

# SCOTTISH EUROPEAN STRUCTURAL FUNDS FORUM



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**SCOTTISH EXECUTIVE**  
**G.06 MERIDIAN COURT**

**MONDAY 30 JANUARY 2005 AT 10 AM**

## **AGENDA**

- 1. Welcome**
- 2. Apologies**
- 3. Minutes of 13 June and matters arising**
- 4. Financial performance and implementation of the 2000-06 Scottish Programmes (Paper 1)**
- 5. Update on the 2007-13 European Structural Funds negotiations (Paper 2)**
- 6. Update on planning for the future Cooperation Objective (Paper 3)**
- 7. Update on preparing future Structural Funds programmes (Paper 4)**
- 8. Update on Hall Aitken study on future programme delivery options (Paper 5)**
- 9. Date of next meeting**

**Scottish Executive**  
**January 2006**

Meeting Date: 30 January 2006

Paper Number:

1

Agenda Item Number:

4

For Discussion

Agenda Item:

Programme implementation

## **SCOTTISH EUROPEAN STRUCTURAL FUNDS FORUM**

### **FINANCIAL PERFORMANCE OF THE 2000-2006 SCOTTISH EUROPEAN STRUCTURAL FUND PROGRAMMES**

#### **Purpose**

1 This paper summarises the financial performance of the Scottish Programmes in 2005 and outlines programme management plans designed to ensure that N+2 targets are met for 2006.

#### **The N+2 rule**

2 The de-commitment rule (N+2) is set out in Article 31 of Council Regulation 1260/1999 and is a financial control designed to encourage sound management of the programmes and avoid end-loading of activity. It requires de-commitment of any funds not spent by the end of the second year following the year to which they were allocated. The practical effect of this rule is that failure to meet the annual spending targets means that money will be returned to the Commission budget and therefore lost to the Programmes in Scotland. The annual targets relate to payment of Structural Funds by the Commission to Member States as reimbursement of expenditure. In order to meet the targets therefore, project development, delivery, spend and claims are all essential throughout the programming period.

3 A significant factor influencing progress towards N+2 targets has, as always, been the volatility of the sterling/euro exchange rate. As N+2 targets are set in euros, exchange rate fluctuations alter the value of the sterling equivalent required to meet the targets. Over the life of the programmes so far, sterling has moved between €1.72 and €1.39 to the £. A movement of 8 cents will increase or decrease the Sterling value of the Programmes by £30m.

#### **Overall position: 2005**

4. As anticipated, 2005 turned out to be the most difficult year of the current programmes in terms of N+2. Programmes were close to full commitment, leaving little scope for additional approvals to replace disappointing spend levels in existing projects. Also, project delays were still to be overcome in many cases. However, these difficulties form only part of the picture. An equally serious problem was the continuing difficulty that project sponsors appeared to experience in being able to match the spend profiles set out in (and legally forming part of) their applications, or at least in reporting the evidence accurately from such an exercise. In all programmes, a significant number of projects failed to spend to profile. In some cases the discrepancies were so large as to have a considerable impact on delivery of programme strategy. The problem was compounded by delay on the part of some PMEs in applying pressure where partners' claims performance was clearly unsatisfactory.

5. The Scottish Executive intervened on a number of occasions to highlight potential problems and promote early remedial actions. Regular meetings were held with PMEs during the year to review progress to N+2 targets, and a system of regular progress reporting was introduced later in the year. Letters were sent to partners with unsatisfactory claims records in the late summer, and in November the Minister met a selection of project sponsors to emphasise the need for timeous submission of claims.

6. In the event, Objective 3 and Highlands & Islands ESF met their targets in good time. All other programmes met their N+2 targets eventually, though some by uncomfortably narrow margins. The high volume of claims received in the last few weeks of the year caused unnecessary pressures, and paragraph 8 suggests how these may be avoided this year.

