996	12.996	5.848	5.848		7.148		7.148		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	9.563	9.563	3.825	3.825	0.000	5.738		5.738		0.000		
	Total	22.559	22.559	9.673	9.673	0.000	12.886		12.886		0.000		
Measure 1.2	ERDF Eligible	3.899	2.730	1.170	1.170		1.560		1.560		1.169		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	2.003	1.402	0.601	0.601		0.801		0.801		0.601		
	Total	5.902	4.132	1.771	1.771	0.000	2.361		2.361		1.770		
Measure 1.3	ERDF Eligible	5.361	5.361	2.412	2.412		2.949		2.949		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	3.445	3.445	1.378	1.378		2.067		2.067		0.000		
	Total	8.806	8.806	3.790	3.790	0.000	5.016		5.016		0.000		
Measure 2.1	ERDF Eligible	4.026	4.026	1.812	1.812		2.214		2.214		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	3.305	3.305	1.322	1.322		1.983		1.983		0.000		
	Total	7.331	7.331	3.134	3.134	0.000	4.197		4.197		0.000		
Measure 2.2	ERDF Eligible	22.646	16.929	7.247	7.247		9.682		9.682		5.717		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	16.522	12.717	5.287	5.287		7.430		7.430		3.805		
	Total	39.168	29.646	12.534	12.534	0.000	17.112		17.112		9.522		
Measure 3.1	ERDF Eligible	1.778	1.778	0.889	0.889		0.889		0.889		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	1.194	1.194	0.597	0.597		0.597		0.597		0.000		
	Total	2.972	2.972	1.486	1.486	0.000	1.486		1.486		0.000		
Measure 3.2	ERDF Eligible	9.458	9.238	4.000	4.000		5.238		5.238		0.220		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	6.340	6.240	2.682	2.682		3.558		3.558		0.100		
	Total	15.798	15.478	6.682	6.682	0.000	8.796		8.796		0.320		
Measure 3.3	ERDF Eligible	1.576	1.576	0.667	0.667		0.909		0.909		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	1.116	1.116	0.447	0.447		0.669		0.669		0.000		
	Total	2.692	2.692	1.114	1.114	0.000	1.578		1.578		0.000		
Measure 4.1	ERDF Eligible	0.906	0.906	0.453	0.453		0.453		0.453		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	0.440	0.440	0.220	0.220		0.220		0.220		0.000		
	Total	1.346	1.346	0.673	0.673	0.000	0.673		0.673		0.000		
Measure 4.2	ERDF Eligible	0.264	0.264	0.132	0.132		0.132		0.132		0.000		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	0.158	0.158	0.079	0.079		0.079		0.079		0.000		
	Total	0.422	0.422	0.211	0.211	0.000	0.211		0.211		0.000		
Total	ERDF Eligible	62.910	55.804	24.630	24.630		31.174		31.174		7.106		
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000		
	ERDF Transition	44.086	39.580	16.438	16.438		23.142		23.142		4.506		
	Total	106.996	95.384	41.068	41.068	0.000	54.316		54.316		11.612		

## EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006 - INDICATIVE FINANCIAL ALLOCATIONS BY MEASURE (2003)

		Expenditure in MEURO										
		Total	Public funds								Private	EIB
			Total	EU grants			Other public funds					
				Total	ERDF	ESF	Total	Central	Regional	Local		
Measure 1.1	ERDF Eligible	13.233	13.233	5.955	5.955		7.278		7.278		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	7.290	7.290	2.916	2.916		4.374		4.374		0.000	
	Total	20.523	20.523	8.871	8.871	0.000	11.652		11.652		0.000	
Measure 1.2	ERDF Eligible	3.970	2.779	1.191	1.191		1.588		1.588		1.191	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	1.527	1.069	0.458	0.458		0.611		0.611		0.458	
	Total	5.497	3.848	1.649	1.649	0.000	2.199		2.199		1.649	
Measure 1.3	ERDF Eligible	5.459	5.459	2.456	2.456		3.003		3.003		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	2.625	2.625	1.050	1.050		1.575		1.575		0.000	
	Total	8.084	8.084	3.506	3.506	0.000	4.578		4.578		0.000	
Measure 2.1	ERDF Eligible	4.098	4.098	1.844	1.844		2.254		2.254		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	2.519	2.519	1.008	1.008		1.511		1.511		0.000	
	Total	6.617	6.617	2.852	2.852	0.000	3.765		3.765		0.000	
Measure 2.2	ERDF Eligible	23.059	17.237	7.379	7.379		9.858		9.858		5.822	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	12.595	9.694	4.030	4.030		5.664		5.664		2.901	
	Total	35.654	26.931	11.409	11.409	0.000	15.522		15.522		8.723	
Measure 3.1	ERDF Eligible	1.810	1.810	0.905	0.905		0.905		0.905		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.910	0.910	0.455	0.455		0.455		0.455		0.000	
	Total	2.720	2.720	1.360	1.360	0.000	1.360		1.360		0.000	
Measure 3.2	ERDF Eligible	9.629	9.406	4.073	4.073		5.333		5.333		0.223	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	4.831	4.755	2.044	2.044		2.711		2.711		0.076	
	Total	14.460	14.161	6.117	6.117	0.000	8.044		8.044		0.299	
Measure 3.3	ERDF Eligible	1.605	1.605	0.679	0.679		0.926		0.926		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.850	0.850	0.340	0.340		0.510		0.510		0.000	
	Total	2.455	2.455	1.019	1.019	0.000	1.436		1.436		0.000	
Measure 4.1	ERDF Eligible	0.922	0.922	0.461	0.461		0.461		0.461		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.336	0.336	0.168	0.168		0.168		0.168		0.000	
	Total	1.258	1.258	0.629	0.629	0.000	0.629		0.629		0.000	
Measure 4.2	ERDF Eligible	0.270	0.270	0.135	0.135		0.135		0.135		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.122	0.122	0.061	0.061		0.061		0.061		0.000	
	Total	0.392	0.392	0.196	0.196	0.000	0.196		0.196		0.000	
Total	ERDF Eligible	64.055	56.819	25.078	25.078		31.741		31.741		7.236	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	33.605	30.170	12.530	12.530		17.640		17.640		3.435	
	Total	97.660	86.989	37.608	37.608	0.000	49.381		49.381		10.671	



## EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006 - INDICATIVE FINANCIAL ALLOCATIONS BY MEASURE (2004)

		Expenditure in MEURO										
		Total cost	Public funds								Private funds	EIB loans
			Total	EU grants			Other public funds					
				Total	ERDF	ESF	Total	Central	Regional	Local		
Measure 1.1	ERDF Eligible	12.223	12.223	5.500	5.500		6.723		6.723		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	3.945	3.945	1.578	1.578	0.000	2.367		2.367		0.000	
	<b>Total</b>	<b>16.168</b>	<b>16.168</b>	<b>7.078</b>	<b>7.078</b>	<b>0.000</b>	<b>9.090</b>		<b>9.090</b>		<b>0.000</b>	
Measure 1.2	ERDF Eligible	3.667	2.567	1.100	1.100		1.467		1.467		1.100	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.826	0.578	0.248	0.248		0.330		0.330		0.248	
	<b>Total</b>	<b>4.493</b>	<b>3.145</b>	<b>1.348</b>	<b>1.348</b>	<b>0.000</b>	<b>1.797</b>		<b>1.797</b>		<b>1.348</b>	
Measure 1.3	ERDF Eligible	5.043	5.043	2.269	2.269		2.774		2.774		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	1.421	1.421	0.568	0.568		0.853		0.853		0.000	
	<b>Total</b>	<b>6.464</b>	<b>6.464</b>	<b>2.837</b>	<b>2.837</b>	<b>0.000</b>	<b>3.627</b>		<b>3.627</b>		<b>0.000</b>	
Measure 2.1	ERDF Eligible	3.786	3.786	1.704	1.704		2.082		2.082		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	1.363	1.363	0.545	0.545		0.818		0.818		0.000	
	<b>Total</b>	<b>5.149</b>	<b>5.149</b>	<b>2.249</b>	<b>2.249</b>	<b>0.000</b>	<b>2.900</b>		<b>2.900</b>		<b>0.000</b>	
Measure 2.2	ERDF Eligible	21.300	15.922	6.816	6.816		9.106		9.106		5.378	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	6.817	5.247	2.181	2.181		3.066		3.066		1.570	
	<b>Total</b>	<b>28.117</b>	<b>21.169</b>	<b>8.997</b>	<b>8.997</b>	<b>0.000</b>	<b>12.172</b>		<b>12.172</b>		<b>6.948</b>	
Measure 3.1	ERDF Eligible	1.672	1.672	0.836	0.836		0.836		0.836		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.492	0.492	0.246	0.246		0.246		0.246		0.000	
	<b>Total</b>	<b>2.164</b>	<b>2.164</b>	<b>1.082</b>	<b>1.082</b>	<b>0.000</b>	<b>1.082</b>		<b>1.082</b>		<b>0.000</b>	
Measure 3.2	ERDF Eligible	8.894	8.688	3.762	3.762		4.926		4.926		0.206	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	2.615	2.574	1.106	1.106		1.468		1.468		0.041	
	<b>Total</b>	<b>11.509</b>	<b>11.262</b>	<b>4.868</b>	<b>4.868</b>	<b>0.000</b>	<b>6.394</b>		<b>6.394</b>		<b>0.247</b>	
Measure 3.3	ERDF Eligible	1.482	1.482	0.627	0.627		0.855		0.855		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.460	0.460	0.185	0.185		0.275		0.275		0.000	
	<b>Total</b>	<b>1.942</b>	<b>1.942</b>	<b>0.812</b>	<b>0.812</b>	<b>0.000</b>	<b>1.130</b>		<b>1.130</b>		<b>0.000</b>	
Measure 4.1	ERDF Eligible	0.852	0.852	0.426	0.426		0.426		0.426		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.182	0.182	0.091	0.091		0.091		0.091		0.000	
	<b>Total</b>	<b>1.034</b>	<b>1.034</b>	<b>0.517</b>	<b>0.517</b>	<b>0.000</b>	<b>0.517</b>		<b>0.517</b>		<b>0.000</b>	
Measure 4.2	ERDF Eligible	0.250	0.250	0.125	0.125		0.125		0.125		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.068	0.068	0.034	0.034		0.034		0.034		0.000	
	<b>Total</b>	<b>0.318</b>	<b>0.318</b>	<b>0.159</b>	<b>0.159</b>	<b>0.000</b>	<b>0.159</b>		<b>0.159</b>		<b>0.000</b>	
<b>Total</b>	ERDF Eligible	59.169	52.485	23.165	23.165		29.320		29.320		6.684	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	18.189	16.330	6.782	6.782		9.548		9.548		1.859	
	<b>Total</b>	<b>77.358</b>	<b>68.815</b>	<b>29.947</b>	<b>29.947</b>	<b>0.000</b>	<b>38.868</b>		<b>38.868</b>		<b>8.543</b>	



## EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006 - INDICATIVE FINANCIAL ALLOCATIONS BY MEASURE (2005)

		Expenditure in MEURO		EU grants	ERDF	ESF	Other public funds	Central	Regional	Local	Private funds	EIB loans
		Total cost	Public funds									
			Total									
Measure 1.1	ERDF Eligible	12.502	12.502	5.626	5.626		6.876		6.876		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	1.472	1.472	0.589	0.589	0.000	0.883		0.883		0.000	
	<b>Total</b>	<b>13.974</b>	<b>13.974</b>	<b>6.215</b>	<b>6.215</b>	<b>0.000</b>	<b>7.759</b>		<b>7.759</b>		<b>0.000</b>	
Measure 1.2	ERDF Eligible	3.751	2.626	1.125	1.125		1.501		1.501		1.125	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.308	0.216	0.092	0.092	0.000	0.124		0.124		0.092	
	<b>Total</b>	<b>4.059</b>	<b>2.842</b>	<b>1.217</b>	<b>1.217</b>	<b>0.000</b>	<b>1.625</b>		<b>1.625</b>		<b>1.217</b>	
Measure 1.3	ERDF Eligible	5.158	5.158	2.321	2.321		2.837		2.837		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.532	0.532	0.213	0.213	0.000	0.319		0.319		0.000	
	<b>Total</b>	<b>5.690</b>	<b>5.690</b>	<b>2.534</b>	<b>2.534</b>	<b>0.000</b>	<b>3.156</b>		<b>3.156</b>		<b>0.000</b>	
Measure 2.1	ERDF Eligible	3.872	3.872	1.743	1.743		2.129		2.129		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.509	0.509	0.203	0.203	0.000	0.306		0.306		0.000	
	<b>Total</b>	<b>4.381</b>	<b>4.381</b>	<b>1.946</b>	<b>1.946</b>	<b>0.000</b>	<b>2.435</b>		<b>2.435</b>		<b>0.000</b>	
Measure 2.2	ERDF Eligible	21.787	16.286	6.972	6.972		9.314		9.314		5.501	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	2.543	1.958	0.815	0.815	0.000	1.143		1.143		0.585	
	<b>Total</b>	<b>24.330</b>	<b>18.244</b>	<b>7.787</b>	<b>7.787</b>	<b>0.000</b>	<b>10.457</b>		<b>10.457</b>		<b>6.086</b>	
Measure 3.1	ERDF Eligible	1.710	1.710	0.855	0.855		0.855		0.855		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.184	0.184	0.092	0.092	0.000	0.092		0.092		0.000	
	<b>Total</b>	<b>1.894</b>	<b>1.894</b>	<b>0.947</b>	<b>0.947</b>	<b>0.000</b>	<b>0.947</b>		<b>0.947</b>		<b>0.000</b>	
Measure 3.2	ERDF Eligible	9.097	8.886	3.848	3.848		5.038		5.038		0.211	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.975	0.959	0.413	0.413	0.000	0.546		0.546		0.016	
	<b>Total</b>	<b>10.072</b>	<b>9.845</b>	<b>4.261</b>	<b>4.261</b>	<b>0.000</b>	<b>5.584</b>		<b>5.584</b>		<b>0.227</b>	
Measure 3.3	ERDF Eligible	1.516	1.516	0.641	0.641		0.875		0.875		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.171	0.171	0.068	0.068	0.000	0.103		0.103		0.000	
	<b>Total</b>	<b>1.687</b>	<b>1.687</b>	<b>0.709</b>	<b>0.709</b>	<b>0.000</b>	<b>0.978</b>		<b>0.978</b>		<b>0.000</b>	
Measure 4.1	ERDF Eligible	0.872	0.872	0.436	0.436		0.436		0.436		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.068	0.068	0.034	0.034	0.000	0.034		0.034		0.000	
	<b>Total</b>	<b>0.940</b>	<b>0.940</b>	<b>0.470</b>	<b>0.470</b>	<b>0.000</b>	<b>0.470</b>		<b>0.470</b>		<b>0.000</b>	
Measure 4.2	ERDF Eligible	0.254	0.254	0.127	0.127		0.127		0.127		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.026	0.026	0.013	0.013	0.000	0.013		0.013		0.000	
	<b>Total</b>	<b>0.280</b>	<b>0.280</b>	<b>0.140</b>	<b>0.140</b>	<b>0.000</b>	<b>0.140</b>		<b>0.140</b>		<b>0.000</b>	
Total	ERDF Eligible	60.519	53.682	23.694	23.694		29.988		29.988		6.837	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	6.788	6.095	2.532	2.532	0.000	3.563		3.563		0.693	
	<b>Total</b>	<b>67.307</b>	<b>59.777</b>	<b>26.226</b>	<b>26.226</b>	<b>0.000</b>	<b>33.551</b>		<b>33.551</b>		<b>7.530</b>	

## EAST OF SCOTLAND OBJECTIVE 2 PROGRAMME 2000-2006 - INDICATIVE FINANCIAL ALLOCATIONS BY MEASURE (2006)

		Expenditure in M EURO									Private funds	EIB loans
		Total cost	Public funds Total	EU grants			Other public funds Total					
Measure 1.1	ERDF Eligible	12.737	12.737	5.732	5.732		7.005		7.005		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	12.737	12.737	5.732	5.732	0.000	7.005		7.005		0.000	
Measure 1.2	ERDF Eligible	3.824	2.676	1.147	1.147		1.529		1.529		1.148	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	3.824	2.676	1.147	1.147	0.000	1.529		1.529		1.148	
Measure 1.3	ERDF Eligible	5.253	5.253	2.364	2.364		2.889		2.889		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	5.253	5.253	2.364	2.364	0.000	2.889		2.889		0.000	
Measure 2.1	ERDF Eligible	3.945	3.945	1.774	1.774		2.171		2.171		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	3.945	3.945	1.774	1.774	0.000	2.171		2.171		0.000	
Measure 2.2	ERDF Eligible	22.197	16.592	7.104	7.104		9.488		9.488		5.605	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	22.197	16.592	7.104	7.104	0.000	9.488		9.488		5.605	
Measure 3.1	ERDF Eligible	1.744	1.744	0.872	0.872		0.872		0.872		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	1.744	1.744	0.872	0.872	0.000	0.872		0.872		0.000	
Measure 3.2	ERDF Eligible	9.267	9.052	3.921	3.921		5.131		5.131		0.215	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	9.267	9.052	3.921	3.921	0.000	5.131		5.131		0.215	
Measure 3.3	ERDF Eligible	1.546	1.546	0.654	0.654		0.892		0.892		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	1.546	1.546	0.654	0.654	0.000	0.892		0.892		0.000	
Measure 4.1	ERDF Eligible	0.890	0.890	0.445	0.445		0.445		0.445		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	0.890	0.890	0.445	0.445	0.000	0.445		0.445		0.000	
Measure 4.2	ERDF Eligible	0.250	0.250	0.125	0.125		0.125		0.125		0.000	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	0.250	0.250	0.125	0.125	0.000	0.125		0.125		0.000	
Total	ERDF Eligible	61.653	54.685	24.138	24.138		30.547		30.547		6.968	
	ESF related	0.000	0.000	0.000		0.000	0.000		0.000		0.000	
	ERDF Transition	0.000	0.000	0.000	0.000		0.000		0.000		0.000	
	Total	61.653	54.685	24.138	24.138	0.000	30.547		30.547		6.968	

## SECTION 5

- **PERFORMANCE RESERVE**

## **5. PERFORMANCE RESERVE**

### **5.1 General Provisions**

Article 44 of the General Regulation requires each Member State to assess the performance of its Single Programming Documents (SPDs) using selected monitoring indicators reflecting management, financial implementation and effectiveness. These indicators will be chosen by the Scottish Executive from among the monitoring indicators listed when the Programme (or Programme Complement) was drawn up. In identifying its set of indicators, the Scottish Executive will work in consultation with the Commission (which has drawn up its own indicative list). The Scottish Executive, again working closely with the Commission, will also establish ex ante mid-term targets for these indicators against which actual mid-term performance can be compared and will be responsible for monitoring progress towards these targets at mid-term. The assessment of actual against target performance will be made not later than 31 December 2003.

