

## Highland Council

5th September 2013

Agenda Item	13
Report No	HC/33/13

### E.U. Activity Update

#### Report by the Assistant Chief Executive

##### Summary

This report provides a brief update on the developments concerning EU regional funding and the activity undertaken by the Council since the up-date to the Council meeting on 9<sup>th</sup> May 2013 and following the annual EU report considered at the meeting of Finance, Housing & Resources Committee on 10<sup>th</sup> April 2013. It highlights the recent announcement regarding EU regional funding for the Highlands & Islands, the process used by the Scottish Government to develop operational programmes to deliver these regional funds, consultations responded to and activity in the wider European arena.

#### 1. Introduction

- 1.1 The activity undertaken by the Council in Europe in 2012 was presented to the Council's Finance, Housing and Resources Committee at its meeting on 10 April 2013. This report can be accessed at this link. [Finance, Housing and Resources\EU ANNUAL REPORT 2012 100413.pdf](#).
- 1.2 The Council's Programme, Working Together for the Highlands has a commitment that:  
"We will work through the Highlands and Islands European Partnership and the Scottish and UK Governments to secure the maximum benefit for the Highlands from the European funding programmes for 2014-20, including transitional funding, and participate actively in key European organisations."

#### 2. E.U Regional Funds and Inter Regional Programmes

- 2.1 As reported in April the European Commission approved the 2014-20 budget on 8 February 2013. The main feature of this agreement was the retention of "Transition" status as part of the architecture of regional development support (Cohesion policy) this meant that the Highlands & Islands will be eligible for more funding (per head of population) than other areas in Scotland.
- 2.2 On 27 June the UK Government announced that the Highlands & Islands will receive £174 m from the European Regional Development and Social Funds (ERDF & ESF), the same as received during the 2006-13 programming period. This news is particularly welcome as it is substantially more than the £120m that was anticipated on the basis of the budget debate taking place at the time. It can be attributed to the lobbying activities carried out within the UK and in Brussels by the Council both directly and via the UK Transition regions network which was chaired by the Leader of the Council.

2.3 No announcement has been made yet regarding the European Agricultural Fund for Rural Development (EAFRD) or the European Maritime and Fisheries Fund (EMFF). The EAFRD will be delivered at a Scottish level whilst the EMFF is delivered at the level of the UK with a ring fenced allocation for Scotland.

2.4 The LEADER programme in Scotland is a commitment for 2014-20. However the budget for LEADER has yet to be determined as has the geographies of future programmes. Current indications are that the Highland programme will continue. A debate is currently taking place as to the remit of future LEADER programmes and how it will integrate with other local development activity.

### **3 Programme Development**

3.1 The Government has embarked on a process to deliver integrated programmes across the whole of Scotland. To facilitate this the Government propose to merge the four Funds into three Thematic Funds:

- Competitiveness, Innovation and Jobs;
- Low Carbon, Environment and Resource Efficiency; and
- Local Development and Social Inclusion.

3.2 To consider the types of activity that could be delivered via these funds, the Government has established shadow Strategic Delivery Partnerships (SDP's) comprising practitioners from across the public agencies. The Highlands & Islands are represented by:

- George Hamilton, THC - Competitiveness, Innovation and Jobs
- Phyllis Harvey, OIC - Low Carbon, Environment and Resource Efficiency
- Angus Murray, CnES - Local Development and Social Inclusion

3.3 These groups have been tasked with developing strategic proposals for consideration by the end of August. The outcome of this process will help inform the Scottish chapter of the UK Partnership Agreement which sets out in strategic terms what the UK will do its allocation of regional development funds and how.

3.4 It remains unclear how the Scottish Government will draft the Operational Programmes that will guide the delivery of the Funds, but it must be assumed that they will be drafted around the strategic activities identified via the Strategic Delivery Partnership process.

3.5 The Council has been directly involved in the work of SDP's via the Council's Head of Environment & Development and the Regeneration Manager who has been involved in the debate as how to integrate LEADER into mainstream development funding. In addition, the Principal European Officer has worked with the Highlands & Islands European Partnership (HIEP) and CoSLA to co-ordinate regional input to the strategic proposals identified by the SDP's.

3.6 As reported in April, the Council, as part of HIEP has developed a regional

plan to act as a focus for lobbying on:

- separate and integrated programmes for the region;
- for the pro-active involvement of regional partners in the development and delivery of these regional programmes;
- for the regional programmes to reflect regional strengths and development opportunities; and
- for delivery models to be designed to reflect regional circumstances, e.g. low density and dispersed population.

- 3.7 The debate on future programmes has identified some challenges, namely:
- a lack of support out with the region for separate programmes for the Highlands & Islands to reflect its Transition status;
  - a preference elsewhere and nationally for the centralisation of delivery;
  - a lack of recognition of the specific circumstances of the Highlands & Islands in programme development.

- 3.8 To address this, the Leader of the Council as Chair of HIEP met with Mr Shane Rankin, Head of Structural Funds Division on 16 August. This meeting confirmed the Government:
- has yet to decide on separate programmes for the region;
  - sees a need for local and regional delivery activity in the Highlands & Islands;
  - recognises the need for regional variation in the priorities of national objectives and means of delivery;
  - saw a positive role for Community Planning Partnership in the delivery of future funding; and
  - would welcome the development of a regional model for the delivery of EU funding.

- 3.9 These concerns will be taken up at a meeting that HIEP has been arranged with the First Minister.