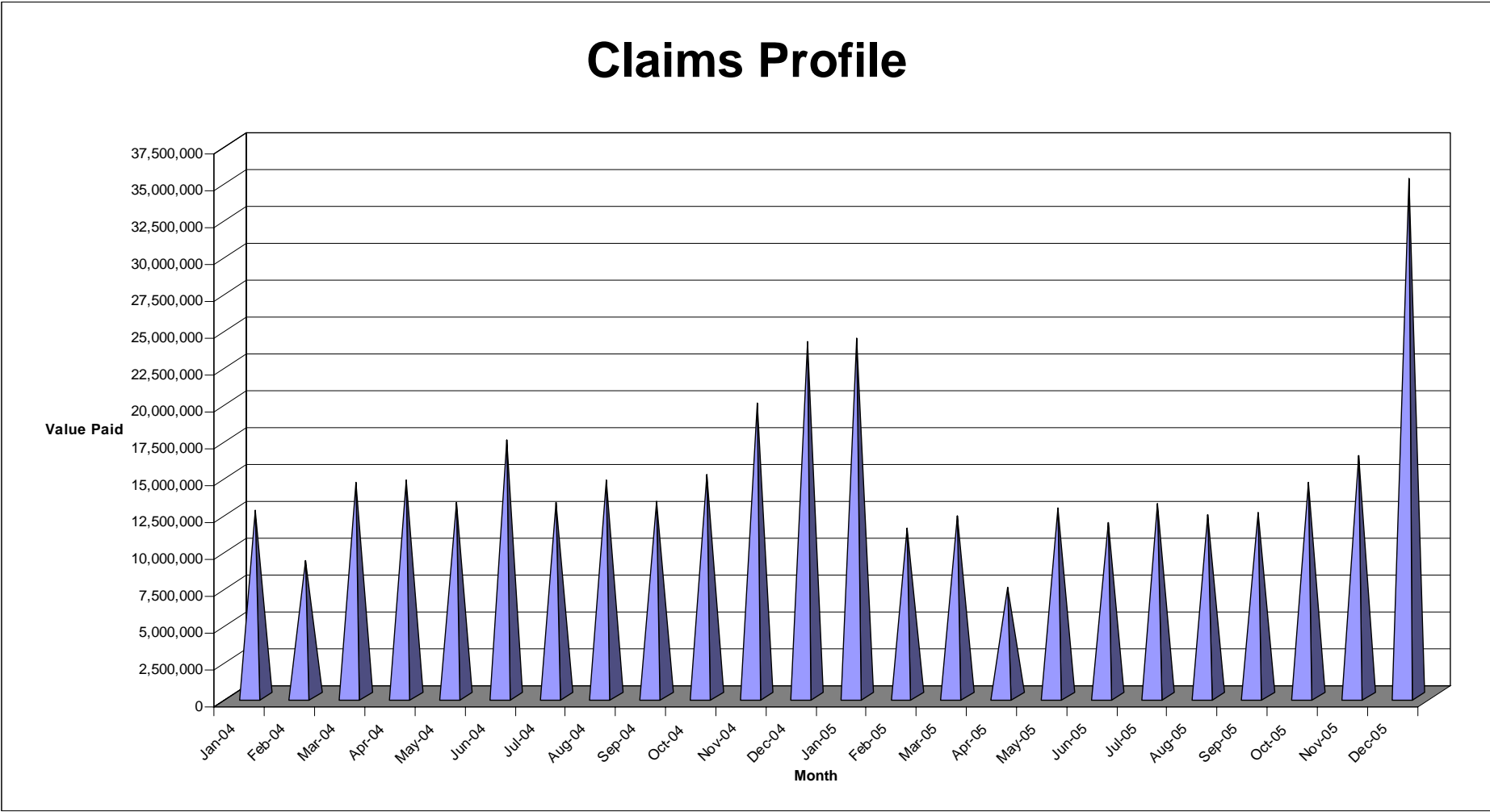
### **N+2 in 2006**

7. 2006 is the last year of the current programmes in which new commitments will be permissible. Many programmes are already near to full commitment, and a careful balance will have to be struck during the year between avoiding underspends and creating commitments which there are no resources to meet. The 2006 N+2 targets for each of the programmes have now been calculated. These are as follows:-

East ERDF	£128,629,125
South ERDF	£ 33,577,339
West ERDF	£211,354,271
West ESF	£ 29,127,287
Objective 3	£227,522,101
Highlands & Islands ERDF	£ 99,887,486
Highlands & Islands ESF	£ 29,560,461
Urban II	£ 5,221,301
Equal	£ 13,499,136
Leader +	£ 11,226,182

8. It has been evident over the past two years that the projections of spend made by PMEs and project sponsors in the first half of the year have proved to be unrealistically optimistic. Starting to plan for N+2 at the beginning of the calendar year and reviewing plans in midsummer has not proved to be an adequate basis for managing N+2 effectively, the flow of claims in 2005 was arguably worse than in 2004. Annex 1 gives an example of how uneven claims pattern in a programme – with most claims concentrated late in the year – can cause difficulties. Early planning for N+2 will help to ensure more even and predictable claims performance, and therefore make targets easier to attain. We are working closely with the PMEs to support them and partners in spreading claims more evenly through the year, and thereby making N+2 targets easier to achieve in 2006.