The performance of SPDs will thus be assessed on the basis of their mid-term achievement of their own aims. If the initial objectives are considered to have been achieved in terms of the indicators selected, the intervention in question will be considered to have been successful. At the proposal of the Scottish Executive, the Commission will then allocate the amount of the reserve (representing 4% of the total Objective 2 commitment appropriations included in the indicative breakdown for the Scottish Executive) to all successful Programmes. The allocation will reflect the specific institutional features of the Scottish Executive and its corresponding programming. The SPD in question will be adapted to reflect the change in resources.

In the case of the three Scottish SPDs, performance reserve resources will be reallocated according to Programme performance.

The approach of the East of Scotland Objective 2 Single Programming Document with regard to Performance Reserve indicators is in line with the Regulations covering the Performance Reserve and takes full account of the Commission Working Document No 4 'Implementation of the Performance Reserve for Objectives 1, 2 and 3'.

Accordingly, three types of criterion have been identified against which appropriate indicators and targets have been developed. These are:

- Effectiveness Criteria
- Management Criteria
- Financial Criteria

## 5.2 Effectiveness Criteria

The effectiveness criteria consist of both physical outputs and intermediate results. Targets have been set at the Priority level taking account of the anticipated pattern of expenditure both between and within Priorities. The targets have been set for key activities and outcomes from projects approved up until December 31<sup>st</sup> 2003. These targets will be measured using returns from the monitoring data and the anticipated benefits assessed at the project application stage. The targets set are also derived from targets placed within the SPD for each of the Priorities between 2000-06.

## 5.3 Physical Outputs

Effectiveness Criteria – Physical Outputs – Approved expenditure will ultimately lead to the following activities by the end of 2003.

East of Scotland Objective 2 Programme 2000-2006 Performance Reserve Indicators EFFECTIVENESS CRITERIA AND TARGETS – PHYSICAL OUTPUTS			
Indicator	Programme Target	Performance Reserve Target	Percentage of Programme Target
<b>PRIORITY ONE –</b>			
Number of SMEs Assisted	12,323	3,697	30%
Number of Instances of Assistance to New Businesses	4,267	1,280	30%
Number of Instances of Assistance to Existing Businesses	15,647	4,694	30%
<b>PRIORITY TWO –</b>			
Area of Business Space Created or Enhanced (m2)	196,533	39,307	20%
Area of Serviced Land Created / Enhanced (ha)	83	17	20%
Number of SMEs Assisted	1,559	312	20%
Number of Instances of Assistance to Existing Businesses	2,005	401	20%
Number of Instances of Assistance to New Businesses	556	111	20%
No of Strategic Environmental / Forestry Partnerships Funded	6	1	20%
<b>PRIORITY THREE –</b>			
Number of SMEs Assisted	282	85	30%
Area of Economic & Social Infrastructure Created / Upgraded (m2)	2300	460	20%
Number of Instances of Assistance to Existing Businesses	376	113	30%
Number of Instances of Assistance to New Businesses	94	28	30%
No of Childcare Facilities Created	46	9	20%

## 5.4 Intermediate Results

**Effectiveness criteria – Intermediate Results – by the end of 2003, approved expenditure will ultimately lead to the following outcomes.**

East of Scotland Objective 2 Programme 2000-2006			
Performance Reserve Indicators			
EFFECTIVENESS CRITERIA AND TARGETS – INTERMEDIATE RESULTS			
Indicator	Programme Target	Performance Reserve Target	Percentage of Programme Target
<b>PRIORITY ONE –</b>			
Gross Number of New Jobs Created	10,394	2,079	20%
Gross Number of Jobs Safeguarded	4,454	891	20%
Increase in Sales in Assisted SMEs (£m)	800	160	20%
No of Patent / Intellectual Property Rights Registrations by Assisted SMEs	449	90	20%
No of SMEs Undertaking Environmental Management	1,147	229	20%
<b>PRIORITY TWO –</b>			
Gross Number of New Jobs Created	4,697	705	15%
Gross Number of Jobs Safeguarded	9,675	1,451	15%
Increase in Sales in Assisted SMEs (£m)	222	33	15%
Increase in Visitor Numbers, millions, gross	2,572,000	385,800	15%
Area of Natural Habitat Under Management (ha)	50	8	15%
<b>PRIORITY THREE –</b>			
Gross number of New Jobs Created	1,780	267	15%
Gross Number of Jobs Safeguarded	763	114	15%
Increase in Sales in Assisted Businesses (£m)	72	11	15%
No of Organisations Introducing Active EO / Family Friendly / Environmental Policies	282	42	15%



## 5.5 Management Criteria

Quality of Monitoring System - The East of Scotland (Objective 2) European Partnership is committed to ensuring that all of the Measures and all of the approved projects within the SPD are covered by the financial and activities and outcomes monitoring system. All projects will be required to provide regular monitoring reports, and these will be recorded and acted upon by the Programme Management Executive. The initial information obtained from project applicants will consist of the finance spent by Measure, along with the forecast activities and outcomes. As projects are implemented, this initial information will be supplemented with actual expenditure and reported activities and outcomes.

**Management Criterion 1** – All approved projects will provide financial and monitoring data and this information will be detailed in the Annual Report(s) by December 31<sup>st</sup> 2003.

Quality of Project Monitoring Systems – The Programme Management Executive is committed to an on-going programme of monitoring visits to approved projects.

**Management Criterion 2** – A minimum of 10% of the funding claimed and paid by the end of 2003 will have been the subject of an on-site monitoring visit.

Quality of Project Selection Systems – The Programme Management Executive intends to develop an appraisal process which is transparent and takes account of Programme, Priority and Measure Aims, Horizontal Themes and Objective 2/3 Co-ordination. This appraisal system will be approved by the Programme Monitoring Committee. The Programme Management Executive will keep a record of the appraisal of each project applying to Objective 2 in its area.

**Management Criterion 3** – 100% of approved projects will have been subject to the scoring and selection system approved by the Programme Monitoring Committee.

Quality of Evaluation System – The East of Scotland Objective 2 SPD will be subject to an independent mid-term evaluation of the Programme. This evaluation will be submitted to DG Regio and will fully meet the provisions of Article 42 of Council Regulation (EC) No 1260/1999. This evaluation will be submitted to the Programme Monitoring Committee and undertaken in line with the criteria for assessing the quality of evaluation work outlined in Annex Two of the Commission Working Document No4 'Implementation of the Performance Reserve for Objectives 1,2 and 3'.

**Management Criterion 4** – An independent, mid-term evaluation of the East of Scotland Objective 2 SPD will be submitted to the European Commission no later than 31<sup>st</sup> December 2003.

## **5.6 Financial Criteria**

Absorption of funds - Despite the delayed start to the Programme, the East of Scotland European Partnership is committed to ensuring that the level of Programme expenditure builds up as quickly as is possible and financially prudent, taking account of the need to fund high quality projects in order to ensure that the most effective activities and outcomes are achieved.

**Financial Criterion 1** – A sum of expenditure, equivalent to 95% of the first two years total estimated value, will have been requested as receivable by the 31<sup>st</sup> December 2003. The Financial Tables within the SPD indicate that 227.467MEURO for the period 2000 – 2001.

Leverage Effect – the SPD Financial Table indicates that 71.11MEURO of private sector contribution will have been committed to the total eligible costs of approved projects between 2000-2006. It is likely that the majority of projects with private sector contributions will take place in the latter part of the Programme. Consequently, circa 15% of the private sector contributions are likely to be realised.

**Financial Criterion 2** – A sum of expenditure amounting to 15%, or 10.67MEURO, of the total private sector contribution to the Programme will have been deemed receivable by December 31<sup>st</sup> 2003.

## **5.7 Reporting**

Progress towards the achievement of the Performance Reserve targets will be featured in each Annual Implementation Report, although it is expected that the targets will only be achieved in full at the end of the period i.e. by the 31<sup>st</sup> December 2003.

## SECTION 6

- **COMPUTERISED EXCHANGE OF DATA**

An agreement was reached with the Commission on 12 June 2000 with respect to arrangements concerning the computerised exchange of data between the United Kingdom and the Commission needed to fulfil the management, monitoring and evaluation requirements in accordance with Article 18 (3) of Regulation 1260/1999.

In respect of the financial tables associated with the Single Programming Document (SPD) and the Programme Complement, the Managing Authority will provide these initially by spreadsheet. The UK will have access to this system for the Programmes in question to check the accuracy of the data.

The Paying Authority will make payment claims in the form of Table 8 of the Commission's vademecum, initially on spreadsheets according to the Commission's framework.

The Scottish Executive has established a dial-up connection to the Community Structural Funds Database (SFC). Data entry level for Objective 2 Programmes currently lies with Directorate General for Regional Development (DGRP). The Scottish Executive (SE) understands that when the Programme Complements have been proposed and accepted by DGRP on the SFC, data entry level will be transferred to the SE.

The Scottish Executive will develop their computer systems to progress towards an electronic exchange of data in accordance with the technical specifications set out in the Commission Regulation (yet to be adopted) which lays down rules as regards the form and content of the information which must be available to the Commission for the purposes of checking Structural Funds' accounts.

## SECTION 7

- COMMUNICATIONS ACTION PLAN

## **7. COMMUNICATIONS ACTION PLAN**

In accordance with the Commission Regulation (EC) No 1159/2000 of 30 May 2000 on information and publicity measures, the Programme Monitoring Committee (PMC) of the East of Scotland Objective 2 Programme will ensure that appropriate actions will be undertaken to publicise the European Structural Funds.

In particular, publicity actions will be aimed at informing the following groups of the role of Structural Funds support:

- Potential and final beneficiaries
- Project operators and promoters
- The end beneficiaries
- Local and regional public authorities
- Trade and professional bodies
- Economic and social partners, bodies promoting equal opportunities and the relevant non-governmental organisations about the opportunities afforded by the assistance;
- General public

Accordingly, the Managing Authority, in consultation with the Programme Monitoring Committee, shall inform the European Commission on an annual basis of the initiatives which have been undertaken to fulfill the proposed publicity actions as detailed in Section 6.4 of the Plan.

At a minimum the publicity actions to be undertaken to ensure the above target groups involved will include:

- Guidance to applicants detailing publicity requirements, including the provision of detailed guidelines
- Development and maintenance of the East of Scotland Programme Website providing an extensive range of information and guidance
- Promotional Literature including biannual Newsletters
- Good practice Case Studies/Project exemplars
- Press Releases
- Mobile Exhibition Boards for use at seminars and conferences

The Communications Action Plan for the Programme is detailed on the following pages and will be consistent with the Communications and Publicity Strategy for the European Structural Funds in Scotland 2000-2006.



## 7.1 Background and Rationale

This plan details the proposals to publicise and promote the Structural Funds assistance within the East of Scotland Programme for the period 2000 to 2006. An effective Communications Action Plan will form an integral part of Programme implementation and will seek to increase public awareness, transparency and visibility of the activities of the European Structural Funds. Monitoring of the Plan will be undertaken by the Programme Management Executive and reviewed formally by the Programme Monitoring Committee. In accordance with the General Regulation (EC) 1260/1999, the Annual Implementation Report will detail the measures taken to implement the Communications Action Plan.

## 7.2 Aim

The East of Scotland Programme Communications Action Plan aims to:

***Promote a positive image of the East of Scotland Programme, of the European Structural Funds and the European Union.***

## 7.3 Objectives

- To raise awareness and promote a better understanding of the activities of the Structural Funds and the benefits which accrue from their effective application to the regional development effort.
- To provide information and advice of the opportunities afforded by and the role of the European Structural Funds to the following target groups:
- To inform the general public of the role of the European Union, in co-operation with the Member State, in the provision of European Structural Fund support
- To assist in the delivery of a transparent Programme.

## 7.4 Target Groups

- Whilst the Communications Action Plan seeks to promote the Programme as widely as possible, the following audiences will be targeted:
- Potential and final beneficiaries
- Project operators and promoters
- Local and regional public authorities
- The end beneficiaries
- Trade and professional bodies

- Economic and social partners, bodies promoting equal opportunities and the relevant non-governmental organisations about the opportunities afforded by the assistance;
- General public

## **7.5 Practical Implementation Measures**

A range of practical measures will be utilised to deliver the Communications Action Plan. The means and methods will vary according to the nature of the audience and information publicised. These methods will be reviewed and monitored to ensure they are appropriate and, if necessary, new ones explored. Where appropriate, other language and audio versions will be produced of relevant documentation to enable wider accessibility.

The following Table indicates the proposed measures in more detail:

METHOD	DESCRIPTION	TARGET AUDIENCES	MONITORING
<b>Programme Publications and Guidelines</b>	A set of guidelines will be produced for general use, but more particularly to assist potential and final beneficiaries in making applications to the Programme. The guidelines will include details on the Programme structures and membership, application procedures, selection criteria, intervention rates, horizontal themes and a glossary.	Available to all target groups with specific relevance to potential and final beneficiaries.	Feedback will be through a general request on the website and also through regular updates following the annual review process, inviting comments from the main partners.
<b>Publicity Guidance</b>	Guidance including a copy of the regulation text will be provided to all applicants as part of the project approval package. This guidance will also be available on the website and as general guidance to any interested parties. Also publicity guidelines on acknowledging EU Structural Fund Assistance will be published and made available to all partners.	All approved project applicants – but available to any interested party.	Formal monitoring of compliance with the publicity regulation will be carried out through checks on claims submitted and physical monitoring and verification visits undertaken by the PME and the Scottish Executive.
<b>Website</b>	<p>The further development and enhancement of the East of Scotland website is a key element of this communications action plan. The site will include a variety of information:</p> <ul style="list-style-type: none"> <li>⇒ Programme documentation (application forms, guidance, guidelines) which will be downloadable</li> <li>⇒ Details of application processes; selection criteria</li> <li>⇒ Details of the programme structures and membership</li> <li>⇒ Explanation of the funds and examples of past projects</li> <li>⇒ Answers to commonly asked questions</li> <li>⇒ Minutes of meetings, lists of project approvals</li> <li>⇒ Annual implementation reports; evaluation reports</li> <li>⇒ Good practice and case studies</li> </ul> <p>The website is not viewed as a static communications tool, rather one which will be updated, enhanced and adapted on a regular basis in line with the needs of the Partnership.</p>	All target groups.	Feedback is requested on the website which will regularly be considered by a website working group within the Programme Management Executive. More formally, the Committee members will be invited to comment on the website through the annual reviews.

METHOD	DESCRIPTION	TARGET AUDIENCES	MONITORING
<b>Newsletter</b>	<p>A biannual newsletter will be produced and widely distributed to the target groups. The newsletter will include:</p> <ul style="list-style-type: none"> <li>⇒ statistical updates on the distribution of the funds; their effects; relevant economic statistics (including labour market updates) for the East of Scotland Programme Area;</li> <li>⇒ details of all awards offered and key Committee decisions and policies;</li> <li>⇒ publicising projects;</li> <li>⇒ advertising events, application deadlines and new guidance available</li> </ul> <p>The newsletter will also be available on the website.</p>	All target groups	<p>Feedback will be requested within the newsletter and comments on the newsletter will form part of a general survey to be undertaken of the Programme Management Executive annually.</p>
<b>Workshops/Seminars</b>	<p>Regular seminars and workshops will be undertaken throughout the lifetime of the Programme. These will largely focus on applying for funds; claiming funds; monitoring and evaluation and the horizontal themes. More than 10 workshop seminars have already been undertaken to publicise and explain the new Programme and provide guidance in completing the new application forms. Over 500 people have already attended such workshops. Slides from workshop seminars will be available on the website.</p> <p>The PME and Scottish Executive will also be actively involved in undertaking presentations on the Programme when requested to ensure the Programme is actively publicised as widely as possible.</p>	Depending on the workshop content, all target groups. Focus on key sectoral project applicants for some.	<p>Feedback invited through the general survey on the work of the PME and also following some workshops.</p>
<b>Good Practice Case Studies</b>	<p>The Programme Management Executive will actively seek to ensure good practice examples are integrated into guidelines, accessible on the website and publicised through the newsletter. Good practice examples from the previous Objective 2 Programme on sustainable development are already incorporated into guidelines and these will be updated include examples of equal opportunities and other areas of interest.</p>	All target groups.	<p>Regular updates to be incorporated.</p>

METHOD	DESCRIPTION	TARGET AUDIENCES	MONITORING
<b>Exhibition Display Boards/Promotional Material</b>	Display boards were used to publicise the previous Programme and provide examples of activity funded by the Programme. This will continue and form a useful way of publicising the funds at events run by the Partnership and also by partnership bodies who will be able to use the boards on loan.	All target groups.	Content to be reviewed by PME on an annual basis.
<b>Press Releases</b>	Press releases will be prepared to make the public aware in advance of changes to the Programme and to disseminate general information. Of particular interest is the press release announcing Committee decisions on project approvals with a list which will be made widely available to any interested party. The PME and Scottish Executive will also provide articles and features, on request for relevant publications.	All target groups.	The regularity and content of press releases to form part of the annual review process.

## **7.6 Monitoring and Evaluation of the Communications Action Plan**

The Annual Implementation Reports will contain information on publicity measures in accordance with Article 35 of the Regulation No 1260/1999. The Table above indicates the regular monitoring to be undertaken of the Communications Action Plan. At the core of the monitoring process will be the annual review which the Programme Monitoring Committee will undertake when it will consider all aspects of programme implementation. The annual review will provide the platform for amending or enhancing the actions undertaken to ensure effective publicity of the Programme and the European Structural Funds to all interested parties.

## **7.7 Financing the Communications Action Plan**

The indicative budget for the Communications Action Plan is £100,000 over the Programme period. This will be monitored and reviewed by the ESEP Board in the first instance reporting to the Programme Monitoring Committee.