- 3.10 The Single Outcome Agreement, agreed by the Council in June 2013, included a description of the review of community planning structures in Highland. This includes the scope to integrate EU programme delivery for the region into the formal community planning structure. This review is ongoing with structures to be confirmed and operational by end March 2014.

#### **4 Inter-regional Development (Interreg) and other Programmes**

- 4.1 Beyond the regional programmes the Council is pro-actively involved in the development of two of the Interreg programmes that cover the region; the Northern Periphery & Arctic and the West Scotland & Irish programmes. The Northern Periphery & Arctic Programme will have a value around €120M whilst the Scottish/Irish Programme will have a budget of around €256M.

- 4.2 Highland is eligible for three additional Interreg programmes - the Atlantic Area, North sea and NW Europe. Input to these is via a Scottish Interreg network. A grouping established at the instigation of the Council as a means

of exchanging intelligence and experience on these international development programmes. The work of this network has caught the attention of the UK Government and there is a proposal to create a UK Interreg network.

- 4.3 Another potential gain for the region comes from the funds to up-grade communications for peripheral regions such as Highland and the Highlands & Islands to mainland Europe. The budget for this between 2014 to 2020 is €30bn.

## **5 Impact of EU Funding in Highland**

5.1 The value of European funding has played an important role in the delivery of economic activity in Highland. As reported in April and May 2013, during the current round the Council has directly drawn down £6.38m, whilst a further £138.6m has been invested in Highland through other applicants. Figures available from the Government show that £41m has been attracted to the Highlands & Islands on larger scale projects which include activity in the Highland Council area.

- 5.2 This investment has helped to:
- create and safeguard 1160 jobs;
  - create 70 new companies;
  - support 1400 Small and medium sized enterprises;
  - support 250 social enterprises;
  - create 1500 sq.m of new business space; and
  - fund nine research and development facilities.

## **6 Responses to EU Consultations**

- 6.1 Since April the Council has submitted response to the following EU consultations
- Implementation of the 2014-2020 European Structural Funds
  - Scottish Rural Development Programme (SRDP)
  - Leader programme from 2014 onwards

## **7. Other networking activity**

- 7.1 Since April the Council has participated in the following:
- a meeting of the Political Bureau of the Conference of Peripheral & Maritime Regions (CPMR) where a commitment was obtained to raise the political profile of the communication needs of peripheral regions .The consequence of this was an invitation to the Leader to address the General Assembly in September. This 40<sup>th</sup> anniversary event will attract a number of European Union Commissioners and senior politicians;
  - the North Sea Commission (NSC) General Assembly where the Convener ensured a continued focus on regional energy planning as a means of delivering a shift to a low carbon economy.
- 7.2 In seeking to influence future European policy for the benefit of the Highlands, the Council is represented in EU networks by members and

officers as follows:

- the Leader of the Council is the UK representative on the ruling Political Bureau of the Conference of Peripheral and Maritime Regions (CPMR) – the pre-eminent lobbying network for regional government;
- the Deputy Leader is the alternate Scottish member on the Executive Committee of the North Sea Commission (NSC), a lobbying and experience exchange network for regional government bordering the North Sea;
- the Convener is the vice-chair of the NSC Sustainable Development Thematic Working Group; and
- Councillor George Farlow is a Board of Euromontana, a network of organisations with an interest in the development of mountain regions.

## **8 Implications**

### **8.1 Resource implications**

This report identifies the EU funding opportunities for the region as they are currently known and the priorities associated with them.

### **8.2 Risk implications**

Risks have been identified as the programme development for the region and the need for regional programmes. These are being managed through officer contributions to Government working groups and consultations and through engagement of the Leader with Scottish Government officials and Ministers.

### **8.3 Equalities implications**

EU programmes can support the Council's Equalities Duties. The new thematic funds especially on local development and social inclusion will provide opportunity to access funding to improve the quality of life for people with protected characteristics. In addition, all projects seeking European support are assessed on a range of criteria including the impact on three horizontal themes of Social Inclusion and Equal Opportunities. Projects are assessed and scored on:

- how projects have taken account of, and reflected, the diverse needs of the target group(s) in the development and delivery of your project.
- any particular focus given to one or more of the six key equality strands: (i) gender (ii) ethnic origin (iii) religion or belief (iv) disability (v) age or (vi) sexual orientation.
- how the projects propose to address any potential barriers to access or participation and state how you intend to overcome these barriers.

Projects are required to demonstrate what Equal Opportunities policies, procedures and resources will be in place, but also explain how these will make a positive difference to the project. All Council projects passed this appraisal.

### **8.4 Climate change/carbon clever implications**

Three positive impacts of engagement with the EU on our climate change duties are:

1. The proposed thematic fund for low carbon, environment and resource efficiency as this provides opportunities for the Council's Carbon Clever Highlands initiative.
2. The EU can assist the Council to meet its commitments in relation to climate change, particularly if most can be made from the networks the Council participates in. This has particular relevance to the de-carbonising of transport work being undertaken by the NSC and the work to be undertaken by the CPMR in addressing the communication needs of peripheral regions. Further the NSC, as a result of the intervention of the Convener, will support work on regional energy planning.
3. When officers and members participate in EU and national networks the use of remote participation to avoid unnecessary travel is assessed. Travel to meetings is undertaken only when remote access does not allow for effective participation.

**9. Recommendations**

- 9.1 Members are asked to note content of this report, especially the transition status applied to the region for EU programme support and that officers and members will continue to work to secure the maximum benefit for the Highlands from EU programmes from 2014-20.

Authors: Gordon Summers, Principal European Officer.  
Tel. (01463) 702508.

Date: 22 August 2013.