**Annex 1: Claims profile**



Meeting Date: 30 January 2006

Paper Number:

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For Information

Agenda Item: Update on the EU budget negotiations

## **SCOTTISH EUROPEAN STRUCTURAL FUNDS FORUM**

### **UPDATE ON THE 2007-13 EUROPEAN STRUCTURAL FUNDS NEGOTIATIONS**

#### **Purpose**

10. To inform Forum members of recent developments in the negotiations of the 2007-13 European Structural Funds and the implications of the conclusion of an EU budget deal in December.

#### **Conclusion of the EU budget deal**

11. The UK Presidency successfully brokered an EU budget deal at the European Council in the early hours of 17 December. The European Council agreed a total EU budget of €862 billion (£575 billion), or 1.045% of EU GNI, for 2007-13. This is close to the UK's first proposals on 5 December of 1.03% EU GNI, and a slight decrease on the Luxembourg Presidency's final proposals in June of 1.06% EU GNI. The other key differences with the UK's initial proposal was an agreement to reduce the rebate by up to €10.5 billion (£7 billion) and a commitment for a comprehensive review of the budget, including the CAP, in 2008-09.

12. Although the Member States have now reached a deal, the budget is not yet entirely finalised as the agreement is subject to an Inter-Institutional Agreement with the European Parliament. The Parliament has the right of Assent on the Financial Perspective which means that they can either accept or reject the budget as a whole but cannot amend any of the detail. The budget deal is expected to be submitted to the Parliament before Easter 2006 by the Austrian Presidency.

13. From a Scottish and a Structural Funds perspective, the implications of the final deal are similar to those of the final proposal of the Luxembourg Presidency in June 2005. Although the numbers are still estimates at this point and should be treated with caution, Scotland as a whole could receive up to 45% of what we receive in the current programming period. The Highlands & Islands would receive €158 million (£105 million) as a 'statistical-effect' region under the Convergence Objective – approximately 60 percent of what the region currently receives. The rest of Scotland *could* receive up to approximately 45 percent of the current allocation, but this will depend on agreement within the UK on how to divide up the UK's Competitiveness funding pot. Negotiations on the basis for allocating this pot have begun with the Department of Trade and Industry and the other nations, but are unlikely to be concluded before the middle of 2006.

#### **National Strategic Reference Framework**

14. Members of the Forum will remember from previous update papers that 1 of the new features of the future programming period is the requirement of Member States to submit to

the Commission a 'National Strategic Reference Framework'. This is a high-level, document that sets out the general principles that would govern any Structural Funds spending within the UK as a whole.

15. Although the production and negotiation of the document is a reserved matter, in line with the UK's constitutional arrangements, each of the UK's nations has produced a separate chapter. The Scottish chapter has been drafted by the Executive, drawing on existing Scottish strategy documents to set out the broad parameters of future Structural Funds spending in Scotland, in keeping with the principle of close strategic fit between any future Structural Funds and domestic policy that was set out at the Structural Funds Forum meeting in June 2005. The chapter does not specify the specific priorities in the future Scottish programmes nor does it indicate the level of resources for each priority or programme.

7. The draft National Strategic Reference Framework is to be published on 31 January as part of a UK-wide public consultation on its contents. A copy of the Scottish chapter is attached to this note as an annex.

**Scottish Executive  
European Structural Funds Division  
January 2006**

Meeting Date: 30 January 2006

Paper Number: 3  
Agenda Item Number: 6

For Discussion  
Objective

Agenda Item: Planning for the Co-operation

## SCOTTISH EUROPEAN STRUCTURAL FUNDS FORUM

### UPDATE ON PLANNING FOR THE FUTURE CO-OPERATION OBJECTIVE

#### Background

1. The European Commission's proposals for the 2007–13 Structural Funds include co-operation on projects amongst Member States (and some non – Member States) much more explicitly. Co-operation now features as an 'objective' in its own right in the draft regulations. Although the budget agreement concentrates resources on cross-border co-operation, there is sufficient flexibility and potentially sufficient resource broadly to maintain current trans-national budgets. Three strands are proposed:

- Cross-border co-operation
- Trans national co-operation, and
- Inter regional co-operation