## **7.8 Responsibility for Implementation**

The designated officer for the East of Scotland Programme Management Executive is:

Mr Gordon McLaren  
Eastern Scotland European Partnership  
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Enterprise way  
Carnegie Campus South  
DUNFERMLINE  
Fife  
KY11 8PY  
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The Scottish Executive will have overall responsibility for the implementation of the Communications Action Plan. The designated officer is:

Mr Nigel Lindsay  
Finance and Central Services Department  
Victoria Quay  
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EH6 6QQ  
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## **APPENDICES**

1. Sustainable Development
2. Social Inclusion
3. Equal Opportunities
4. Spatial Targeting
  - Eligible and Transition Areas
  - Strategic Locations and Sectors, Delivery Plans
  - Ward Definitions of Target Areas
5. Principles of Community Economic Development

## **APPENDIX 1:**

### **SUSTAINABLE DEVELOPMENT (EXTRACT FROM THE SINGLE PROGRAMMING DOCUMENT)**

#### **1.1 Sustainable Development in the East of Scotland**

The Partnership recognises the fundamental strategic importance of helping the East of Scotland evolve a genuinely sustainable economy and society that will preserve, protect and enhance both the natural resources and environment, and also promote the continued development of self-sustaining enterprises, industries, communities and households. The East of Scotland, as shown through the environmental audit in this SPD, has made significant progress in adopting sustainable development policies and measures over the past decade; but the Partnership and Plan Team recognise that further action is required to securely embed sustainability as an integral element in economic, social and environmental policy and decisions. However, the Plan Team consider that the work and outcomes of the East of Scotland project on sustainable development “Integrating Sustainable Development into Economic Development Programmes” has significantly influenced and informed the development of the strategy for the next programming period and beyond. The Partnership therefore fully endorses the European Commission’s requirement that all the operational plans for delivery of Structural Funds incorporate sustainable development as a core horizontal theme. This section of the Plan sets out the strategic and operational implications of sustainability for the Programme Area.

#### **1.2 Defining Sustainable Development**

Sustainable Development aims to pursue three strategic objectives in such a way as to make them compatible for both current and future generations.

- Sustainable, non inflationary economic growth
- Social cohesion through access for all to employment and a high quality of life
- Enhancement and maintenance of the region’s environmental capital

Sustainable Development thus encompasses and incorporates economic development, social inclusion and environmental enhancement and protection in an integrated approach to regional development. None of these key components are mutually exclusive, and all should be mutually reinforcing if properly managed and effectively co-ordinated. The Plan seeks to achieve this for the East of Scotland Programme Area.

#### **1.3 Sustainable Regional Economic Development**

The SPD is principally an economic development programme focussing on the delivery of jobs, training and investment to secure enduring economic prosperity. Yet economic development does not occur in a social or environmental vacuum. Accordingly, Sustainable Development in the region’s conversion strategic is not considered as a bolt-on, but rather integrated as a horizontal and founding principle behind the economic development

programmes and Measures. Thus regional economic development in the Plan takes into account the need to manage the environment wisely and ensure that local communities and individuals are not excluded or disadvantaged by the lead economic development activities. Sustainable Development for the Programme Area is thus about securing enduring improvements in the local economy, in a way which does not undermine the capacity for renewal of environmental resources; makes wise use of non-renewable resources; tackles economic and social exclusion; and that minimises adverse impacts on the environment whilst at the same time providing meaningful new employment opportunities for the worst affected areas.

#### **1.4 Sustainable Development and Equal Opportunities**

Sustainable Development must also encompass social inclusion where equality of access and opportunity for all individuals to social and economic well-being is a key requirement, irrespective of their gender or ethnicity. Sustainable Development thus addresses equal opportunities in a manner which is more inclusive, less potentially divisive, and better integrated into the mainstream of economic development. The risk of separating out specific issues like equal opportunities from the Plan's objectives for the regional economy and environment for special attention and treatment (where imbalances and deficiencies are identified in the operation of the labour market and the activities and practices of the economic development agencies) is that they can become compartmentalised and divorced from the mainstream regional development effort. There is thus a fundamental need for the Partnership and the Plan Team to place sufficient emphasis on the regulatory requirements governing equal opportunities and the environment.

#### **1.5 The Plan's Sustainable Development Principles**

The East of Scotland conversion strategy and operational plan for the 2000-2006 period has been evolved by the Partnership and Plan Team using the following general principles of Sustainable Development:

Sustainable Development is a central founding principle around which the SPD strategy has been developed, and which underlies each of its strategic objectives and operational measures.

The SPD programme framework and architecture has endeavoured to embed Sustainable Development in a way in which there is a coherent and consistent application from the measure objectives; the scope for intervention; the effective selection criteria; through to appropriate indicators and targets. Project appraisal systems and scoring have been established to ensure that only those projects which adequately address Sustainable Development will be supported. The core criteria developed by the Plan Team are set out below.

Project application forms and supporting guidance, will be designed to guide applicants in the planning of projects; to capture all relevant information; and to provide guidance to programme managers, advisory group members and committee members in project selection.

The identification of demonstration projects and opportunities will give priority to those that also seek to learn from good practice; significantly aid the adoption of good practice, and shape the design of subsequent projects. There is now a clear understanding of Sustainable Development within the strategic partnerships in the region, in terms of what it means in practice at project level and the implications for economic development across all funding regimes. The measurement and monitoring of Sustainable Development will require collection and assessment of a range of core economic/social/environmental indicators.

In effect there will be a cross-sectoral consensus and buy-in on the role and value of Sustainable Development in regional development programmes. The Plan Team and its Environment Sub-Group has ensured that these fundamental aspects of programme implementation have been properly addressed, and that the ability of future programmes to bring forward 'sustainable' projects will be actively encouraged in a practical manner.

## **1.6 Delivering Sustainable Development in the Programme Area**

The core task for the Plan Team in the East of Scotland has thus been to design and implement regional economic development programmes which;

- Help grow the economy by supporting enterprise, learning and job creation in enduring ways that continue beyond 2006.
- Assist all persons, irrespective of race, gender or other form of disadvantage or exclusion, to engage or re-engage in the economy.
- Protect, preserve and enhance all of the region's onshore, offshore and other environmental resources, which are themselves sources of economic opportunities and contribute to a high quality of life.

It will thus be a requirement for Structural Fund Support from the Partnership that all project and other development initiatives specifically consider and explain the implications for promoting Sustainable Development in the relevant local communities and for the East of Scotland as a whole. The Partnership will enforce this requirement; will assess every project application against a range of quantitative and qualitative Sustainable Development Criteria; will not accept simple expressions of positive environment benefit unsupported by fact, reason and performance targets, and will seek independent assessment of major projects where the environmental impact component is significant.

All of the Operational Measures developed by the Plan Team, and which are presented in section 4 of this SPD, have a Sustainable Development objective as an integral part of their purpose. The Programme Management Executive will, with the support of the Programme Monitoring Committee, develop guidance notes on Sustainable Development for each Measure; and will support this with advice to project applicants where appropriate. The effects and benefits of projects on Sustainable Development will also form part of independent evaluations of project impacts, and the Partnership will report on progress against this core horizontal theme on an annual basis.

The Partnership will also actively support and participate in regional and local economic and environmental planning in regional and local economic and

environmental planning initiatives where these directly strengthen Sustainable Development. These will include such as the development of integrated transportation networks, energy efficiency and water minimisation initiatives; and the development and management strategies for the estuaries, firths and watersheds in the East of Scotland.

## **1.7 Core Criteria for Sustainable Development**

The initial core criteria to be used by the Partnership to assess the Sustainable Development component and contribution of project applications to the Partnership's Structural Funds are those for:

Net Additional Jobs	Access and Equal Opportunity
Evidence of Demand	Local Added Value
Partnership and Leverage	Capacity Building
Infrastructure Impact	Social Inclusion
Resource Efficiency	Strategic Integration
Environmental Impact	Durability and Feasibility

These are currently under review and refinement by the Partnership and the Plan Team, and will be translated in practical assessment criteria.

## **1.8 Endnotes**

A Handbook on Environmental Assessment of Regional Development Plans and EU Structural Funds Environment DG, 8/98 and Ecotec Study (1999)  
The Amsterdam Treaty, 1999  
The Sustainable Development Project; Final Report, ESEP 1999



## APPENDIX 2

### SOCIAL INCLUSION (EXTRACT FROM THE SINGLE PROGRAMMING DOCUMENT)

#### 2.1 The Concept of Social Inclusion

The increasing recognition during the post-1990 period that the exclusion of individuals, population groups, specific areas and communities from being fully able to access employment, income and career opportunities generated by the economic growth of a nation or region reflects not just a greater commitment to social justice, but also an understanding that the implied under utilisation of resources can constrain the pace of economic growth. The reasons for social exclusion are complex and not yet fully understood, but are now understood as being both self-generating and self-sustaining unless actively addressed, through policy and programme initiatives over a significant period of time.

The present understanding of social exclusion identifies both economic and social processes and structures as the prime causes of unemployment, housing, educational skills, income, family stability, crime and health standards falling below acceptable norms in specific areas and/or social groups. The policy and operational planning approaches to effectively tackle social exclusion are still being evolved; and the Partnership's conversion strategy for the East of Scotland will seek to contribute to a better understanding of social inclusion policy through introducing a portfolio of innovative operational measures over the period to 2006.

The Partnership has the strategic vision of an East of Scotland region within the European Union where a rewarding high quality of life exists throughout the region, which will attract and retain the entrepreneurs and individuals who will generate the new products, services and enterprises upon which regional competitiveness will be built. In parallel with this is the need to enable disadvantaged individuals, groups and communities to directly participate in this growth; and thus will require an active and creative approach to social inclusion that addresses more than economic and industrial issues and which radically improves the region's capacity-building skills and frameworks.

The Scottish Executives **Programme for Government** places social justice at the core of its economic growth and regeneration policies; and the Programme directly confronts the causes of poverty and the exclusion of communities, underpinning this with action programmes for equal opportunities and sustainable development. The East of Scotland European Partnership fully supports this national policy commitment, and the conversion strategy for the region has the pursuit of sustained social inclusion as an essential requirement in all of its strategic priorities, operational measures and funding initiatives.



## 2.2 Social Exclusion in the East of Scotland

The complex nature of the East of Scotland region (section 1) encompasses a wide range of both urban and rural exclusion situations (much of which is not fully understood). The present standard indicators of social exclusion in the region, as defined by the research undertaken in 1998 for the Central Research Unit in the Scottish Executive, are the best available measures of the spatial distribution of economic and social exclusion, but it is recognised that further research will be necessary to refine these measures in the future.

An especial concern is that the measures of deprivation that currently comprise the **Scottish Area Deprivation Index** are perhaps urban centred and do not fully measure the nature or extent of social exclusion and poverty in rural areas. The Partnership recognises this constraint, and supports further research on rural deprivation that includes the existence of the higher consumer prices, lower real earnings and incomes, poorer access to essential services and transport, and the reduced availability of job opportunities. Addressing many of these constraints to rural social inclusion will require policy and investment initiatives by a range of Scottish Executive departments; and will also require to be actively supported by the new Rural Development Regulations and the associated expenditure. The Partnership will seek to ensure that these areas of expenditure outwith the 2000-2006 Plan framework address the challenges of rural social exclusion wherever and whenever possible.

The present broad pattern of social exclusion within the East of Scotland region is shown in tables 2.4.1 and 2.4.2 below, which are based in the latest available Scottish Area Deprivation Index (SADI), prepared in 1998.

**Table 2.30 : Percentage of Worst 10% and 20% of Deprived (PC Sectors) Areas in Each Local Authority Area in the East of Scotland 1998<sup>(1)</sup>**

Local Authority Area	Worst 10%		Worst 20%	
	Areas	% Total	Areas	% Total
Aberdeen City	-	-	3.00	1.70
Aberdeenshire	-	-	-	-
Angus	0.50	0.56	1.50	0.38
Clackmannan	-	-	1.00	0.55
Dundee City	5.00	5.60	10.00	5.55
East Lothian	-	-	-	-
Edinburgh City	5.00	5.60	15.50	8.60
Falkirk	-	-	3.00	1.70
Fife	1.00	1.10	7.00	3.90
Midlothian	-	-	0.50	0.28
Moray	-	-	-	-
Perth & Kinross	1.00	1.10	1.00	0.55
Stirling	1.00	1.10	1.00	0.55
West Lothian	-	-	1.50	0.83
East of Scotland	13.5	15.06	45.0	24.59

**Source:** Kenneth Gibb et al., Revising the Scottish Area Deprivation Index: Volume 1, Dept of Urban Studies, University of Glasgow. (Edinburgh : Scottish Office Central Research Unit, 1998); table 4.8.

**Note:** (1) Number of Post Code Areas in the worst 10% and worst 20% of Area Deprivation Index Rankings.

The spatial distribution of severe social exclusion and deprivation as shown by the SADI for 1998 confirms that using the present basis for calculating the index results in the domination of urban areas within the “worst 10%” category. The deprivation on this basis is concentrated within urban wards in Dundee, Edinburgh, Fife, Perth and Stirling, and in the burghs of Angus. This urban focus is recognised by the Scottish Executive’s policies, and has been the basis for much of the post-1990 allocation of Structural Fund support in the East of Scotland.

<b>Table 2.31: Areas of Intense Deprivation and Local Authority Population in the Worst 10% of Deprived (PC Sectors) Areas in the East of Scotland 1998<sup>(1)</sup></b>				
LA Areas	1998 LA Population (2)	Pop. In Worst 10% Areas (3)	Deprived Pop. As % Total (4)	Intensity Index (5)
Angus	111,020	3,799	3.42	-
Dundee	150,250	46,977	31.26	13.50
Edinburgh	443,600	36,401	8.20	14.24
Fife	349,300	6,456	1.85	10.99
Perth & Kinross	132,570	6,860	5.17	8.15
Stirling	82,750	8,611	10.41	-
East of Scotland	1,269,490	109,104	8.59	-
<b>Source :</b> See table. <b>Notes :</b> (1) Population figures for Local Authorities differ from those used elsewhere in the Plan. (2) Total estimated 1998 population. (3) Population in Post Code Sectors that are in Worst 10% of such areas in Scotland. (4) Population in worst 10% as percentage of total population. (5) Average of three highest index of deprivation scores for each Local Authority area.				

The current SADI rankings for Scotland suggest that a minimum of 8.5% of the East of Scotland’s present population live within areas of major deprivation as shown in table 2.4.2, encompassing over 109,000 individuals. Not all of these individuals will be socially disadvantaged or excluded from the region’s economy and society, but it is clear that Dundee, Stirling and Edinburgh have especially significant populations of socially disadvantaged individuals and communities. What is important, however, is that SADI as currently derived does understate the level and persistence of rural deprivation; and given the relative importance of rural areas within the East of Scotland region the existence of social exclusion is a major policy priority for the regional conversion strategy and the plan for the period to 2006. The Partnership will thus support research that improves the present understanding of the level, nature, causes and consequences of social exclusion and deprivation in both urban and rural areas.

The key factors and features of social exclusion in the East of Scotland that have been identified and addressed by the Plan team, and which have been presented in section 2.2 above are the;

- Continuing decline of the traditional industrial sectors in the region which has reduced employment opportunities for the lower skilled occupations that formed a significant proportion of jobs in these sectors.

- Selective out-migration of higher skilled and qualified people from communities within the region which in turn results in a remaining population less able to create or access employment opportunities
- Lower real relative pay levels and career development opportunities in the increasingly SME-dominated non-manufacturing sectors that remain in disadvantaged urban and rural areas, with the consequence of lower income and employment multipliers within these communities.
- Absence of affordable and regular transportation facilities in disadvantaged areas that enable the residents to access and gain employment in the faster growing sectors and locations within the East of Scotland, especially in rural areas where car ownership may effectively determine access to employment.

The economic features are reinforced by long-standing social deprivation reflected in such as higher levels of crime and family disfunction; poorer community self-regard; and increased reliance on social security benefits.

The Plan Team has addressed the spatial distribution of social exclusion in the East of Scotland, and identified those areas which must be given priority in any effective drive to secure better sustainable social inclusion throughout the region. The Plan Team has however decided to address social exclusion at a spatial level given the complex distribution of Eligible and Transition areas in the East of Scotland, but rather to focus social inclusion initiatives on Community Economic Development measures for delivery through *thematic* programmes and initiatives that bring together groups of local communities and individuals. This approach will be essential given the relatively limited annual Structural Fund budget available to the Partnership for community economic development.

## 2.3 The Structural Funds and Social Inclusion

European Funding through the Structural Funds is available to provide additional support to economic development and social measures throughout Scotland, although the exact type of intervention varies depending upon the area. The European Regional Development Fund (ERDF) provides support for the promotion of economic and social cohesion, particularly relating to creation and safeguarding of sustainable jobs, investment in infrastructure and support to local development and employment initiatives and activities of small and medium size enterprises. This is available in the former Objective 1 area in the Highlands & Islands; and in the new Objective 2 areas in lowland Scotland, as well as in the transition areas which used to be covered by Objective 2 and Objective 5b (rural Scotland). The European Social Fund is available throughout Scotland under Objective 3, and aims to support measures to tackle unemployment, to develop human resources and social integration into the labour market in order to promote a higher level of employment, as well as equality between men and women, sustainable development and economic and social cohesion.

Both programmes promote the tackling of social exclusion, although in different ways. The **European Regional Development Fund** provides support for urban areas in difficulty as well as community economic development activities in both urban and rural areas. The **European Social Fund** aims to tackle the problem

of people in long-term unemployment, the facilitation of the re-integration of the long-term unemployed into the labour market, the occupational integration of young people and persons returning to the labour market after a period of absence, equal opportunities and access in the labour market.

ESEP will place particular emphasis on those exposed to social exclusion, and the promotion of a skilled, trained and adaptable workforce, innovation and adaptability, entrepreneurship and job creation and skills in human potential and research. Both funds place a particular emphasis on promoting equal opportunities and sustainable development and are designed to operate in addition to national and local measures: they cannot substitute for national or local initiatives, but are designed to strengthen them where there are particular needs.

The East of Scotland Partnership introduced a number of community economic development initiatives in the 1997 to 1999 Objective 2 plan for the region; and the Objective 2 strategy and plan for the 2000-2006 period has drawn upon both the experience of these initiatives and the available evidence of continued social inclusion in the region in designing effective Operational Measures to further address the challenges of social inclusion in the East of Scotland. This section of the plan reviews the Partnership's social inclusion initiatives since 1994 and profiles two of the more productive of recent programmes delivered in the region; and then identifies the strategic priorities for the Partnership's continued commitment to social inclusion for the period to 2006.

## **2.4 Social Inclusion in the 2000-2006 Strategy**

In the East of Scotland Objective 2 Plan, social exclusion will be tackled in both full eligibility areas and transition areas. The type of measures to be supported includes those that will directly engage the local community to enable their active participation in the design, management and delivery of local development plans. This may include direct support to local community groups in researching and preparing local plans; assistance with establishing appropriate local management structures; and revenue support for local development workers. Projects aimed at training and related activity such as addressing barriers to inclusion will also be actively promoted. The rural dimension to exclusion will be given particular attention by the Plan Team. Emphasis will also be placed on ensuring that support is given to those projects which match local strategic needs in the social justice field as well as the criteria in the new plan.

The main social inclusion focus of the 2000-2006 plan will continue to be the creation of new jobs since increasing access to employment through all eligible means remain a prime function of Structural Funds. In order that social inclusion can be seen to be addressed specifically throughout the individual Programmes, certain additional areas of intervention will also be monitored. These include showing how many organisations, assisted through Structural Funds, will introduce equal opportunity and family friendly policies, as well as those organisations which will receive assistance to offer child care facilities. The implementation effort in Community Economic Development areas will be



monitored separately from overall development, as will the increase in number and progress of Community Business Organisations.

In addressing the challenges of social exclusion, the Partnership will ensure full coordination between the region's Objective 2 plan and the Objective 3 programme. This takes a holistic approach to tackling social exclusion in recognition of the complex nature of the underlying problem. Assistance to excluded groups will be provided through guidance and counselling, vocational training, work experience, job search support, and wage subsidy schemes targeted on excluded groups in both urban and rural areas. These groups included such as workless households, the long-term unemployed, the homeless, lone parents, and people who are not concentrated within particular localities (i.e. people with disabilities and ex-offenders). The Objective 3 Programme also provides support to enhance the capacity of organisations dealing with socially excluded target groups not necessarily geographically concentrated in this way.

The East of Scotland Plan Team, in the new 2000-2006 Plan, has drawn on past experience and good practice in defining a separate Community Economic Development (CED) Priority for the new SPD. The indicative allocation of resources to the CED Priority is set at a higher level proportionately, than that for the three pre-existing Programmes. Moreover, social inclusion will feature significantly as a horizontal theme to be fully integrated into the implementation and supported activities of the new SPD. The strategic aim for the new conversion strategy for the East of Scotland to promote sustainable economic development founded on the key principles of Enterprise, Learning and Social Justice, is expressed in the strategic vision for the region set out in section 3.3 of this plan.

Social inclusion is further reinforced by the Partnership's strategic objectives for the new Programme which includes;

- Building regional and community capacity in order to leave a durable legacy
- Embedding an inclusive and collaborative approach to development
- Working towards equality of opportunity
- Meeting challenges through fostering entrepreneurship and lifelong learning

Under the CED Measures, the type of activities which will be supported will give priority to those which engage the local community and enable them to actively participate in the design, management and delivery of local development plans. This may include direct support in researching and preparing local plans, assistance with establishing appropriate local management structures and revenue support for local development workers. Support for social and economic infrastructure eg. visitor facilities, training infrastructure, should build upon existing facilities and preferably perform economic and social functions.

Under the new Community Economic Development Priority, for the East of Scotland, all activity supported under the Programme will be set in a strategic context with locally based strategies being consistent with the local and national policy agenda on social inclusion. This will be critical in ensuring the greatest prospect of delivering an integrated and significant programme of activities for

communities of need and communities of interest. Recognition will also be given to key national initiatives, including the Social Inclusion Partnerships (SIPs) and Community Planning as well as the Coalfield Regeneration Trust activities.

It is the firm intention of both the Partnership and the Programme Management Executive that social inclusion will be mainstreamed within all of the Operational Measures and programme and project initiatives supported by the Partnership. This will be achieved through incorporating and diffusing best-practice in social inclusion planning throughout the region; in pursuing new approaches to social inclusion such as those suggested by Community Enterprise Strathclyde in its *New Ways for a Social Economy* June 1999 study; and the active encouragement of the voluntary sector, including the Community Councils throughout the East of Scotland to play a major lead role in both developing and delivering operational programmes which address social inclusion objectives.

The Operational Measures within the Community Economic Development Priority of the new regeneration strategy for the East of Scotland to 2006 will require that every programme or project application to the Partnership for funding support sets out how the proposed activities will directly contribute to social inclusion goals; the objectives and targets for social inclusion of the initiative; the means by which social inclusion progress and impact will be monitored and measured; and the contributions required from Partnership members to support these social inclusion goals. These are set out for each of the Operational Measures in Section 5 of the Plan.



## **APPENDIX 3**

### **EQUAL OPPORTUNITIES (EXTRACT FROM THE SINGLE PROGRAMMING DOCUMENT)**

#### **3.1 The Concept of Equal Opportunities**

The European Union has progressively strengthened the policy expectations and framework for pursuing Equal Opportunities over the period since 1990. Progressively Equal Opportunities as an operational goal and requirement is being mainstreamed into all of the economic, industrial, regional, technological, enterprise and environmental areas of European Commission policy. The Treaty of Amsterdam expanded the Commission's competence to combat all forms of economic, social and cultural discrimination based on sex, racial, ethnic or religious belief, disability, age or sexual orientation; and national governments are now incorporating this wider definition into their own policy and operational plans.

The Commission therefore now requires that the competent authorities preparing and delivering economic regeneration strategies in member states and regions also incorporate clear Equal Opportunities objectives and activities as mainstream components of the strategies and plans. These elements must also support the relevant national and regional legislation and priorities; and introduce a capability to both set Equal Opportunities programme goals and to monitor progress towards the goals in quantitative and qualitative terms.

Whilst the Amsterdam Treaty requires attention to be given to all forms of discrimination in economic, social and cultural activities, the initial focus has been on gender-based discrimination principally in relation to the markedly lower levels of female achievement in national, regional and local labour markets. This predominantly reflects the relatively small proportion of the labour force that is held by ethnic groups (with some clear exceptions) throughout the European Union; and the lower present profile of discrimination based on non-gender differences. The expectation is; however, that issues associated with age, disability and sexual orientation will become more important during the period through to 2006.

The initial Equal Opportunities priorities of the East of Scotland regeneration strategy are also those of gender; although the Partnership and the Programme Management Executive will carefully monitor non-gender discrimination in partnership with the Equal Opportunities Commission for Scotland and the Scottish Executive. The mid-term review of the strategy and plan will include an appraisal of Equal Opportunities achievements and trends; and the Partnership will introduce specific non-gender based initiatives required to address other forms of discrimination that begin to emerge. The relatively small proportion of the East of Scotland's present population in distinct ethnic and racial groups suggests that future initiatives may predominantly have an age or location basis.

#### **3.2 Strengthening Equal Opportunities for Women and Men**

The Partnership recognises that women in the East of Scotland still have particular problems in gaining access to the employment market, in career advancement, in earnings and in reconciling professional and family life throughout the region. It is therefore important for the new strategy to:

- Ensure that active labour market policies are made available for women in proportion to their share of unemployment;
- Reduce tax-benefit disincentives, wherever identified, because of their negative effects of the female labour supply;
- Give particular attention to obstacles which hinder women who wish to set up new businesses or become self-employed;
- Ensure that women are able to benefit positively from flexible forms of work organisation

Therefore, the Partnership will adopt a gender-mainstreaming approach in implementing the strategy and plan for the 2000-06 period.

### **3.3 Raising Female Participation Rates**

The Partnership and the Plan Team recognise that the best measure of performance in pursuing Equal Opportunities objectives in the East of Scotland is to introduce and promote operational activities and frameworks which create increased employment rates for women of all ages. They will also pay attention to reducing imbalances in the representation of women (or men) in certain economic sectors and occupations, as well as to the improvement of long-term female career opportunities. The strategy therefore makes allowance for introducing programmes and projects which (following detailed evaluation) will contain funding and advisory measures targeted at advancing the employment and career prospects of women in both Eligible and Transition areas within the East of Scotland.

### **3.4 Balancing Work and Family Life**

There is a second important area of opportunity that will be addressed by the Partnership, both directly through the relevant Operational Measures, and via the parallel Objective 3 Programme: this is the recognition of the importance of balancing and reconciling work with family life. This is especially important where people have infant and school age children. Policies on career breaks, parental leave and part-time work, as well as flexible working arrangements which serve the interests of both employers and employees, are of importance to both women and men. Implementation of the various EU Directives and social-partner agreements in this area will thus be pursued and monitored regularly by the Partnership and the Programme Management Executive. An adequate provision of good quality day-care for children and other dependants in order to support women's and men's entry to, and continued participation in, the labour market in the East of Scotland will thus be an area where Scottish Executive measures and the Objective 3 Programme can directly support the Equal Opportunities objectives of the regional regeneration strategy for the East of Scotland; and where a clear contribution to sustainable development can be achieved.

### 3.5 Securing Re-Integration into the Labour Market

The third aspect of policy importance in relation to the Equal Opportunity expectations for the East of Scotland is the importance of facilitating and enabling the effective re-integration into the regions labour market of those individuals returning to the labour market following absence through family commitments, illness, education or other reasons. Potential returnees may find themselves with outmoded skills, knowledge and experience; have difficulty in identifying and accessing information on labour market or self-employment opportunities; and of gaining affordable access to appropriate vocational, professional and personal skills training. There is also the possibility that existing tax and benefit systems at the national (UK) level, and the local management and administration of such systems, can greatly reduce the financial incentives for certain groups to return to employment. The Partnership and Plan Team recognise the special difficulties for returnees, and will seek to ensure that both Strategic and Community Development Priorities and Measures address barriers to labour market re-integration.

### 3.6 The Structural Funds and Equal Opportunities

The incorporation of equality between men and women has become an obligation in all spheres of EU policy and policy-making, following the Treaty of Amsterdam. Accordingly the European Employment Guidelines adopted by the Council of Ministers in 1999 identified the *“strengthening of equal opportunities between men and women”* as one of four pillars governing the implementation of EU employment policy. With regard to the Structural Funds, Programmes are expected to be able to demonstrate improved equality between men and women in terms of employment; education and training; enterprise and the reconciliation of professional and family life.

UK policy also recognises the centrality of equal opportunities to employment policy, with the fourth pillar of the *“UK Employment Action Plan”* dealing with *‘strengthening policies for equal opportunities between women and men’*. In addition to gender equality the UK Government ‘Policy Frame of Reference’ adopts a broader definition of equal opportunities than that commonly used within the EU, designed to promote the improved access and integration of a range of excluded groups including the disabled, ethnic minorities and older workers. Within Scotland, Equal Opportunities policy is also a key concern of public policy. The Consultative Steering Group mandated to provide recommendations on the procedures of the Scottish Parliament identified Equal Opportunities as one of four key principles defining the approach of the Parliament. A number of recommendations were made with regard to Equal Opportunities policy for the Parliament, including family friendly working hours, and a mainstreaming approach to all equalities issues within the Parliaments work which were subsequently adopted.

The Scottish Executives Social Inclusion Strategy sets out a vision of a Scotland firmly based on equality of opportunity, where:

Every child, whatever his or her social or economic background, has the best possible start in life;

There are opportunities to work for all those who are able to do so;  
Those who are unable to work or are beyond the normal working age have a decent quality of life;  
Everyone is enabled and encouraged to participate to the maximum of their potential

Action to promote this strategy is included in a number of national UK policies and initiatives including the *New Deal* and *New Futures Fund*. The Equal Opportunities Commission has continually highlighted the gender dynamic of exclusion:

‘In any definition of social exclusion, government policy must recognise that gender and sex inequality are common threads running through many areas where social exclusion exists. The persistent inequalities between women and men as experienced in income, access to employment, participation in education and training, family and caring responsibilities, health, access to benefits and pension income in later life all contribute to the poverty and exclusion of women’.

The East of Scotland regeneration strategy and plan to 2006 adopts this wider definition in terms of ensuring accessibility and opportunity for all. Equality of access and opportunity is integrated throughout the Programme by ensuring that measures to promote lifelong learning, employability and access to the labour market are readily available to those from the most excluded groups and areas. Measures across the Programme recognise the different experiences of women and men in relation to the labour market, both in terms of access to training and employment and progression within employment. Significant differences between men and women in terms of entrepreneurship will also be addressed. All of the Operational Measures aim to raise awareness to the benefits of fostering Equal Opportunities policies; provide appropriate training and support to women and men in under-represented occupations and sectors; and direct support to companies to improve their policies and practice.

The provision of training and other labour market activities in the strategy will be sensitive to these factors. The Plan highlights lessons from the previous Programmes, which indicate that there may still be barriers to women’s participation in terms of lack of affordable childcare and inflexibility in training provision.

### **3.7 Equal Opportunities and regional labour market trends**

The socio-economic analysis of the East of Scotland carried out during the preparation of the Programme identified a number of labour market features and trends within the region which together confirm the importance of adopting a positive approach to Equal Opportunities. The main features of the analysis relevant to Equal Opportunities objectives for the region are that:

With the exception of Grampian, all of the sub-regions of the East of Scotland have average full-time wages below the average for Great Britain; and that this relative position has weakened during the post-1993 period. The region however has performed better than Scotland as a whole on this measure.



Female full-time earnings in the East of Scotland, compared to the British average fell from 94% to 91% over the 1993 to 1998 period, compared to a smaller male earnings fall from 97% to 96% of the British average over the same period, suggesting a relative weakening of female earnings.

Male full-time employment throughout the East of Scotland has been partially replaced by female full-time and part-time employment, reflecting the major structural shifts in the industrial structure of the region's economy that has been underway since the 1970s. The contribution made by women to the East of Scotland economy has risen visibly during the 1990s, and forecasts are that this rise will continue through the first two decades of the new century via an increase in female activity rates. The limited available evidence for the Programme Area suggests that job-for-job, female wage rates are measurably below those for male employees reflecting lower female hourly pay-rates; a smaller number of hours worked per week; shift premia, overtime rates and performance business skewed to male employees; and a lower percentage female share of higher level administrative, management and executive positions in both public and private sector organisations.

It is forecast that these trends will continue (albeit at a slower pace) and, as a consequence, the *relative* weakening of the earnings and income position of women in the East of Scotland workforce will remain under pressure, certainly through the Plan period to 2006, whilst the presence of women in the labour force will increase. This suggests that Equal Opportunities measures will continue to be important, and that mainstreaming such measures within both the Objective 2 and Objective 3 Programmes in the East of Scotland is a strategic and operational priority.

### 3.8 Equal Opportunities in the 2000-2006 Strategy

The Partnership and the Plan Team have consulted widely on the Equal Opportunity needs, priorities and approaches that will be required during the plan period to 2006, including the potential roles and contributions of Objective 3 funding and other national policy initiatives being delivered by the Scottish Executive, UK Government and EC Directorates General to Equal Opportunity objectives. The Partnership and Plan Team have decided to fully **mainstream** the promotion and delivery of Equal Opportunities throughout the East of Scotland Region, rather than seeking to design and pursue a self-standing Equal Opportunities strategy as a separate component of the regional regeneration strategy. The promotion of Equal Opportunities will thus be an essential requirement for all programme and project funding support delivered through the regeneration strategy.

In developing and detailing the Operational Measures for Strategic Economic Development and Community Economic Development the Partnership and Plan Team have drawn upon the recommendations and approach to Equal Opportunities set out in the report on the **Gelsenkirchen Conference on Mainstreaming Equal Opportunities**. The Plan Team has thus sought to use this guidance to ensure that the operational aspects of the conversion strategy for the East of Scotland support the Commission's policy priorities for both Equal

Opportunities and for Social Inclusion as a parallel means for promoting Equal Opportunities throughout the Eligible and Transitional areas of the region.

For each of the Operational Measures within the Strategy, clear initial proposals and approaches have been developed for mainstreaming Equal Opportunities as an integral component of each Measure. These are supported by Equal Opportunities targets at the Measure level; performance indicators to measure progress against these targets; and an identification of the principal Equal Opportunities challenges in the East of Scotland being addressed through each Measure. The Partnership and Programme Management Executive will additionally require that every funding application made for ERDF support has clear quantified Equal Opportunities targets and goals; appropriate and realistic, performance indicators; and a demonstration that the applicant group or organisation both fully understands and adopts the commitment to promoting Equal Opportunities sought by the European Commission, the UK Government and the Scottish Executive and has the capability to deliver these.

In appraising and evaluating funding applications to the Partnership, the Programme Management Executive will have an *Equal Opportunities Outcome* criterion alongside those for Economic Development, Social Inclusion and Environmental Outcome criteria; and will produce a guidance manual setting out an appropriate scoring system to ensure that only genuinely positive programmes and project initiatives are funded. The Partnership will also provide guidance on mainstreaming Equal Opportunities to potential applicants for ERDF funding; will provide training workshops and seminars on Mainstreaming Equal Opportunities in the European Structural Funds; and promote the important Toolkit document that was prepared for the Equal Opportunities Guidelines Steering Committee in 1999. The Partnership will collect, collate, appraise and report upon progress towards Equal Opportunities targets on a regular basis. The proposed mid-term review will separately address the Partnership's achievements in delivering improved Equal Opportunities throughout the East of Scotland through the Operational Measures.



## **APPENDIX 4**

### **SPATIAL TARGETING (EXTRACT FROM THE SINGLE PROGRAMMING DOCUMENT)**

#### **4.1 Eligible and Transition Areas**

##### **4.1.1 Introduction and Background**

The regional conversion strategy for the East of Scotland Objective 2 Programme will apply to both the Eligible Areas and the Transition Areas within the region. The location and nature of these are shown in the Map attached, and reference should be made back to the area profiles presented in Section 2.1 and 2.2 of the Single Programme Document. In that Section, the strategic principles for targeting and delivering Objective 2 Programme support to the different areas are explained; the Structural Fund provision in each area for the period to 2006 is described; and the spatial implications for the Programme's Financial Plan (Section 5) identified.

##### **4.1.2 The Types of Area**

The East of Scotland region has within it, three different types of area in terms of the Objective 2 Programme and the provision of Structural Funds by the European Commission. These are the Eligible Areas, the Transition Areas, and the Ineligible Areas. Brief comment about each of these will be helpful in understanding the geographical diversity of the region and the spatial targeting of resources agreed by the Partnership.

##### **4.1.3 The Eligible Areas**

The Eligible Areas in the East of Scotland are those which still have major structural and competitive constraints which will be addressed by the conversion strategy. These areas currently encompass 24% of the region's total population of 2.3 million. There are opportunities within these areas where both strategic economic development and community economic development initiatives can continue the economic restructuring achieved since 1994, and thus these Eligible Areas will receive ERDF support at a level of 42.74 euro/capita over the Plan period. It is envisaged that there will be a continued need for conversion strategy resources in these areas beyond 2006.

##### **4.1.4 The Transition Areas**

The Transition Areas in the East of Scotland are those which are seen as having a reduced need for Structural Fund support because they are areas of opportunity experiencing relatively stronger economic growth or because they are rural areas where the European Commission's support is delivered through other Programmes and Budget Lines. These areas currently include 30% of the region's population. In these Transition Areas, the regional conversion strategy will be targeted at programme

initiatives that enable the areas enterprises, institutions and communities to put in place an economic and community development capability that will enable growth and competitiveness to be maintained without further post-2006 Structural Fund support. In these areas, therefore, the Partnership will be pursuing an exit strategy, and as such ERDF support will be provided at a reduced level (19.8 euro/capita) with a reducing spend profile to 2005.