2. There may also be flexibility to use programme funds outwith the immediate programme area.

#### Potential Scottish Participation

3. We have now seen in some detail how the Commission proposals are likely to materialise in programme terms. From a Scottish perspective we can expect:

- Participation for the first time in a **cross-border** programme due to more flexible criteria around 'maritime' borders. Parts of Scotland (Dumfries & Galloway, South Ayrshire, Argyll and the Isles, and provisionally East and North Ayrshire) would be covered by an extended Republic of Ireland – Northern Ireland programme.
- Continued participation in 4 **trans national** programmes with programme geography remaining much the same as at present for:
  - **North Sea** (Scotland's east coast, including Highland and Northern Isles))
  - **North West Europe** (all Scotland)
  - **Atlantic Area** (Scotland's west coast, including Highland and Western Isles). The UK has argued for sub-zones within the programme to allow a degree of concentration around the Irish Sea and potentially complement Scotland – Ireland (and Wales – Ireland) Cross-border Programmes.

- And extended coverage for:
  - **Northern Periphery** where proposals include the rest of ‘rural’ Scotland (with an emphasis on Highlands & Islands), ‘rural’ Northern Ireland and parts of the Republic of Ireland. ‘Rural’ has still to be defined though this will almost certainly be left to participating countries’ discretion. Our aim is to work with partners here and other partner countries in the programme on how best to reconcile the potential increased coverage without compromising the fundamental principles behind this programme and our participation in it – peripherality, sparse population, distance, mountains and islands – and maintaining a reasonable balance between demand and resources available.
- Scope also exists to participate in **inter regional** projects where programmes are not strictly geographically defined.

While the potential coverage for Scotland is welcome, it would be better for partner organisations to concentrate efforts around particular areas, potential partners or themes. For example, and mindful of the European and External Relations Committee’s inquiry into ‘the Possibility of a Programme of Co-operation between Scotland and Ireland’, one key issue would be how best to focus on opportunities in the potential cross-border and trans-national programmes involving Scotland and the Republic of Ireland.

## **Budget**

4. Budgets at programme level depend firstly on allocations to Member States for each of the respective strands. These are then assigned to the respective programmes by the various Member States. There is some flexibility at Member State level between the strands and on how much is allocated to individual programmes. Based on the budget settlement, trans-national programmes would have about the same overall levels of funding as now. Very tentative figures based on current programme funding and performance suggest roughly €100 million (c.£67 million) for Atlantic Area, €250 million (c.£167 million) for North West Europe and €80 million (c.£53 million) for North Sea. Northern Periphery is more problematic as the area is increasing in size but Finnish and Swedish resources will be under pressure if trans-national shares are kept low. The total may perhaps be somewhere in the region of €25 million to €30 million (c.£17-20 million). Cross-border is more difficult as we have not previously participated. However, there could be around €80 million (c.£53 million) for the Scotland-Northern Ireland-Ireland programme, though the bulk would probably be spent between Northern Ireland and the Republic.

5. *These figures could be wide of the mark however if Member States alter their respective priorities and allocations across programmes.*

6. There are no explicit shares within programmes to participating countries. In principle, all ERDF is available to support eligible projects

regardless of partner make-up or lead partner nationality. Within the UK we have previously worked on single allocations to the respective programmes and avoided sub-division between England and the Devolved Administrations. This has tended to work in our favour. Although there are no explicit shares, Scotland tends to attract a greater than proportionate share, based on population.

## **Programme Preparation**

### Cross-border

7. We are currently considering with officials in Northern Ireland and the Republic of Ireland options for developing the proposed cross-border programme. While content is bound to be strongly influenced by the current Northern Ireland–Republic programme, we will work with potential Scottish interests (local authorities and the Enterprise Networks principally) on the Scottish aspect.

### Trans-national

8. Overall responsibility for co-operation programmes in the UK rests with the Office of the Deputy Prime Minister. The Scottish Executive leads for Northern Periphery. We are in close touch with UK colleagues to ensure that we contribute to discussions on allocations to the various programmes. We will also work closely with trans-national programme secretariats to ensure that programme proposals can help support Scottish Executive priorities and partner organisations' aspirations. This can be secured most effectively in Northern Periphery and North Sea where we are members of the Monitoring Committee and able to contribute directly to programme development. For Atlantic Area and North West Europe, we will contribute to UK input on these programmes.

9. Some of this process will be informed by a stakeholder event which took place in Inverness on 9 December, with a second planned for Glasgow for early March (7 or 8) and direct contact with partner organisations to establish broad preferences on themes and/or programmes.