#### **4.1.4.1 Strategy for Transition Areas**

The East of Scotland Programme Area was formerly fully eligible for Objective 2 or Objective 5b status during the 1994 - 1999 programme period. For the 2000 – 2006 programming period, it now incorporates full eligible Objective 2 areas and areas in transition. The process of selecting the Objective 2 areas involved an assessment of economic and social conditions in the region and includes areas suffering from industrial restructuring, rural and urban deprivation. The eligible areas were designated using clustering of specific local authority ward areas.

This has resulted in a more targeted and concentrated programme of resources being available for those parts of the Programme Area in greatest need. The areas in the East of Scotland in transition are being phased out of Objective 2 assistance. The resources allocated to the Areas in Transition are on a declining basis over a shorter time period than that for the full Objective 2 Eligible Areas.

In total, 45% of the Programme Area population are located in a fully eligible Objective 2 area and 55% of the population are in transition areas.

Objective 2 designation in the East of Scotland was based on the industrial restructuring strand, the rural development strand and the urban deprivation strand. The areas in transition include a large number of industrial, rural and urban areas throughout the Programme Area that did not qualify as Objective 2.

The view of The Scottish Executive and the Plan Team is that priority should be given to the following categories of areas in transition:

- areas with the potential for job creation;
- those Social Inclusion Partnership (SIP) areas and areas of need that failed to qualify for Objective 2 status under the Urban and Rural strands; and,
- thematic SIPs in the Programme Area.

As a result, the Programme will seek through the allocation of resources to reflect these priorities within the transition areas of the East of Scotland.

The financial Tables for the transition areas of the Programme Area reflect the make-up of the transition areas.

The strategy for the transition areas for each Priority is as follows:

- Priority 1: ERDF support for business development schemes targeting SMEs in transition areas will be gradually phased out over the duration of the programme period. On a project-by-project basis, this will involve either the reduction of ERDF support on an annual basis, or a clear agreement about the duration of the scheme.
- Priority 2: With the exception of the agreed derogations, ERDF support for capital infrastructure will be targeted only on those areas in transition that are both located in one of the designated strategic locations and undertaking activity linked to one of the strategic sectors. ERDF support will principally be given to phases of development within the designated strategic locations that complement earlier grant intervention from previous Structural Fund Programmes, or are clearly identified in area strategies. No new projects will be supported unless they can demonstrate that they will be completed within the timescale for the transition areas. ERDF support for marketing and branding initiatives and the development of information networks in transition areas will be gradually phased out over the duration of the programme period as outlined in Priority 1.
- Priority 3: There are a number of Community Economic Development partnerships that are located in the transition wards of the Programme Areas. It is likely that some projects from these areas will be eligible for assistance.

European Social Fund support to the transition areas will be delivered through the Scottish Objective 3 Operational Programme 2000-2006. Complementarity of ERDF and ESF support for transition areas will be ensured through the range of co-ordination measures that have been put in place in Scotland. For transition areas where ERDF support will be phased out during the period 2000-2006, continuation of Structural Funds investment through Objective 3 will provide a continuity of funding support in particular for SIP areas and other areas of need.

All applications for assistance from the transition areas will have to demonstrate how financial assistance from the Structural Funds is being phased out of the financing of the activity.

#### **4.1.5 The Ineligible Areas**

The East of Scotland also contains a significant proportion of its population and economic activity which are considered sufficiently

prosperous and competitive to not require Structural Funds support during the Plan period to 2006. These areas remain important to the Partnership's conversion strategy for the region as they are important markets for businesses in adjacent Eligible and Transition Areas; they play a major role in attracting international investment and tourism spend to the East of Scotland; they contain the principal international centres of science and technology excellence, generating technology transfer and technology-based start ups; and they are the base of the region's prime financial advisory, training and educational institutions. Whilst these areas will thus receive no Structural Fund support from the Partnership during the Plan period, it is envisaged that in appropriate circumstances eligible activities provided by appropriate organisations located outwith the eligible or transition areas may be supported where these specifically and demonstrably impact upon disadvantaged individuals, groups and SMEs in the adjacent Objective 2 Programme area.

#### **4.1.6 The Strategic Principles for Spatial Support**

The Partnership has carefully considered and agreed the following spatial allocation principles for developing, delivering and managing the East of Scotland Objective 2 Plan for the 2000-2006 period. These are that:

- the regional conversion strategy for the East of Scotland will be an overarching one, and its strategic aim, objectives, priorities and operational approach will apply to both Eligible and Transition Areas.
- the Regional Conversion Strategy and Plan has reflected the helpful guidance from the Scottish Executive through the Minister for Finance in terms of establishing and supporting specific priority areas within both Eligible and Transition Areas where a focus of Plan activities and resources can generate the developmental sustainability sought by the Partners.
- there will be separate budgets and management accounts for the Eligible Area and Transition Area expenditure, investment and administration. The Partnership's strategic economic and community development activities in each area will thus be separately accounted for and reported upon.
- the proportion of the Objective 2 Plan budget to be spent on projects and activities within the Eligible Areas will be larger than that allocated to the Transition Areas. The overall proposed allocation between 2000-2006 has been determined by the Scottish Executive and the European Commission as 67% to the Eligible Areas and 33% to the Transition Areas.
- the level of financial support available to projects and programmes from the Objective 2 Programme will be different in the two areas as will be the funding profiles of the Eligible Areas and Transition Areas.
- Eligible Areas and Transition Areas will deploy both ERDF and ESF support during the plan period, with the ESF being provided through the Scottish ESF Objective 3 Programme.
- lower levels of funding allocation to the Transition Areas, which are predominantly areas of economic opportunity and rural areas, will require that the ERDF funding provided has a degree of concentration



and focus in order to achieve a measurable and sustained impact lasting beyond the Plan period.

These six strategic spatial principles for delivering Objective 2 resources within the East of Scotland region have been reflected in the detail of the Operational Measures through which the strategy will be delivered. The proposed broad allocation of the Objective 2 Programme budget between Eligible and Transition Areas in the East of Scotland is shown in Table 3.81.

#### **Allocation of Objective 2 Plan Resources Between Eligible Areas and Transition Areas in the East of Scotland 2000-2006 (Millions of Euros)**

	2000	2001	2002	2003	2004	2005	2006	Total 2000- 06
Eligible Areas	23.61	24.14	24.63	25.08	23.16	23.69	24.15	168.46
Transition Areas	23.68	20.12	16.44	12.53	6.78	2.53	0	82.08
<b>Total ERDF Programme</b>	<b>47.29</b>	<b>44.26</b>	<b>41.07</b>	<b>37.61</b>	<b>29.94</b>	<b>26.22</b>	<b>24.15</b>	<b>250.54</b>

The proposed allocation of Objective 2 funding for each of the Operational Measures and by the two Strategic Development Priorities is presented and discussed separately in Section 5 of this Plan. The initial allocation between Eligible and Transition Areas as shown in Table 3.81 above will be carefully reviewed on an annual basis, and where appropriate and justified, adjustments to the respective allocations will be discussed with the European Commission. In line with the Regulations, a fundamental review of the effectiveness and impact of the initial allocations will take place at the end of 2003 (the mid-term review) in order that the final three years of the Programme will be able to fully reflect new opportunities or challenges that may have emerged.

## **4.2 Strategic Locations and Sectors**

### **4.2.1 Introduction – Policy Context**

The policy thrust behind the development of the Strategic Locations and Sectors Priority, derives in part from a recognition of the relative reduction in the overall level of Structural Fund resources and the consequential imperative to prioritise and target these diminishing resources more effectively, and to ensure more durable benefits. It also stems from, and seeks to maintain, the drive for greater strategic focus and coherence in all actions to be assisted under the new Programme. Thus, applicants will require to describe the strategic context within which the proposal or set of integrated actions will be implemented. This strategic context

should, where relevant, reflect the strategic development themes of the overarching SPD strategy, and at minimum, they must set out their sustainable development credentials.

#### **4.2.2 Defining Criteria – Strategic Locations**

In determining the designation of strategic locations, the following criteria have been applied. Acknowledging the diversity of the Plan Area, this range of criteria are designed to reflect the different economic circumstances and development potential occurring in the Area. Accordingly, not all criteria apply to each location but certain criteria, the core criteria, are separately identified and these have to be met by all designated locations.

##### **4.2.3 The core criteria are:**

- a) Location is identified in local/structure plan and/or economic development strategy
- b) Location has potential to generate significant levels of net additional jobs relative to the existing employment base
- c) Location has potential to substantially promote sustainable development through:
  - re-use of brownfield sites
  - better use of existing infrastructure
  - better management of transport demand including improvements to public transport and measures to reduce car trips
  - producing a positive 'balance sheet' on environmental impact
  - improved visitor management and dispersal
  - promotion of sustainable communities
  - extending the visitor season and developing new markets
  - creation and/or development of growth poles/nodes for particular industry associations and support facilities
  - promotion of local sourcing, import substitution or supply chain initiatives
  - location has potential to address social inclusion and is in close proximity to CED areas

##### **4.2.4 Other criteria:**

- (a) Location can demonstrate substantial progress towards securing competitive advantage and attaining centre of excellence status. This is especially relevant in the context of technology/knowledge transfer opportunities for SMEs.
- (b) Location has potential to promote diversification away from an over-reliance on one industry.
- (c) Location has potential to generate significant private sector involvement.

#### **4.2.5 Defining Criteria – Strategic Sectors**



In designating the strategic sectors it is important to ensure that the conditions and opportunities for achieving policy convergence and more sustainable outcomes are promoted. It is equally important to ensure that development proceeds in a way, which attempts to balance and align significant economic development opportunities with environmental considerations and social inclusions gains. Here again in playing to the identified strengths of the East of Scotland Plan Area it is imperative that the essential strategic focus takes account of the diversity of the Plan Area in terms of the different economic characteristics and circumstances as evidenced by dispersed rural settlements, urban centres and coastal fishing communities. In applying the defining criteria, and as with those for the strategic locations, a number of the criteria, i.e. the core criteria, required to be met by all the designated sectors whilst the remainder only applied to specific sectors. Where criteria have been ascribed targets these should be regarded as aspirational targets to be achieved at the Programme level.

#### **4.2.6 Core Criteria**

- a) Sector is recognised as being of regional significance (identified in SWOT analysis) and contributes to national strategies eg clusters
- b) Sector has potential for significant wealth and employment creation of which;
  - a minimum of 60% is higher value add or
  - a minimum of 50% tackles gender imbalance
- c) Sector has significant potential for the creation/development of indigenous SMEs of which;
  - a minimum of 80% will be knowledge based SMEs or
  - a minimum of 80% will have potential for export and/or import substitution

#### **4.2.7 Other Criteria**

- a) Sector has potential to promote sustainable employment in fragile rural communities
- b) Sector is capable of achieving critical mass but requires further and timely investment

#### **4.2.8 Delivery Plans**

An underpinning principle of the new strategy, and which is contained in the first strategic objective, is that of building regional capacity in order to leave a durable legacy. Fundamentally, the designated strategic locations will require to have in place an integrated delivery plan supported by the key development bodies. Where local communities form a key component in the designation of the strategic location, they should be fully and actively represented on the development partnership.

In effect, discrete project submissions cannot be considered until such times as the relevant partnership committee has approved the strategic location delivery plan. It is not envisaged that these delivery plans will constitute a substantial additional effort on the part of local delivery agents, but rather should build upon existing strategies wherever possible. They should provide an indication of the nature of activity to be supported initially over a 3 year period and the financial capacity to deliver these activities and their intended outcomes.

In addition delivery plans should describe how they

- propose to address the development opportunities presented by one or more of the strategic sectors
- will achieve potential synergies between strategic developments and adjoining CED areas
- will address the key horizontal themes ie sustainable development, equal opportunities, innovation
- will meet the relevant strategic objectives of the East of Scotland Plan
- will deliver an agreed exit strategy for both transition areas and fully eligible areas
- will realise the anticipated outputs and economic impacts of the planned activities
- will integrate with and help realise, agreed local strategic planning proposals including structure plans and community plans
- will integrate with Objective 3, RDP and any other EC financed initiatives
- will integrate with the activities to be supported under Measures 1.1, 1.2 and 1.3

Delivery Plans have been prepared for the 9 areas and these are summarised below.

## **THE M8 DEVELOPMENT CORRIDOR - SUMMARY OF DELIVERY PLAN**

Stretching from Broxburn in the east to Whitburn and Armadale in the west, the M8 corridor consists of a series of industrial and commercial sites and estates, which in total accommodate 1,000 businesses and in excess of 20,000 jobs (even excluding those in the retail and related services sectors). The corridor has emerged as one of the most significant and dynamic business locations in Scotland over the last decade. The creation of new and replacement employment opportunities in the area has been driven by a number of key sectors and businesses, including electronics and related manufacturing, creative industries notably software design and development, food and drink, and the emergence of biotechnology. There is also limited but important tourism and hospitality based employment, including that associated with business tourism and spin-offs from the Millennium Link.

Despite recent strong growth and development, the corridor's potential is still to be fully exploited and fundamental economic weaknesses and challenges remain to be addressed. The growth of key sectors such as electronics and tourism need to be

further stimulated and supported. In particular:

- A transition from basic manufacturing towards knowledge based processes and products needs to be fostered in key local sectors and more generally within the SME base
- Efforts need to be focused on increasing the number and quality of growth orientated start-ups in key sectors including through commercialisation of leading edge research
- The benefits of local clustering, supply chain development and further strengthening of linkages within and between key sectors needs to be promoted and exploited
- The business growth that has hitherto been mainly focused on the Livingston area needs to be replicated in the west of the corridor

The next six years present an opportunity for these challenges to be addressed. Further structural fund intervention will assist to secure public and private sector investment and to consequently achieve a durable and sustainable business and employment growth.

The strategy set out in this delivery plan is based on the principles of and policies developed by the West Lothian Economic Partnership. It is also developed to pursue the objective and wider priorities of the East of Scotland Plan. The delivery plan seeks to address the key horizontal themes of sustainable development, equal opportunities and innovation, set out within it. Linkages to the economic inclusion agenda are also identified including initiatives with the support of Objective 3 ESF and actions focused on CED areas.

## **DUNDEE AND SOUTH COASTAL ANGUS - SUMMARY OF DELIVERY PLAN**

### **(i) Introduction**

The East of Scotland Objective 2 Plan Team have asked for the development of a local area delivery plan to provide a 3-year framework for the articulation of planned and potential strategic sector activities within identified strategic locations.

The priorities/themes identified in the Dundee and South Coastal Angus Delivery Plan are drawn from a number of key strategy documents outlining strategic activity for the area, including: Scottish Enterprise's Network Strategy, Cluster Strategies and Tourism Action Plan, Dundee Partnership Strategy 2000, Angus Council's Economic Development Plan and Dundee City Council's Economic Development Plan.

This plan presents the position as currently perceived, but recognises that changes in economic conditions may give rise to development opportunities which warrant support.

### **(ii) Strategic Locations**

The Strategic Locations are based on 1991 ward boundaries and form a

contiguous grouping from the western edge of Dundee to Arbroath in the east. A total of 27 wards have been identified as strategic locations, which include a number of existing, and potential development opportunities.

### Key Sites

<b>Dundee:</b>		
Technology Park	Riverside/Waterfront	University Campuses
The MediPark	The Technopole	Cultural Quarter
Dundee College Constitution Campus	The Airport	Balgarthno
City Centre	Port of Dundee	Strategic Industrial Nodes
<b>Angus:</b>		
Kirkton Industrial Estate	Dens Road Business Centre	The Harbour
Elliot Industrial Estate	Carnoustie/Golf	Panmure Industrial Estate
Barry Business Park		

### (iii) Strategic Sectors

The Objective 2 Single Programming Document identifies 6 Strategic Sectors within the East of Scotland area and the Dundee/South Coastal Angus economy has existing strength and potential development opportunities in 5 of these 6 key sectors.

In Dundee these sectors are:

- Creative Industries
- Tourism & Cultural Industries
- Biotechnology & Life Sciences
- Electronics/Opto-Electronics

In Angus the strategic sectors are:

- Tourism & Cultural Industries
- Food & Drink

A number of the wards within the Dundee and South Coastal Angus plan area are also key manufacturing sites which can benefit the economy through further development.

### (iv) Themes/Potential Activities

The Delivery Plan identifies a number of key themes and potential activities that need to be addressed within each sector and these are outlined below.

## **(v) Creative Industries**

The Creative Industries sector has been identified as a key growth sector in the Scottish economy with an average annual growth of 10% forecasted until 2007. The Creative Industries sector includes - advertising, design, interactive leisure software, performing arts, software services, digital media etc.

The Plan Area has a number of key strengths in the Creative Industries sector - Dundee's role in computer games development is well recognised, the strength of Duncan of Jordanstone College of Art and the University of Abertay's games technology/development are also an important factor in the growth of this sector. Potential themes/activities in the Plan Area include:

- the development of infrastructure focused on growing the creative industries sector - incubator development, business units with digital media facilities
- provision of business support/business development activities to support the growth of new and existing creative industries - entrepreneurial advice, specific business support, venture capital
- Product development activities
- marketing/image development in the area including the development of a Cultural Quarter, promotion of the sector etc.

## **(vi) Tourism and Cultural Industries**

Recent developments in the tourism and cultural industries sector have made an important contribution to the improved image of the area and provide a vital complementary product for the regional tourism package.

Potential themes/activities in the Plan area include:

- marketing of existing infrastructure and promotional activities to maintain and further enhance the image and visitor attraction power of the area.
- targeting specific tourism sectors such as golf, cultural tourism
- continuing to host specific events that attract people to the area such as Guitar Festival, SeaFest and an animation festival and to develop new activities
- Development of visitor attractions and infrastructure
- Development of accommodation - improvement to existing provision
- Continued attempts to attract business tourism to the area - improving facilities and promotion

## **(vii) Biotechnology & Life Sciences**

Biotechnology and Life Sciences is one of the world's fastest growing industrial sectors. The research-led nature of the sector means that the area, with a number of key institutions, has an advantageous position in terms of sectoral development - Dundee is now one of the UK's foremost biotechnology centres and a global player in certain fields such as cancer research. It is imperative that we continue to develop this sector to ensure that this position is maintained.



Key themes and activities, which support the development of the sector, include:

- Physical infrastructure for biotechnology/life sciences - MediPark, incubator units, laboratory fit-outs, technology transfer facilities etc.
- Marketing & Business Development - branding of the sector and continued marketing via traditional and web-enabled methods, business support to biotechnology companies (existing SMEs, new business start ups), raising commercial awareness of researchers - increase in spin-out developments.

#### **(viii) Electronics/Opto-Electronics**

Traditional links to the electronics industry in the area need to be developed and a number of activities have been identified to ensure that key strengths in the sector (particularly current research opportunities with a commercial slant in the 2 Universities based in the area) are sustained.