## **Content**

10. We can probably expect a reasonable degree of continuity between existing and new programmes. Priorities will also be influenced by the themes set out in the ERDF regulation. Some early thoughts on themes are set out at Annex A, though this is essentially Commission thinking at this stage. There is potentially scope beyond the themes now if the current draft survives with the key word 'primarily'.

## **Building on Positive Experience**

11. Continuity between programming periods would be welcome. Although experience varies across the current trans-national programmes, participation by Scottish partners is relatively strong and benefits quite

tangible. Project examples are at annex B. We are looking at current Scottish participation as a basis for project ideas for the future. Early impressions are that, when grouped into broad themes, there is a reasonable fit between current activity and future themes. It may also be possible to use opportunities under the new round of programmes to look more closely at experience with ‘spatial planning / development’ in partner countries to inform development of the (Scottish) National Planning Framework.

### **Timing**

12. It is almost inevitable that priority will be given to Convergence and Competitiveness programmes. Nevertheless, cross-border and trans-national programmes should be aiming to have drafts ready in the autumn to go out to consultation. North Sea and Northern Periphery have made a tentative start. We are not aware of any start yet being made on Atlantic Area or North West Europe.

### **Conclusion**

14. Commission proposals for the next round of co-operation programmes are now reasonably firm and have the broad support of Member States – although this has still to be tested formally in Council. Stakeholder events provide an opportunity to inform and consult potential partner organisations and bring a more local perspective to our input to programme development. We are in a particularly strong position to influence Northern Periphery and North Sea programme preparation to ensure Scottish priorities are taken into account, though we clearly have to work within a broad consensus across a number of partner countries.

**Scottish Executive  
European Structural Funds Division  
January 2006**

## **ANNEX A**

### **Possible themes for cross-border programme**

- SME development, tourism, culture
- Environmental protection
- Links between urban and rural areas
- Improved access – transport, ICT
- Joint use of infrastructure

### **Possible themes for trans-national programmes**

#### **Northern Periphery Programme**

Continuing emphasis on sparse population, peripherality, harsh climate  
Possible themes include RDT, innovation, SME networking, SME development, Maritime / coastal, Environment

#### **North West Europe**

Possible themes – RDT, innovation and SME networking; Prevention of flooding risks and water management

#### **North Sea**

Possible themes – RDT, innovation and SME networking; Maritime integrated co-operation and might include coastal zone management, safety at sea, short sea shipping

#### **Atlantic Area**

Possible themes – Maritime integrated co-operation; RDT, innovation and SME networking around maritime topics.

**ANNEX B**  
**Examples of Current Trans-national Projects**

<b>Project</b>	<b>Theme</b>	<b>Description</b>	<b>Partners</b>
ROADEX	Transport infrastructure	Road condition management	The Highland Council Forest Enterprise Western Isles Council
Northern Maritime Corridor	Transport / safety	'Motorway' of the Northern Seas	Aberdeenshire Council
Safety at Sea	Maritime safety	Co-operation between safety organisations	Maritime And Coastguard Agency
Community Learning Networks	Information technology	Virtual learning Remote learning using ICT	UHI Millennium Institute
Northern Woodheat	Renewable energy	Developing small scale wood fuel supply chains	Forestry Commission Forest Enterprise Inverness College The Highland Council Forest Trusts
DESERVE	Service provision	Delivering Services in Remote and Rural Areas	Scottish Council for Voluntary Organisations Argyll and Bute Council Scottish Executive
Sustainable Rural Health Care Networks	Service provision		UHI Millenium Institute NHS Western Isles NHS Argyll
North Sea Costal Path	Environment	Sustainable Tourism	Aberdeen City Council Fife Council East Lothian Council
Waterfront Communities Project	Spatial Development	Urban Planning	City of Edinburgh Council
ICT for SMEs	Information Technology	Regional Strategies	Telford College

		and Solutions to Enhance ICT access and use for SMEs	Edinburgh
Research Results in Atlantic Area	Technology Transfer	Technology transfer	Startech Partners Ltd, Glasgow
Promotion of e-commerce within aquaculture SME's	Information Technology	ICT access for SMEs- Fisheries	Scottish Aquaculture Training Association Ltd

Meeting Date: 30 January 2006

Paper Number:

4

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For Discussion

Agenda Item:

Preparing future SF programmes

## **SCOTTISH EUROPEAN STRUCTURAL FUNDS FORUM**

### **UPDATE ON PREPARING FUTURE STRUCTURAL FUNDS PROGRAMMES**

#### **Purpose**

16. To provide an update to Forum members on the preparations for future Structural Funds programmes, particularly the series of Scottish stakeholder events, to set out the timetable for development of programmes and to present initial thoughts on the priorities for the future programmes.

#### **Update on preparations for future programming**

17. The last 6 months have largely been used to continue our consultation with partners on future programmes. We continued bilateral discussions with key partners to review their Structural Funds activity over the past period and to identify key priorities to be supported in future given the reduced funding opportunities which will exist. Taking account of these discussions, and discussions with key policy officials throughout the Executive, we developed a set of key priorities for each of the 4 future programmes, attached in the Annex to this paper. These priorities were then discussed with a wider audience at the 4 stakeholder events held throughout Scotland in December and January (Inverness, Dunfermline, Glasgow and Melrose) which allowed all those with an interest in Structural Funds to provide their engage with us on the content of future programmes.

18. In developing future programmes we have been guided by the draft Community Strategic Guidelines (CSGs), which set out the Commission's priorities for future programmes, and the draft Structural Funds regulations which specifically set out how the Funds can be spent from 2007. These documents, along with the key Scottish Executive strategies, also guided the development of the Scottish chapter of the UK National Strategic Reference Framework (NSRF), which will set out the framework for UK Structural Funds programmes and how they should compliment the CSGs.. We expect the draft Structural Funds Regulations and the draft CSGs to be agreed by Member States early in 2006 and the draft UK NSRF will go to UK-wide consultation from February.

19. Our plans for future programmes have also been outlined to the European Commission and to the Scottish Parliament's European and External Relations Committee. In November 2005, ESFD officials met with the Commission to discuss progress with programme development and the Deputy Minister for Enterprise and Lifelong Learning, Allan Wilson MSP, outlined these plans to the European and External Relations Committee in December. Allan Wilson hopes also to meet with Scottish MEPs and Scottish MPs to set out thinking on future programme structures and delivery.

20. To ensure that future programmes reflect the lessons from the current programmes ESFD officials and PME directors held a series of meetings to identify the key areas where Structural Funds have provided maximum value added in the past. The findings of this group will also be factored into programme development.

21. When drafting programmes we are required by the draft Structural Funds regulations to provide a socio-economic analysis of Scotland's strengths and weaknesses in order to justify future programme priorities. This analysis will be undertaken by independent consultants from February. The programmes will also be subject to an ex-ante evaluation which will again be undertaken by independent consultants and which will aim to ensure that programmes complement the CSGs and draft Structural Funds regulations and are sufficiently designed to address the problems of the region identified in the socio-economic analysis. As part of this contract the contractors will undertake a Strategic Environmental Assessment (SEA). We have awarded contract for the ex-ante evaluation of each of the 4 proposed programmes and work will begin in February.

### **Next steps for future programming**

22. Over the next 6 months, we will now take forward programme drafting in earnest. After reflecting on feedback from the stakeholder events, the next step in the process is to refine the draft priorities and focus on key areas where the more limited funds should be concentrated. A number of hard decisions remain on prioritisation to ensure that what Scotland receives is not spread too thinly between different priorities. Concentration is essential.

23. Once Ministers have agreed these priorities ESFD officials will then begin drafting the programmes. We aim to complete the draft documents by April at which point we intend to undertake a public consultation as part of the SEA of each programme document. Following this consultation, and any final amendments to the documents, we aim to submit the draft programmes to the Commission by July. We are hopeful that the Commission's approval will be achieved in time to allow the programmes to commence from 1 January 2007.

### **Proposed priorities for future programmes**

24. As part of the preparations for future programmes, the Executive has been consulting with partners on draft priorities for the mainstream programmes at the stakeholder events. As Forum members will recall from Paper 6 of the June 2005 meeting, the Executive proposed developing 4 programmes: 1 ESF and 1 ERDF programme for the Highlands & Islands under the Convergence Objective, 1 ERDF and 1 ESF programme for Lowlands & Uplands Scotland under the Competitiveness Objective. Programmes will have additional flexibility in that sub-priority measures will not need to be defined. The annex to this paper sets out the proposed priorities by programme.