Activities could include:

- development of research infrastructure and other business infrastructure
- promotion of commercialisation of research
- enhancing partnership opportunities in the area

#### **(ix) Food and Drink**

Angus is recognised for the high quality of its soft fruits and other agricultural products as well as its excellent seafood. To build on this asset it is important that support can be directed towards adding value locally, business support schemes, high quality premises and purpose built units.

#### **(x) Manufacturing**

While not specified as a key sector, manufacturing activities in fully eligible wards are still needed to rectify market short-comings. Arbroath is still heavily dependent on manufacturing. To ensure that diversification within the sector can continue high quality premises and purpose built units for new starts and expanding SMEs are essential as well as site servicing and access routes.

### **ROSYTH AND BRIDGEHEAD AREA - SUMMARY OF DELIVERY PLAN**

This delivery plan, prepared on behalf of the partners in Fife, sets out the key objectives and developments of the Rosyth and Bridgehead (R/B) strategic location over the forthcoming 3-year period. The R/B location includes a total of nine wards covering a population of over 38,000. Eight of the wards are included within the eligible Objective 2 Programme Area, with the remaining ward falling into the Transition Programme Area. All nine wards are eligible as Assisted Areas under the new regional aid regulations, with the ceiling set at 20%.

The whole of the west Fife area, and specifically the R/B location, has undergone significant economic restructuring over the last 10 years. The economy, previously heavily dependent on the defence sector, has achieved significant diversification,



although the scale and rapidity of the loss of defence related jobs means that the economy still has some way to go in terms of full structural re-adjustment.

The strategic context for the R/B location is set by the Shared Agenda for Economic Development, one of the main strands of the Fife Community Plan. This sets out how the Fife Partnership will work towards a more successful Fife economy over the next three years. In relation to the development of the R/B location the partners have also developed the South Fife Agenda for Action in response to the challenge facing the area. This nests within the overall Fife wide strategic framework provided by the Shared Agenda.

The South Fife Agenda for Action has developed 7 key themes through which activity will be focussed over the next 5 years. These are:

- Industrial diversification
- Learning
- Information and Communication
- Business start up and growth
- Exploiting the strategic location of Rosyth
- Support for defence related functions and activities
- Benefiting from the growth of Edinburgh

The R/B location demonstrates a significant link with the development of the electronics strategic sector particularly in semi-conductor and telecommunications technology. The recent decisions of Motorola and ADC to locate in Fife and the on-going development of Rosyth Europarc have supplemented this role, particularly in relation to the recent announcement to create a Centre of Engineering Excellence on the site. This will involve Heriot-Watt and Michigan Universities along with public and private partners to deliver customised training to middle and senior personnel in engineering businesses.

Electronics is not however the only strategic sector of significance in the R/B location, which also derives considerable income and employment from tourism. Much of this is related to comparatively high levels of visits to friends and relatives, allied with day trips. The area includes a major attraction, Deep Sea World, which is Fife's most-visited and Scotland's sixth-most visited paid attraction (352,643 visits in 1999). Also in the area are the world-famous Forth Bridges, which are internationally recognised as icons of engineering prowess and act as gateways to the R/B location. The area also benefits from its proximity to Dunfermline, whose historic town centre offers considerable potential for growth in heritage tourism.

The R/B location will not only maximise economic opportunity in the area, but will also contribute to the regeneration of some of the most disadvantaged parts of the East of Scotland Programme area. Immediately adjacent to the R/B location is Abbeyview, an area designated in the Fife Social Inclusion Programme (SIP) and highlighted as part of one of the four regeneration areas identified within the Fife local authority boundary. Unemployment in the SIP area is currently 9.5%, almost 50% higher than the Fife unemployment rate of 6.5%. The Fife Regeneration areas also include priority areas in the central coalfields area of Fife which exhibit very high levels of deprivation and the West Fife Villages are identified as a priority area for regeneration through the Fife

Rural Partnership. All three of these areas of disadvantage will be assisted through the development of employment opportunities in the R/B Location.

The R/B location will also significantly contribute to the objectives set out in the Objective 2 Plan in relation to learning and innovation. This is highlighted by the on-going development of Lauder College and its Business Learning and Conference Centre and initiatives such as the Rosyth Europarc Business Innovation Centre.

The potential of the strategic location to deliver the actions and impacts set out in the East of Scotland Objective 2 Plan for 2000-2006 can be focused around three areas of development:

- industrial site development
- training infrastructure development
- sectoral development

In addition, a key theme is that activity will help to create the R/B location as an environment in which companies can expand and develop as well as one that will be attractive to inward investors. In creating such an environment it is intended that the ingredients will be brought together to establish a location which is attractive to the private sector and no longer relies on public sector investment through the EU Structural Funds. Activity will therefore primarily be carried out in relation to the strategic sectors, enhancing the ability to provide a lasting legacy for local, regional and national economies.

## **KIRKALDY AND SOUTH GLENROTHES - SUMMARY OF DELIVERY PLAN**

This Delivery Plan, prepared on behalf of the partners in Fife, sets out the key objectives and developments of the Kirkcaldy and south Glenrothes (K/SG) strategic location over the forthcoming 3-year period. The K/SG location covers nineteen wards, located in both the eligible Objective 2 Programme and the Transition Programme. All nineteen wards are also eligible for regional aid under the Assisted Areas scheme.

The strategic context for the K/SG location is set by the Shared Agenda for Economic Development, one of the main strands of the Fife Community Plan. Consistency is demonstrated between the development of the K/SG location, the goals of the Shared Agenda and the strategic objectives of the East of Scotland Objective 2 Plan.

The K/SG location exhibits a high proportion of companies from the electronics sector. Since 1995 there have been 10 significant inward investments established or in the pipeline for the area, bringing in over 2,600 jobs. Adding substantial expansions by companies already located in the K/SG location, a total of over 3,000 new jobs have been created in the sector in recent years, thus illustrating the significance of the sector to the area.

The K/SG location also derives considerable income and employment from the tourism sector. Much of this is related to high levels of visits to friends and relatives, allied with day trips, which are largely activity-related. Approximately 211,000 overnight stays and 431,000 leisure day visits were made to the area in 1999 with a total value of £32.5m. Tourism supported 949 full-time job equivalents in 1999.

However, the K/SG location will not only maximise economic opportunity in the area, but will also contribute to the regeneration of some of the most disadvantaged parts of the East of Scotland Programme area. The north and east of Kirkcaldy, which is immediately adjacent to the K/SG location, includes a Social Inclusion Partnership area that has an average unemployment rate of 12.5%, almost double the Fife average and has an income support claimant rate of 21.7%. Similar figures are also in evidence in the Central Fife Coalfields area and in the Levenmouth area, with all three areas likely to be designated as CED areas under the East of Scotland Objective 2 Programme.

In addition to the industrial site development in the K/SG location, work will also continue to enhance the training infrastructure. Glenrothes College and Fife College are currently engaged in a collaborative project to develop an electronics and communication technology centre, the Institute of Applied Technology, which is based within the K/SG location. The continued development of infrastructure such as this will ensure that the area benefits from the provision of training to create a skilled pool of labour to support the creation of an electronics cluster.

The potential of the strategic location to deliver the actions and impacts set out in the East of Scotland Objective 2 Plan for 2000-2006 can be focused around three areas of development:

- industrial site development
- training infrastructure development
- sectoral development

In addition, a key theme is that activity will help to create the K/SG location as an environment in which companies can expand and develop as well as one that will be attractive to inward investors. In creating such an environment it is intended that the ingredients will be brought together to establish a location which is attractive to the private sector and no longer relies on public sector investment through the EU Structural Funds. Activity will therefore primarily be carried out in relation to the strategic sectors, enhancing the ability to provide a lasting legacy for both the local and regional economies.

## **THE LOTHIANS: SOUTH EAST WEDGE/A71 CORRIDOR - SUMMARY OF DELIVERY PLAN**

The South East Wedge/A701 Corridor consists of ward areas that fall within the administrative boundaries of East Lothian, Midlothian and the City of Edinburgh Councils. The location has a population of around 87,000, of which over 31,000 live in fully eligible Objective 2 areas.

The location was highly dependent on coal mining, textiles and printing, and has suffered greatly from the decline of these industries. It also contains rural areas facing socio-economic difficulties.

Much effort has been put into the economic and social regeneration of the area. The economic focus of this has been, and will continue to be, the creation and development of SMEs.

Although much has been achieved within the location to achieve business growth, job creation and social inclusion, there remains a lot to be done. This plan provides a strategic framework for carrying forward the economic regeneration process.

The main opportunity for economic development within the location is provided by the internationally important biotechnology/life sciences/earth sciences cluster which has grown up along the A701 Corridor, and by the major biomedical developments associated with the South East Wedge. Other major opportunities will be provided by the tourism and cultural industries, electronics/opto-electronics, the creative industries, such as software design and marketing, and forest product industries. Manufacturing also presents opportunities in the fully eligible wards of the location.

The strategy set out in the delivery plan is based on the economic strategy documents of the local partner organisations and is in tune with the strategic objectives of the East of Scotland Plan.

The delivery plan embodies the key horizontal themes of sustainable development, equal opportunities, innovation, the environment, community involvement and lifelong learning.

All initiatives carried out under the delivery plan will be harmonised with other economic development initiatives being carried out in the area. Furthermore, they will be integrated with social inclusion activities under Objective 3 and with activities in overlapping and nearby CED areas, so that communities, which are excluded from the mainstream economy, will benefit from the economic growth of the location.

The partnership has identified investment in training infrastructure as essential to the success of the development of the location. This will tie in with training support under Objective 3, to develop a local workforce with the skills both to take advantage of the employment opportunities offered by the growth of the location and to facilitate this growth.

Exit strategies will be developed for projects so that they can become self-sustaining as Objective 2 funding diminishes. There will be an emphasis on increasing the private sector's financial input.

The protection and enhancement of the environment will be central to all projects.

The following strategic sectors have been identified for development:

- biotechnology/life sciences/earth sciences
- electronics/opto-electronics
- creative industries
- tourism and cultural industries
- forest products
- manufacturing
- training infrastructure



These sectors fully comply with the eligible sectors set out in the East of Scotland Plan. The partners have agreed that they are capable of delivering the proposed developments, and it is anticipated that projects will be sustainable beyond the end of the Objective 2 Programme, due to the implementation of exit strategies.

## **COASTAL MORAY FIRTH - SUMMARY OF DELIVERY PLAN**

The Coastal Moray Firth Objective 2 Area has two key characteristics. It is geographically peripheral and economically fragile.

The challenge faced by the Coastal Moray Firth has been recognised by the key public sector organisations with a role in economic development in both Aberdeenshire and Moray.

The parallel development of a partnership approach is reflected in the structure of the Delivery Plan, which deals separately with the Objective 2 Areas in Aberdeenshire and Moray. This is necessitated by the distinct administrative structure within each authority area as evidenced by separate local authorities, local enterprise companies, and structure and local planning.

The shared aim for the Delivery Plan is

"to support economic development investment along the Coastal Moray Firth in order to secure a sustainable and vibrant regional economy".

### **(i) Strategic Objectives**

The Objective 2 Programme identifies 4 inter-related strategic development themes:-

- sustainable development
- enterprise development
- learning and innovation
- building regional capacity.

These 'drivers' are clearly reflected in the strategies and plans developed within Moray and Aberdeenshire. In Moray the key documents are:-

- Joint Economic Development Strategy
- Moray Structure Plan and Local Plan
- Moray Community Plan (Draft)

The priorities for economic development are recognised as:-

- skills and learning
- innovation, diversification and value added
- business infrastructure
- promotion and marketing of Moray
- Priority sectors of food and drink, manufacturing, tourism, timber harvesting and processing of wood products.

(Continued assistance to the agricultural and fishing sectors is also recognised).

These priorities are supported by the Moray Structure and Local Plan and the Community Plan which seek to promote economic growth and development whilst safeguarding the natural and built environment and promoting overall sustainability and successful communities.

The identified sector priorities correlate strongly with the Objective 2 Programmes Strategic Sectors. Analysis of the strengths and weaknesses of Moray's sectors has assisted in identifying the potential opportunities, which will support the process of economic development.

In Aberdeenshire the key documents are:-

- Aberdeenshire Council Economic Development Strategy
- North East Scotland Economic Development Partnership Economic Framework
- Aberdeen and Aberdeenshire Structure Plan (Draft)
- Aberdeenshire Local Plans (Draft)
- Aberdeenshire Towns Programme Action Plan

The priorities for economic development are recognised as:-

- assistance to business (particularly SMEs)
- provision of business sites, servicing and premises
- priority sectors of tourism, cultural industries, food and drink, forest products, creative industries, tourism
- environmental improvement
- development focused in the main towns of the area.

These priorities are being taken forward through the Aberdeenshire Towns Action Programme which currently includes Peterhead and Fraserburgh. Banff and MacDuff are likely to be included in the partnership at a later date.

The common objectives for the towns are to:-

- develop a diverse base of competitive business providing quality jobs
- make the towns attractive places to live, work and visit, enhance the utility and viability of town centres
- develop a skilled, educated, enterprising workforce
- help make the town more environmentally sustainable and socially inclusive.

### **(iii) Implementation Capacity**

In both Aberdeenshire and Moray the key organisations have where practicable recognised the potential financial requirements of the Objective 2 Programme. This will be further developed within the constraints of the national budget allocation process.



#### (iv) Strategic Linkages

The strategic linkages recognised with the delivery plan are:-

- |   |  |
|---|--|
| • Synergy CED areas -                           | The complementarity of the strategic locations strand and CED areas is recognised.   |
| • Key Horizontal Themes -                       | The commitment of the involved organisations to sustainability, equal opportunities and innovation is clearly expressed.               |
| • Integration with Objective 3 -                | Skills and learning are recognised as an essential attribute of a successful economic development plan.                                |
| • Integration with Business Support Resources - | The relevant organisations recognise the need to ensure complementarity actions on strategic locations and business support resources. |

### **LOCH LOMOND AND THE TROSSACHS NATIONAL PARK - SUMMARY OF DELIVERY PLAN**

Loch Lomond and the Trossachs will formally be designated as Scotland's first National Park in the summer of 2001 and the National Park Authority will be established in April 2002.

The Scottish Executive have identified a statement of purposes for Scotland's National Parks, which embraces the social well being and economic prosperity of the area as an essential element of sustainability.

In particular it aims to:

- Promote the sustainable economic and social development of the area's communities
- Conserve and enhance the natural and cultural heritage of the area
- Promote sustainable use of the natural resources of the area
- Promote the understanding and enjoyment of the special qualities of the area by the public

In anticipation of this, the Loch Lomond and the Trossachs Interim Joint Committee was set up in 1999 with funding from the Scottish Executive through Scottish Natural Heritage.

The Interim Committee is a local authority Joint Committee set up by the Councils of Stirling, West Dunbartonshire, and Argyll and Bute and consists of Local Authority Councillors and non elected members including representatives of Community Councils and Local Enterprise Companies covering the area.

The Interim Joint Committee was established to undertake policy development preparatory work for the National Park Plan and develop a series of early actions, which would smooth the transition to the National Park in 2002

**(i) National Park Boundaries**

The area presently covered by the Interim Committee will be superseded when the National Park is formally designated in 2001 with it's own boundary. Extensive consultations on the proposed boundary are ongoing.

A number of areas are under consideration for National Park status which are not presently within the Interim Committee boundary including, Tyndrum and Crianlarich in Stirling and Loch Earn/St Fillans in Perth and Kinross Council areas

The area covered by this Delivery Plan includes the suggested primary and secondary consideration areas on the basis that activity within these areas may have a major impact on the development, access and servicing of the National Park.

The Loch Lomond and Trossachs National Park area will involve three of the Scottish European Programme Areas

- Eastern Scotland Objective 2 Programme 2000- 2005
- Western Scotland Objective 2 Programme 2000- 2006
- Highlands and Islands Special programme 2000- 2006

The Loch Lomond and Trossachs National Park has been designated as a Strategic Location within the East of Scotland Objective 2 Programme.

In order to deliver the strategic location objectives the local partnership have identified four key growth sectors within the Loch Lomond and Trossachs National Park area which are of significance to the area, have a significant number of SMEs and can experience significant growth in the short to medium term. These sectors are:

- Tourism and Cultural Industries
- Food and drink
- Forest Products
- Creative Industries

**(ii) Previously EC Funded projects within the proposed National Park Area**

A number of early action projects have been completed or are nearing completion which have benefited from EC resources from the Rural Stirling and Upland Tayside Objective 5b Programme and the Western Scotland Objective 2 Programme. Key projects include:

- The National Park Gateway and Orientation Centre, Lomond Shores at Balloch - a key visitor gateway point - Western Scotland Objective 2 Programme
- Loch Lomond Piers, Jetties and Slipways – a restoration project to provide better access to and from the Loch – RSUT Objective 5b Programme and Western Scotland Objective 2 Programme
- East Loch Lomond Visitor Management Strategy at Rowardennan, upgrading of visitor infrastructure – RSUT Objective 5b programme
- Trossachs Discovery Centre in Aberfoyle , development of an Orientation Centre at a key gateway point to the Trossachs – funded by the RSUT Objective 5b Programme
- Loch Lomond Park Centre, Balmaha – RSUT Objective 5b Programme
- Millarochy Bay Visitor Facilities - RSUT Objective 5b Programme

### **(iii) Local Partnerships**

Two major partnerships are already in operation within the Loch Lomond and Trossachs National Park area. These are:

- Loch Lomond and the Trossachs Interim Joint Committee
- Rural Stirling Economic Partnership.

A partnership involving Stirling Council, Scottish Enterprise Forth Valley, AILLST Tourist Board, STEP, Scottish Natural Heritage, Forestry Commission, National Park Interim Joint Committee and representatives of the local business community

These organisations will be involved in the implementation of the National Park Early Action Programme.

## **THE PROPOSED CAIRNGORMS NATIONAL PARK - SUMMARY OF DELIVERY PLAN**

### **(i) Introduction**

The Delivery Plan for the Proposed Cairngorms National Park outlines the development opportunity which would benefit from funding assistance under Priority 2 of the Objective 2 programme. The Plan has been drawn up by the Cairngorms Partnership following consultation with the relevant local authorities and government agencies in this area.

### **(ii) The Area**

The Scottish Parliament is likely to designate the Cairngorms National Park in 2002. The aims of the Park will include the sustainable economic and social development of the area's communities.

Since the boundary of the Park has yet to be finalised, this Plan is based on the area currently proposed by Scottish Ministers which is the same as the

Cairngorms Partnership. In addition to this, this Plan proposes a 10km extension to the boundary to ensure that key gateway towns and communities, including Pitlochry, Kirriemuir, and Edzell, through which many visitor will enter the Park, can be assisted.