25. The priorities have also been drafted to take account of the post-2006 funding environment. With funding reduced, it is critical that there is a focus on the highest value-added activities within the different priorities. This will mean difficult decisions will need to be taken on funding some areas of activity that have been supported in the past. The Commission has also emphasised that future programmes need to contribute directly to the

EU's Lisbon agenda goals: that is, programmes need to make a direct contribution to economic growth and job creation, while balanced against our sustainable development commitments. This will have a concrete impact on how resources can be targeted: the next version of the CSGs is expected to require all Convergence programmes to demonstrate that a minimum of 60 percent of funding supports Lisbon objectives, and all Competitiveness programmes a minimum of 75 percent. Moreover, for the Competitiveness Objective, at least 75 percent of programme resources cannot be spent on infrastructure activities – a significant shift from what Objective 2 programmes have been able to target in the current programming period.

6. Two principles have guided the drafting of priorities presented in the annex: what the CSGs and new regulations would allow in terms of eligible areas of spending; and the existing priorities of Scottish policy in each of the policy areas. Forum members will be familiar with what the new regulations permit from previous update papers, and in particular, the reduced scope for ERDF spending in the Competitiveness programme areas. In terms of matching future SF priorities to future domestic priorities, the **ERDF** programmes have been largely influenced by the Framework for Economic Development for Scotland, Smart Successful Scotland, the forthcoming Ministerial Regeneration Statement and the National Planning Framework. Other influential strategies include Securing A Renewable Future, the Scottish Sustainable Development Strategy, the Green Jobs Strategy, Closing The Opportunity Gap and the Scottish Rural Development Strategy. Similarly, the **ESF** programmes have been shaped by the emerging Employability Framework, the Regeneration Statement and Closing the Opportunity Gap, Smart Successful Scotland and the Lifelong Learning Strategy. Other key strategies include Healthy Working Lives and the Scottish Mental Health Strategy.

**Scottish Executive  
European Structural Funds Division  
January 2006**

## **ANNEX: PROPOSED PRIORITIES FOR FUTURE STRUCTURAL FUNDS PROGRAMMES IN SCOTLAND**

### **ERDF CONVERGENCE PROGRAMME: HIGHLANDS & ISLANDS**

#### **Priority 1 – Sustainable Enterprises**

**Aim: To increase the sustainable growth of the Highlands & Islands economy through improving the competitiveness of its enterprises, particularly through the RTD support environment**

Parent strategies: Smart Successful Scotland; National Planning Framework for Scotland

#### Objectives:

- To establish a viable RTD base and support environment for maximising the economic benefits of the region's research capacity, particularly by developing the region's potential areas of excellence
- To enhance the productive use of ICT and enhancement of ICT infrastructure
- To improve the support environment for entrepreneurship and new and high-growth potential enterprises in the region

#### **Priority 2 – Sustainable Economic and Environmental Infrastructure**

**Aim: To support key investments in the region's strategic economic infrastructure and the sustainable use of the region's environmental assets**

Parent strategies: National Transport Strategy; Securing a Renewable Future; National Planning Framework for Scotland; National Waste Plan; Scottish Sustainable Development Strategy; Green Jobs strategy; Biodiversity strategy; HE Framework

#### Objectives:

- To support strategic transport actions in improving access and reducing peripherality in the region
- To continue developing the support and teaching capacity of the region's overall higher and further education infrastructure
- To support the development of a wide range of renewable energy technologies (particularly offshore wind, biomass and marine) and maximise their economic, social and environmental value
- To support reclamation of brownfield and contaminated sites as well as strategic improvements to water, waste and flooding systems, where they support economic sustainability
- To maximise the economic and social benefits of tourism and the region's environmental and cultural heritage

### **Priority 3 – Sustainable Communities**

**Aim: To sustain viable communities across the region**

Parent strategy: Closing the Opportunity Gap; Scottish Rural Development Strategy

Objectives:

- To support locally-based community regeneration initiatives from an economic, social and environmental perspective
- To support the development of community economic infrastructure in the region, particularly where it will help reverse regional out-migration and ensure the economic sustainability of communities
- To complement the social inclusion activity under the ESF programme with appropriate infrastructure investments in the most vulnerable communities
- To increase the capacity of disadvantaged communities to attract and sustain SME activity

## **PROPOSED FUTURE PRIORITIES FOR ERDF COMPETITIVENESS PROGRAMME: LOWLANDS & UPLANDS SCOTLAND**

### Priority 1 – Developing Innovation and Enterprise

**Aim: To enable Scotland to improve and make full and sustainable economic use of its RTD base and enhance the business support environment for entrepreneurship and new and high-growth potential enterprises**