Only the south and east of the proposed Cairngorms National Park is covered by Objective 2. The west and north is covered by transitional Objective 1. The Objective 2 area stretches from Strathdon and Upper Deeside in Aberdeenshire, south through the Angus Glens, to Glen Shee, Strath Ardle and Atholl in Perthshire. It is a sparsely populated rural area, dominated by hills, woodlands and moorland, in which the largest settlements are Ballater and Braemar in Aberdeenshire, and Blair Atholl and Kirkmichael in Perthshire. This area is famed for its outstanding scenery, its productive moorlands, its native and commercial woodlands, its fine salmon rivers, and its opportunities for walking, climbing, skiing and other activities.

In the settlements most employment is in the service sectors. In the countryside, the biggest employers are the estates which engage in a wide variety of commercial activities often focused on field sports (stalking, fishing, and grouse shooting), forestry, and agriculture. Other indigenous SMEs include farmers and tourism-focused businesses including accommodation, catering, sports hire, and the ski companies at Glen Shee and the Lecht.

### **(iii) Priorities for Development**

Priorities for economic development are based on the Cairngorms Partnership Management Strategy published in 1997. This seeks to integrate the economic and social development of the area with environmental protection. Those who manage the land, and whose businesses are based on it, are the main economic drivers of the economy. These include those who harvest the land directly, for example for timber, grouse, lamb, and deer; and those whose businesses rely on outdoor recreation and other forms of land-based tourism.

Strategic sectors under Priority 2 of Objective 2, which meet these priorities, are tourism and cultural industries; food and drink; and forest products. All three are based on the superb natural environment, and associated cultural resource, of the proposed National Park.

Tourism in the proposed Park is based largely on the outstanding natural environment coupled with the history and culture of the local communities. The environment is the area's key strategic visitor attraction and its improved management and accessibility are priorities for the future. The grouse moors, deer forests, footpath networks, and salmon rivers are particularly important economic motors in this area. There is also considerable scope to improve the marketing and supply chains of existing food and drink products such as game and lamb; and to develop and market new value-added products from timber such as window frames and furniture.

### **(iv) Links to other parts of Objective 2, Objective 3, and RDP**

Sustainable development and innovation are at the heart of the Cairngorms

Partnership's Management Strategy. Both were criteria for funding under Leader II, which covered all of the proposed Park, and are now firmly embedded in the development culture of the area.

Through concentrating on the natural infrastructure of the area, and those industries which generate economic activity from it, the Plan will encourage a stronger economic base that is more competitive and innovative in its approach to meeting the ever-changing demands of the market. This Plan is closely allied to the need for more dynamic community development and for environmental enhancement; these are not only crucial for economic development, but are also at the core of the National Park's aims.

The Plan has close links with Objective 3 and the Rural Development Programme. Training resources available under Objective 3 will be important in training estate workers to improve their management of the area's natural assets, and in improving quality in tourism services. In the agricultural sector, funds soon to be available under RDP will help local farmers to develop added value products, the marketing and branding of which can be assisted through the Objective 2 programme.

#### **(v) Conclusion**

This Plan is part of the on-going economic development of the communities within the proposed Cairngorms National Park. It aims to increase economic activity in key commercial sectors in ways that are competitive and innovative, and which at the same time enhance the bedrock of the area's economy, its natural environment.

### **M9/M876 DEVELOPMENT CORRIDOR - SUMMARY OF DELIVERY PLAN**

This Delivery Plan has been drawn together by the local partners (complete list, Appendix 4) to reflect the priorities identified in the East of Scotland Plan 2000 – 2006 and to ensure that the maximum economic benefit is derived from Objective 2 status.

The M9/M876 Development Corridor includes some of Scotland's worst disadvantage and some of Scotland's best opportunities – for example from Scottish Property Network of August 2000, Forth Valley had the least available supply of business premises in Central Scotland/a fact inconsistent with overcoming economic disadvantage. (8% of units available as against 15% units in Ayrshire – an average of 12% in Scotland). Many of the existing premises are either in poor condition or need adapted – the provision of new or adapted stock will grow the areas potential and capitalise on the excellent location.

Partners in Forth Valley covering the M9/M876 corridor have a long established track record of delivery, exceeding projected outputs, and innovative funding blending the best of the public/private sectors.



All developments will look to achieve maximum coverage of core sectoral priorities whilst securing advantage through the adoption of sustainable principles, respecting equal opportunities for all social justice and encouraging innovation. Innovation particularly is recognised as critically important to future competitiveness.

The partners all operate within the priority area and have identified priority sites/sectors with reference to the East of Scotland Plan and other relevant policy documents including:

- Global Change Local Challenge – an economic development strategy for Forth Valley.
- Community Plans for Clackmannanshire, Falkirk & Stirling.
- E Commerce Development Strategies.
- Clackmannanshire & Stirling Structure Plan.
- Falkirk Structure Plan.

Focus will be given to the strategic sectors identified in the East of Scotland Plan (see Appendix 2) and local partners currently see the greatest potential in:

- Tourism & Cultural Industries
- Biotechnology & Life Sciences
- Forest Products
- Creative Industries
- Manufacturing

The successful development of these sectors will stem the current economic decline being found in parts of Forth Valley and lead to sustainable economic growth creating real jobs for local people across the broadest range of age, sex, and cultural background.

The partners will focus on the following key locations

### **Clackmannanshire**

#### **Bridgehead A907**

##### **Key investment sites**

- Inglewood House
- Dumyat
- Smart Village
- Carsebridge
- Alva

##### **Redeveloping existing business sites:**

- Kilncraigs Mill
- Kelliebank

It should be noted that projects in Clackmannanshire will benefit from additional resources for 3 years until 2003 through L.A.P. (Local Action Plan) funding from the Scottish Executive due to the significant job losses in this last 18 months.



## **Falkirk**

Falkirk interchange and corridor

Key investment sites

- Glenbervie/Central Park
- Gilston

Physical solutions in regeneration areas

- Bainsford/Langlees
- Denny/Bonnybridge

Sector Specific Initiatives

- Chemicals Developments
- Bioforth
- Inward Investment Support

SME Development

## **Stirling**

- Forthside/Station Square
- Key investment sites – Castle, Springkerse, Broadleys
- Stirling University Innovation Park
- Physical Solutions in regeneration area – Eastern Villages, Raploch
- Tourism Development - Bannockburn

Partners will also seek to deliver the maximum economic outputs for the area at the minimum public sector cost and will therefore seek to utilise innovation funding/private sector involvement.

### 4.3 Ward Definitions of Target Areas

#### Eligible Wards

05011	Alloa West	12102	Dunfermline North 1
05012	Alloa East	12132	Rosyth West
05021	Mar	12141	Dunfermline Garvock
05022	Clackmannan	12142	Blacklaw/St Leonards
05031	Baingle	12151	Dunfermline/Woodmill
05032	Delph	12161	Dunfermline/Aberdour Road
05041	Fairfield	12162	Dunfermline/Pitcorthie
05042	Gartmorn	12171	Rosyth East
05052	Tillicoultry	12172	Rosyth South
05061	Alva	13011	Burntisland West
05062	Menstrie	13021	Raith
06022	Victoria	13022	Linktown/Auchtertool
06031	Grahamsford	13031	Dunearn
06032	Dawson	13042	Fairisle
06041	Camelon	13051	Valley
06051	Summerford	13052	Bennochty
06052	Mariner	13061	Hayfield
06142	Bankier	13062	Pathhead/Victoria
06151	Chacefield	13071	Smeaton
06152	Antonine	13072	Sinclairtown
07071	Polmaise	13081	Dysart/Wemyss
12011	Kincardine/Culross	13091	Old Buckhaven
12012	Blairhall/High Valleyfield	13092	East Wemyss and Muiredge
12021	Oakley South/Torryburn	13101	Denbeath and Savoy
12031	Oakfield/Lumphinnans	13102	Aberhill/Methil
12032	Kelty East/West	13111	Methilhill
12041	Ballingry	13112	Kirkland/Mountfleurie
12042	Lochore	13121	Leven West
12051	Lochgelly North	13122	Leven East
12052	Lochgelly South	13131	Windygates
12071	Inverkeithing East	13132	Kennoway
12072	Inverkeithing West	13151	Auchmuty
12081	Cowdenbeath Foulford	13171	South Parks
12082	Cowdenbeath South East	13181	Glenwood North
12091	Cowdenbeath Moss-Side	13182	Glenwood West
12092	Crossgates/Hill of Beath	13191	Kinglassie/Bowhill
12101	Townhill/Kingseat/Halbeath	13192	Cardenden

13461	Leslie	52061	Longhaugh
16011	Macduff-Gardenstown	52071	Fintry North
16012	Aberchirder-King Edward	52072	Fintry South
16021	Banff-Hilton	52081	Caird
16022	Fordyce-Boyndie	52082	Midmill
16051	Meethill-Glendaveny	52091	Cleington
16052	Clerkhill	52092	Maryfield
16061	Kirktown-Roanheads	52101	Coldside
16062	Buchanhaven-Catto	52102	Hilltown
16071	Fraserburgh East	52111	Central
16072	Fraserburgh West	52121	Dudhope
16081	Buchan North East	52142	Menzieshill
16082	Buchan North	52151	Gourdie
16092	Longside-Rattray	52152	Pitalpin
19041	Laich	52161	Lochee West
19082	Strathisla	52162	Lochee East
19042	Lossiemouth	52171	Rockwell
19052	Innes	52201	Ardler
19061	Buckie West	52202	Blackshade
19062	Buckie East	52222	Sidlaw
19072	Lennox		
19081	Keith		
30021	Loanhead		
30022	Bilston/Roslin		
30041	Dalkeith/Newton		
30042	Woodburn		
30043	Dalkeith/Newbattle		
30053	Pathhead/Victoria		
30051	Easthouses/Mayfield		
31021	Barbauchlaw		
31022	Bathville		
31023	Easton		
31033	Burnbrae		
31041	Polkemmet		
31042	Fauldhouse		
31043	Whitrigg		
51011	Harbour		
51012	Brothock		
51021	Timmergreens and Elms		
51022	Arbirlot and Hospitalfield		
51041	Carnoustie East		
51042	Carnoustie West		
52041	Balgillo		
52042	Eastern		
52052	Drumgeith		

## Transition Wards

5051	Harviestoun	7062	Endrick
6011	Hallglen	7072	Sauchenford
6012	Graeme	7081	Whins
6021	Ladysmill	7082	Ladywell
6042	Woodlands	7101	Dunblane West and Kilmadock
6061	Grange	12022	Oakley North/Saline
6062	Park	12061	Dalgety Bay East/Aberdour
6071	Inchyra	12062	Dalgety Bay West/North Queensferry
6072	Bowhouse	12111	Wellwood/Milesmark/Dunfermline North 2
6081	Beancross	12112	Dunfermline West
6082	Dalgrain	12121	Dunfermline Central
6091	Graham	12122	Cairneyhill/Crossford
6092	Bo'ness Grange	12131	Limekilns/Dunfermline /Pitreavie West
6101	Douglas	12152	Dunfermline/Linburn
6102	Dean	13012	Kinghorn and Burntisland East
6111	Denny	13032	Torbain
6112	Dunipace	13041	Dunnikier
6121	Stenhousemuir	13082	Gallatown/Thornton
6122	Crownest-Carronvale	13141	Pitcoudie/Cadham
6131	Stenhouse-Carron	13142	Markinch
6132	Carse	13152	Woodside
6141	Larbert	13161	Stenton/Balgonie
6161	Shieldhill	13162	Pitteuchar
6162	Redding	13172	Rimbleton
6171	Laurieston	13462	Collydean/Balgeddie
6172	Polmont	14072	Largo
6181	Muiravonside	14091	Newport-on-tay and Wormit
6182	Avon	14092	Tayport and Forgan
7011	Argyll	16042	Deer
7021	Gowanhill	17011	Huntly
7022	Ballengeich	17012	Strathbogie
7031	King's Park	17021	Upper Donside
7032	Leckie	17061	West Garioch
7041	Torbrex	16091	Cruden-Boddam
7042	Borestone	18011	Upper Deeside
7051	Callander	18013	Aboyne and Cromar
7092	Logie	19011	Bishopmill
7012	Cornton	19012	Cathedral
7052	Trossachs	19021	New Elgin
7061	Dumgoyne	19022	Central West

19051	Heldon	51101	Brechin North
19071	Rathford	51102	Brechin South
28011	Musselburgh (east)	51052	Dunnichen
28012	Musselburgh (central)	51071	Kirriemuir
28013	Musselburgh (south)	51072	Western Glens
28014	Musselburgh (west)	51073	Eastern Glens
28021	Tranent (north)	52011	Wellgate
28023	Carberry	52012	Baxter Park
28031	Prestonpans (west)	52021	Craigie Bank
28032	Cockenzie	52022	Craigie Barns
28033	Prestonpans (east)	52031	West Ferry
28034	Gladsmuir	52032	Broughty Ferry
29311	Niddrie	52051	Douglas
29312	Craigmillar	52062	Whitfield
30011	Penicuik South West	52112	Riverside
30012	Penicuik North East	52122	Logie
30013	Glencorse/Ladywood	52131	Law
30023	Poltonhall/Rosewell	52132	Ancrum
30031	North	52141	St Ninians
	Bonnyrigg/Lasswade		
30032	Bonnyrigg South	52172	Fairmuir
30033	Newtongrange	52181	Trottick
30052	Gorebridge	52182	Gillburn
31011	Preston	52191	Downfield
31012	St Michaels	52192	St Mary'S
31013	Hopetoun	52211	Monifieth West
31031	Newlands	52212	Monifieth East
31032	Starlaw	52221	Gowrie
31051	Deans	53061	Pitlochry
31052	Knightsridge	53062	Rannoch and Atholl
31053	Ladywell	53063	Aberfeldy
31061	Craigshill	53071	Ericht
31062	Howden	53072	Lunan Valley
31063	Bankton	53081	Alyth
31071	Houston		East Strathearn
31072	Strathbrock	53092	West Strathearn
31073	Middleton	53112	Dunkeld
31081	Linhouse	53141	West Kinross
31082	East Calder	53142	East Kinross
31083	West Calder		
51031	Marywell and Cliffburn		
51032	Colliston and Hayshead		
51051	Forfar Central and Lemno		

**COMMUNITY ECONOMIC DEVELOPMENT AREAS****ABERDEENSHIRE**

Meethill/Glendaveny  
Clerkhill  
Kirktown/Roanheads  
Buchanhaven/Catto  
Fraserburgh East  
Fraserburgh West  
Macduff/Gardenstown  
Banff/Hilton  
Fordyce/Boyndie  
Huntly  
Aberchirder/King Edward  
Buchan North  
Buchan North East  
Cruden – Boddam (part)  
Deer  
Longside – Rattray  
Strathbogie  
Upper Donside  
West Garioch (part)  
Upper Deeside  
Aboyne & Cromar

**ANGUS**

Kirriemuir  
Western Glens  
Eastern Glens  
Breachin North  
Breachin South  
Harbour  
Brothock  
Colliston & Hayshead  
Marywell & Cliffrburn

**CITY OF EDINBURGH**

Craigmillar  
Niddrie

**CLACKMANNANSHIRE**

Alloa East  
Alloa Mar  
Baingle  
Delph  
Clackmannan



**DUNDEE**

Ardler  
Blackshade  
St Mary's  
Hilltown  
Wellgate  
Dudhope  
Midmill  
Caird  
Lochee East  
Lochee West  
Pitalpin  
Gourdie  
Fintry North  
Fintry South  
Trottick  
Gillburn  
Whitfield  
Longhaugh  
Douglas  
Drumgeith

**EAST LoTHIAN**

Carberry  
Prestonpans West  
Prestonpans East  
Tranent North

**FALKIRK**

Gramsford  
Dawson  
Summerford  
Mariner  
Inchyra  
Graham  
Bo'ness Grange  
Dean  
Avon  
Camelon

**FIFE**

Kelty East/West  
Ballingry  
Lochore  
Lochgelly North  
Lochgelly South  
Kinglassie/Bowhill  
Cardenden  
Dunfermline Garvock  
Blacklaw/St. Leonards  
Dunfermline Woodmill  
Dunfermline Linburn  
Linktown/Auchtertool  
Dunearn  
Fair Isle  
Valley  
Hayfield  
Smeaton  
Sinclairtown  
Dysart/Wemyss  
Old Buckhaven  
East Wemyss & Muiredge  
Denbeath & Savoy  
Aberhill & Methil  
Methilhill  
Kirkland & Mountfleurie  
Blairhall & High Valleyfield  
Oakley South & Torryburn  
Oakley North & Saline

**MIDLOTHIAN**

Woodburn  
Easthouses/Mayfield  
Gorebridge  
Pathhead

**MORAY**

Buckie East  
Buckie West  
Keith  
Strathisla

## **PERTH & KINROSS**

Alyth  
Lunan Valley  
Ericht  
East Strathearn  
West Strathearn  
Aberfeldy  
Rannoch & Atholl

## **STIRLING**

Gowanhill  
Ballengeich  
Borestone  
Polmaise  
Sauchenford  
Cornton  
Callander  
Trossachs

## **WEST LoTHIAN**

Craigshill neighbourhood of Livingston  
Burnbrae & Starlaw  
Middleton  
Polkemmet-Whitburn  
Fauldhouse

## **STRATEGIC LOCATIONS**

### **NATIONAL PARKS**

#### **CAIRNGORMS**

#### **PERTH AND KINROSS**

Rannoch and Atholl  
Erich  
Pitlochry

#### **ANGUS**

Western Glens  
Easter Glens  
Breichin North  
Breichin South  
Kirriemuir  
Dunnichen  
Forfar Central and Lemno

#### **ABERDEENSHIRE**

Upper Deeside  
Aboyne and Cromar  
Upper Donside

#### **LOCH LOMOND AND THE TROSSACHS**

#### **STIRLING**

Leckie  
Callander  
Trossachs  
Endrick  
Drumgoyne  
Dunblane West/Kilmadock

#### **PERTH & KINROSS**

West Strathearn  
Aberfeldy

**ROSYTH & BRIDGEHEAD AREA**

Inverkeithing East  
Inverkeithing West  
Dalgety Bay West/North Queensferry  
Townhill/Kingseat/Halbeath  
Rosyth West  
Rosyth East  
Rosyth South  
Dunfermline Aberdour Road  
Dunfermline Pitcorthie

**KIRKCALDY/SOUTH GLENROTHES**

Raith  
Dunnikeir  
Hayfield  
Linktown/Auchtertool  
Pathhead/Victoria  
Smeaton  
Sinclairtown  
Dysart/Wemyss  
Gallatown and Thornton  
Old Buckhaven  
East Wemyss and Muiredge  
Denbeath and Savoy  
Aberhill/Methil  
Methil  
Kirkland and Mountfleurie  
Windygates  
Stonton/Balgonie  
Pitteuchar  
Rimbleton