Parent strategies: Smart Successful Scotland

Objectives:

- To support the commercialisation of the region's RTD base
- To improve the quality of management to enable enterprises to grow through innovation
- To improve access to finance to support the development of new and high-growth potential enterprises
- To increase the new firm formation rate in Scotland by encouraging entrepreneurship and improving the business support environment

### **Priority 2 – Regenerating Communities**

**Aim: To address the social exclusion challenges of the most disadvantaged communities within the region**

Parent strategies: Closing the Opportunity Gap; Scottish Rural Development Strategy

Objectives:

- To support locally-based community regeneration initiatives from an economic, social and environmental perspective
- To complement the social inclusion activity under the ESF programme with appropriate infrastructure investments in the most vulnerable communities
- To increase the capacity of disadvantaged communities to attract and sustain SME activity
- To support the safe re-use of small-scale, strategic contaminated land sites for economic, social and environmental purposes

### **Priority 3 – A Sustainable Rural Economy**

**Aim: To promote the sustainable economic use of environmental assets alternative energy sources and address the specific challenges of peripherality and economic sustainability in rural areas**

Parent strategies: Rural Scotland – A New Approach; Securing a Renewable Future; National Planning Framework for Scotland; Scottish Sustainable Development Strategy; Green Jobs strategy

#### Objectives:

- To support the development of a wide range of renewable energy technologies (particularly offshore wind, biomass and marine) and maximise their economic, social and environmental value
- To enhance the sustainable socio-economic development of the region's natural assets, particularly with respect to tourism
- To encourage the diversification and sustainability of rural economic activity, with particular attention to areas of activity not supported by the Scottish Rural Development Plan
- To support the development of low-emission public transport

## **PROPOSED FUTURE PRIORITIES FOR ESF PROGRAMMES (CONVERGENCE AND COMPETITIVENESS OBJECTIVES): HIGHLANDS & ISLANDS AND LOWLANDS & UPLANDS SCOTLAND**

We are proposing two separate ESF programmes: one for the Highlands & Islands (as a Convergence programme) and one for the rest of Scotland (as a Competitiveness programme). The general priorities would be the same for both programmes, but both the priorities – and the balance of resources – would be tailored to reflect the specific needs of each area.

### **Priority 1 – Progress Towards Sustained Employment**

**Aim: To assist unemployed and inactive people, as well as school-leavers at risk of becoming unemployed or inactive, in progressing them towards, and sustaining them in, employment by improving their employability, skills and support environment.**

Parent strategies: Closing the Opportunity Gap; Employability Framework; Smart Successful Scotland; Healthy Working Lives; Scottish Mental Health Strategy; NEET Strategy; ALNIS

Target groups: this priority would target inactive and long-term unemployed people who face particular barriers to entering and retaining jobs. Target groups would include:

- Long-term unemployed/inactive people, particularly those with serious/multiple disadvantages
- 16-19 year olds not in education, employment or training, particularly: young people leaving care; carers; young offenders; young people with physical and/or mental health problems and young people abusing drugs or alcohol.
- Young people pre-16 identified as being at risk of not entering education, employment or training on leaving school, particularly low attainers and persistent truants
- Older people seeking reintegration into the workforce

### **Priority 2 – Progress Through Sustained Employment**

**Aim: To improve the skills of the workforce, especially low paid and low skilled workers, by engaging with both employees, employers and trades unions in order to enhance employability, productivity, adaptability and inclusion.**

Parent strategy: Employability Framework; Smart Successful Scotland; Lifelong Learning strategy; NEET Strategy

Target groups:

- Employees who have low levels of literacy and numeracy skills
- Employees without qualifications at SVQ level 2
- Employees in sectors where the effects of low skills are felt most keenly and where there are more barriers to progression
- Specific groups, such as women returners, part-time and ethnic minority workers
- Older workers who need to update their skills or return to the workforce

- Employees facing redundancy or redeployment as result of economic change and who need to update their skills
- Potential and new entrepreneurs

### **Priority 3 – Improving The Employability And Lifelong Learning Environment**

**Aim: To widen access to, and deepen the value of, lifelong learning by improving its support environment, particularly for key client groups.**

Parent strategy: Lifelong Learning strategy; Smart Successful Scotland; Lifelong Partners; Employability Framework

#### Target groups:

- Key client groups, especially those identified in Priority 1
- Personnel in training/education bodies providing lifelong learning support to key clients groups
- Social firms
- Employers, particularly SMEs