## **COASTAL MORAY FIRTH**

Laich  
Strathisla  
Lossiemouth  
Innes  
Buckie West  
Buckie East  
Lennox  
Keith  
Cathedral  
Macduff-Gardenstown  
Aberchirder-King Edward  
Banff-Hilton  
Fordyce-Boyndie  
Meethill-Glendaveny  
Clerkhill  
Kirkton-Roanheads  
Buchanhaven-Catto  
Fraserburgh East  
Fraserburgh West  
Buchan NE  
Buchan North  
Lonside-Rattray



**CITY OF DUNDEE/SOUTH COASTAL ANGUS**

Gourdie  
Menziehill  
St Ninians  
Logie  
Gowrie  
Central  
Dudhope  
Wellgate  
Craigie Bank  
Craigie Barns  
West Ferry  
Riverside  
Broughty Ferry  
Douglas  
Drumgeith  
Balgillo  
Eastern  
Sadlaw  
Harbour  
Brothock  
Timmergreens and Elms  
Arbirlot and Hospitalfield  
Carnoustie West  
Carnoustie East  
Monifieth West  
Monifieth East  
Marywell and Cliffburn  
Colliston and Hayshead

**M9/M876 DEVELOPMENT CORRIDOR**

Bankier  
Antonine  
Chasefield  
Dawson  
Denny  
Graham  
Douglas  
Dunipace  
Larbert  
Mariner  
Summerford  
Woodlands  
Camelon  
Victoria  
Ladysmill  
Laurieston  
Polmont  
Inchyra

Grange  
Park  
Bowhouse  
Beancross  
Dalgrain  
Grahamsford  
Crownest/Carronvale  
Stenhousemuir  
Stenhouse Carron  
Carse  
Sauchenford  
Mar  
Clackmannan  
Polmaise  
Ladywell  
Borestone  
Torbrex  
Argyll  
Kings Park  
Ballengeich  
Gowanhill  
Cornton  
Logie  
Whins  
Baingle  
Delph  
Menstrie  
Alva  
Fairfield  
Alloa West  
Alloa East

## **M8 DEVELOPMENT CORRIDOR**

Strathbrock  
Knightsridge  
Craigshill  
Deans  
Ladywell  
Howden  
Bankton  
Linhouse  
West Calder  
Starlaw  
Polkemmet  
Fauldhouse  
Burnbrae

## **LOTHIANS – SOUTH EAST WEDGE – A701 CORRIDOR**

Loanhead  
Bilston/Roslin  
Poltonhall/Rosewell  
Bonnyrigg North/Lasswade  
Bonnyrigg South  
Newtongrange  
Dalkeith/Newton  
Woodburn  
Dalkeith/Newbattle  
Easthouses/Mayfield  
Gorebridge  
Pathhead  
Craigmillar  
Niddrie  
Musselburgh West  
Musselburgh South  
Tranent North  
Carberry

## **APPENDIX 5**

### **PRINCIPLES OF COMMUNITY ECONOMIC DEVELOPMENT (EXTRACT FROM THE SINGLE PROGRAMMING DOCUMENT)**

#### **5.1 Principles**

A number of fundamental principles underpin Community Economic Development, and each of these must be recognised and fully incorporated into any deliberations on the areas which will qualify for CED status and designation.

#### **5.2 Concentration**

The principle of concentration has already been established in the drawing up of the Objective 2 map. This must have further and continued emphasis in the determining of areas that will carry out activity under the CED Priority. Geographic concentration must recognise that all CED areas will be at a relative disadvantage. This geographic concentration comes with an associated population ceiling. Without targeting, and the restricting of CED activity to a limited proportion of the population of the East of Scotland plan area, concentration becomes meaningless. While the plan team may look to maximise the population coverage for CED for the best benefit to the communities, it must be recognised that whatever population coverage figure is adopted will have clear resource implications both in terms of absorption and ability to achieve qualitative and durable benefits. A figure not exceeding 30% of the population of the Programme Area would be the maximum coverage for CED eligibility.

#### **5.3 Strategic Focus**

A strategic approach to Community Economic Development must be taken in the Programme. Designated CED communities must be aware that activity cannot be project driven, and that only programmes that are consistent with the agreed strategy can be supported under the CED Priority. This ensures that all activity under the East of Scotland Programme will be set in a strategic context, and affirms that Strategic Economic Development, Strategic Locations and Sectors and Community Economic Development will be required to conform to local, regional, national and EU strategies.

#### **5.4 Engagement**

Ensuring that communities are active participants in the CED activity must be a requirement before the approval of any structural fund support. The participation of the community can only take place when these communities have sufficient capacity to embark upon these activities. It must be recognised that there will be different levels of community capacity and that this capacity must be enhanced and the communities further empowered throughout the economic development process. We must look at progression of support from engagement through to empowering. This could involve enabling and facilitating stages. Critical to the success of this Priority is the engagement with the community. This must be comprehensively addressed, with continual reviews to allow adjustments to be

made. How we recognise this capacity, make some assessment of it and have effective community engagement will be discussed further on in this Section.

## **5.5 Transfer of Knowledge and Experience**

Within communities and excluded groups there is a vast knowledge resource and we must ensure that the designation of the CED areas facilitates and maximises the transfer of this experience and knowledge. The exchange and dissemination of the experience could be effected by networking and the use of animateurs, although the communities and excluded groups must have the facility to explore and utilise other appropriate mechanisms.

## **5.6 Local Management Structures**

Community involvement and ownership of their economic development process could be better achieved by ensuring that the programme supports the community's ownership. This may require support for the establishment of a local management structure. While this has cost implications both for the programme and for the community in terms of co-finance, one way to overcome some of the difficulties associated with this is to look at the issue of permitting local volunteer time to be considered as eligible co-finance. This helps to ensure that it is not only the well-resourced organisations that become or remain involved. A further benefit is that organisations have the opportunity to extend individual involvement. We in effect get beyond the community gatekeepers both organisationally and individually.

## **5.7 Innovation**

The Programme must recognise that there must be acceptance, and indeed incentive to be innovative and test new ideas. Researching of new ideas or the feasibility of importing, adapting and applying ideas and practices from other areas must be fully embraced. Furthermore, we must accept that there will be situations when the research or development phase of a project may not lead to the intended activity being undertaken. Implicit in any innovative approach is an element of risk taking and we must recognise intended benefits and outcomes may not always be achieved. In this event it would be wrong for the sponsors of these projects to be penalised. Moreover, it should be a matter of identifying the reasons and factors for failure. The operation of an effective monitoring and evaluation system at the local level would ensure that positive outcomes and benefits could still be achieved. While there will be minimum requirements for monitoring and evaluation, it may be advantageous to extend this and have community involvement in both the monitoring and evaluation of any activity. This will maximise engagement and promote a better understanding of the outcomes, successes and failures.

## **5.8 Monitoring and Evaluation**

Essential to maximising community involvement in the economic development process, and ensuring greatest success will be the acceptance that exclusively measuring economic outputs will not be sufficient. Due to the nature of the communities involved, recognition must be given to the fact that projects may in the main produce “soft-indicators”, and that these projects may be stand alone projects or may be the precursor or development phase of other planned economic activity in the area.

## **5.9 Supporting Policy Cohesion**

Structural Funds operate in an environment where the local, national and European policy areas must be fully recognised and incorporated. Maximising consistency with these policies in particular the Government’s agenda on Social Inclusion, will be critical to ensuring the greatest prospect of delivering an integrated and significant programme of activities. It must also be recognised that these policy areas are some of the principal sources of co-finance to the Programme. PPA, SIPs and Community Planning are all areas that will have considerable resonance for the CED Priority.

## **5.10 Eligible and Transition Areas**

The Plan must recognise that there will be a requirement for both the eligible areas and the transitional areas to qualify for assistance under the CED Priority. While the scope of the measures will be consistent across both areas and therefore the nature of the activity, the extent of activity may differ. We must recognise that the available ERDF resource to transition areas will be considerably less than that for eligible areas.

Regard must also be give to the ministerial pronouncement on the targeting of resources within the transition areas, particularly those that just “missed out” on full eligibility. While any methodology arrived at for determining the designated CED areas must ensure these areas are not excluded, we must also recognise that there will be areas both of need and maximum potential that we would want to be supported.

## **5.11 CED Areas and Thematic Activity across Plan Area**

While in the individual geographically specific CED areas the activity will be local in its nature there will be the possibility to have a thematic approach which may cut across CED areas and may include a grouping of CED areas working together for maximum benefit. Furthermore, thematic activity could be an approach that would be particularly useful and advantageous for excluded groups. Although not solely limited to rural communities, this approach may be utilised by them due to the dispersed nature of disadvantage in a rural setting.

The following are the local development themes that could be delivered on a strategic level across the CED areas.

- IT Networking



- Networking (general)
- Community transport
- Micro-finance (Credit Unions etc.)
- Rural Development/Diversification (Non-agricultural and to the extent not supported by the RDP or other national programmes)
- Capacity Building (in support of the other themes)

### **5.12 CED Areas: Archipelago Approach**

Particularly in rural areas, there could be small communities in which the resources required to deliver and manage projects on such a small, localised scale would be an inefficient and ineffective use of available funds. In order to accommodate small communities and excluded groups that are consistent with the defining criteria, the Programme could look at an “archipelago” approach to grouping these communities. These small communities could form an archipelago, thus allowing for a thematic approach to CED. This approach would facilitate the convergence of the development themes.

A further advantage of the “archipelago” approach is that it would allow the CED Priority to go beyond communities of place to communities of interest. This exciting development could provide considerable opportunity to deliver more effective Community Economic Development than would be possible if all activity was at individual local community level.

The archipelago approach is applicable to both the thematic and spatially targeted approaches, and consistent with all CED financed activity, is restricted to the designated CED areas of the Programme Area.

### **5.13 Spatial Targeting – Defining Criteria**

Considerable work has already been undertaken in a number of communities under a range of initiatives including PPA, SIPs and Community Planning. It would not be the intention to repeat this work and in fact would be an inappropriate use of resources to expect communities to duplicate work they have already undertaken. We must recognise this work and ensure that where appropriate it is submitted for consideration under the CED Priority. Even where the bids were previously unsuccessful they may be appropriate for submission, possibly requiring some reworking.

The planning process has assumed that there would be a requirement to identify the CED communities in the Programme Complement. A number of appropriate criteria must then be used to ensure that the most appropriate communities are identified within the 30% of the Programme Area’s population eligible for CED coverage.

The criteria for identifying and selecting eligible areas below are offered for consideration as a basis for arriving at an appropriate set of indicators for determining CED areas within The Programme Area. They were divided into 3 separate categories.

- Multiple Deprivation Criteria

- Environment – Social Amenity Criteria
- Competence Criteria

#### **5.14 Multiple Deprivation Criteria**

Multiple Deprivation indicators seek to describe economic and social deprivation with reference to unemployment, structural unemployment, income deprivation and educational attainment amongst the working age populations. These selected socio-economic indicators are based on the 1991 Census:

1. Average unemployment rates for the period 1997-1999 (unemployment rate defined as the number of claimant unemployed as a proportion of the 1991 economically active population). Target populations within eligible wards must have an average unemployment rate of 9% or above.
- 2a Average percentage of claimant unemployed classified as long-term unemployed (i.e. greater than 12 months) for the period 1997-99. Target populations within eligible wards must have long-term unemployed greater than 21% of total unemployed. (urban areas)

**OR**

- 2b Average ratio of claimant On-Flow to Off-Flow for the period 1997-99. Target populations within eligible wards must have an on/off ratio greater than 21%. (rural areas)
- 3 Dependency on single industry e.g. Agriculture or Fisheries
- 4 Percentage of council households in receipt of housing benefit. Eligible area defined as having greater than 50% of households in receipt of housing benefits.
- 5 Percentage of residents possessing tertiary education qualifications. Eligible area defined as having less than 10% residents possessing tertiary education qualifications.

#### **5.15 Environment-Social Amenity Criteria**

Areas of disadvantage are characterised by a built environment which is run-down and degraded and which may contain derelict properties and areas of contamination. Housing is often poor quality and may lack basic amenities with overcrowding a prevalent problem. Equally, public services, public transport, and local amenities are often inadequate or lacking. These create particular disadvantage and marginalisation for isolated communities far from centres of employment. All these negative factors combine to create an image of unremitting decline and isolation:

- Identified lack of social amenities, in particular, shopping and leisure facilities. Also existing facilities are likely to be run down and inadequate.
- Public services (housing, health, benefits agencies) and training facilities

- may be located some distance from the local community.
- The local community/settlement may be located some distance from centres of employment/economic activity.
- Public transport services may be limited with infrequent service provision.
- The immediate environment run-down with areas of dereliction and evidence of vandalism. Poor quality housing requiring substantial upgrading.

### **5.16 Competence Criteria – Local Capacity/Competence**

The intention here is to attempt to incorporate an assessment of the capacity and competence of existing and planned local social and economic development initiatives to deliver and manage local regeneration efforts. Equally, there needs to be clear evidence of a local Partnership approach, in which at minimum there is a clearly stated commitment to consult with, and to seek the participation of the local community.

- The defined areas will require to have in place – or at an advanced stage of planning, or be part of the development block/territory of an established economic development initiative which involves the active participation of the local economy.
- There will need to be an agreed longer term regeneration strategy or development plan for the area, which is consistent with the objectives of the East of Scotland Plan, and which complements existing development activity in the area.
- The local economic development mechanism will require to demonstrate the capacity to successfully achieve tangible outcomes and to do so within realistic timescales in recognition of the long-term aims of the CED Priority.

Activities co-financed under this Priority will require to be additional to, and distinct from those supported by other EU Financed Programmes.

### **5.17 Engagement of Communities**

The process of engagement is critical to the success of any initiatives, and will to a great extent impact on the degree of commitment from the communities involved.

Crucial to proceeding with the process of engagement must be identifying whom, where and what the communities are. This naturally leads to some assessment and classification of communities. Again we must emphasise that the defined CED communities will display different characteristics and profiles. This could be used positively by grouping these communities initially into three main categories, each of which could be seen as phases in the development of a community's capacity and empowerment.

#### **Inexperienced Communities**

- A community in need of an organisation or partnership of organisations to kick start the community led regeneration effort.

### **Closed Communities**

- A community that may have apparent experience of community participation, but may display characteristics that indicate genuine community involvement is lacking. The onus would be on this community to demonstrate how the existing infrastructure and level/degree of participation fits with genuine community representation, and the extent to which there is empowerment and capacity for CED activity to be effectively delivered.

### **Empowered Communities**

- A community with the appropriate capacity, infrastructure and evidence of past performance to manage a structural fund bid and its implementation.

Before any community could become involved in the community economic development process certain prerequisites or entry requirements would have to be fulfilled. These minimum requirements would have to be satisfactorily demonstrated and evidenced. We must be sure that the community is genuinely being involved in the Structural Fund supported community economic development programme.

The approach to engagement will vary between communities, however each community must be allowed to make an objective assessment of their readiness to undertake European funded projects in their area. While there are a number of models that are readily available to the Partnership to use as tools to assess the readiness of particular communities to become involved in the process, there is considerable advantage to be gained from extracting the maximum benefit from the actual **process** of engagement. Subscribing to this view would compel the Programme to look at empowering communities to make these assessments themselves. Any classification or categorisation of communities must ensure a high degree of sensitivity; communities mustn't see it as negative. It is the Programme's responsibility to avoid any alienation and ensure that the communities involved see the process as constructive, enabling and progressive.

As there will be little prospect of any of the three categories of communities detailed above being in a position to critically appraise their own community in a European funded community economic development context, support must be available to facilitate this. The most obvious way and perhaps the most effective, is to allow the community to appoint an independent facilitator/ombudsman/assessor to undertake this initial "health check".

This assessment should include:

- Where the community was in the process
- Achievements to date
- Aspirations for future development
- Prioritisation
- Mechanism for implementation

To ensure the most useful engagement and ensure maximum community ownership, this independence is crucial.

It must be pointed out that the classification of the communities could be construed as simplistic. While this may be a valid point, to some extent the terminology is largely unimportant, as the facilitator in carrying out the “health check” would be encouraging communities to look at how far along the spectrum of empowerment they had progressed. It may be that formal classification is not required.

An experienced facilitator would ensure that the communities were in a position to determine their own needs and priorities. The experience of the facilitator would ensure that expectations were managed. Communities would be aware that there would be constraints on their aspirations. Communities must prioritise and not produce an unrealistic list of activities that could not be funded.

A key consideration must be the communities’ desire to get involved in CED. We must be aware that there will only be involvement where the community wants, and sees some benefit in being involved in Structural Funds. Incumbent upon the Partnership is a responsibility to attempt to minimise the bureaucracy associated with communities getting involved in Structural Fund Programmes.

This procedure would take interested communities through the following stages of the process of engagement between communities and the Programme:

- The parameters for engagement will be set out.
- The strategy will have been developed.
- The Programme will have invited communities to get involved.
- Interested communities will have gone through the “self-help” health check.

It is imperative that the process of engagement is initiated locally and that the momentum is maintained. The key development agency in each locality is the local authority and as such would be the most appropriate choice to instigate the community’s interest in the Programme.

As a result of the health check, there could be produced a development plan (including a chapter evidencing the process of engagement) which leads to a package of proposals (including costs, targets and timescale) that are then appraised by the Partnership. These cover the following stages.

- Production of a development plan.
- Submission of a package of proposals.
- Partnership appraisal.

Care must be exercised to ensure that already empowered communities are not in a position whereby their readiness to undertake CED activity allows them to access the majority of the funding at an early stage in the new Programme, leaving little resources available for the other communities. In point of fact, communities in both of the other categories must have an incentive to embark upon the learning process of community capacity building.



### **5.18 Community Economic Development Priority**

Naturally evolving from the process of engagement is the format that the CED Priority in the Programme could take. In essence there are three distinct elements to the Priority. There is the pre-delivery process of engagement and then the implementation of the activities on a spatially targeted and thematic activity basis.

Thus three distinct Measures are proposed;

- Measure 3.1 CED Engagement and Capacity Building
- Measure 3.2 CED Implementation -- Spatial Targeting
- Measure 3.3 CED Implementation – Thematic Activity

As stated earlier, the archipelago approach is equally applicable under both the spatial targeting strand and the thematic strand. The three CED Measures would be exclusively ERDF supported, with ESF supported activity in the CED areas being delivered under the Objective 3 Programme. In particular Measures 2.2 Addressing Urban Exclusion, and 2.3 Addressing Rural Exclusion, of the Objective 3 Plan envisage addressing those forms of social and economic exclusion, which are geographically targeted.