

The Highland Council
Planning, Development and Infrastructure Committee
18 February 2015

Agenda Item	11
Report No	PDI 8/15

European Engagement

Report by the Director of Development & Infrastructure

Summary

This report provides Members with an outline of planned activity for the European Team in 2015/16. It includes closure of current projects, the development of new projects and project activity, partnership governance arrangements and Council involvement in European network activities.

The work of the European team supports the Council's Programme commitment to secure maximum benefit from EU funding programmes for 2014-20, including further transitional funding, and to participate actively in key European organisations.

1. Background

1.1 The activity planned and undertaken by the European team in 2014 was reported to the Planning, Development and Infrastructure Committee in 20 August 2014. This report presents Members with a summary of actions proposed for 2015/16.

2. Planned Activity

2.1 Activity in the coming year will focus on:

- closure of existing projects funded via the 2007-14 EU regional fund programmes;
- development of new projects seeking funding from the 2014-20 EU regional fund programmes;
- governance of the 2007-14 and 2014-20 regional programmes;
- appraisal of non regional fund programmes regarding suitability to fund Council activity; and
- engagement in the European networks that the Council is a member of to maximise the benefit to the Council and Highland.

2.2 EU Structural Fund Programmes 2007-14

Whilst the primary focus is on the new 2014-20 funding programmes, the Council has a responsibility to ensure the efficient and timeous closure of existing projects. Currently the Council has four live projects which are due to close in 2015, and a further nine where final claims require to be submitted. Staff in the European team will assist Service lead officers and administrative staff in the closure of these projects, and in the preparation of claims and subsequent audits.

2.3 European Structural & Investment Funds (ESIF) 2014-20

The report to the August 2014 Planning, Development and Infrastructure (PDI) Committee highlighted the allocation of €192m to the Highlands & Islands from the European Structural Investment Funds (European Regional Development Fund (ERDF) and European Social Fund (ESF) only). Members will recall that these programmes will be delivered via a suite of Strategic Interventions (SIs) which will take the form of packages of projects, which together will make a socio-economic impact at the regional level. The SIs are:

- Developing Scotland's Workforce
- Business Competiveness
- Innovation
- Next Generation Broadband
- Scotland's 8th City - The Smart City
- Financial Engineering Instruments
- Low Carbon Travel & Transport
- Low Carbon Infrastructure Fund
- Resource Efficient Circular Economy
- Enhanced Employability Pipelines & Youth employment
- Poverty & Social Inclusion
- Green Infrastructure.

2.4 The ERDF and ESF programmes were approved by the European Commission in December 2014. Whilst the Government has put the structures in place to allow bids for funding to be made from 23 January and 9 March 2015, much remains to be clarified. Despite this, an application has been made for the Business Competitiveness funds (included within the Business Gateway Report agenda item 9), and work is ongoing to develop the SI bids for Employability, Green Infrastructure, Scotland's 8th City, and Poverty and Social Inclusion. The European team will be actively involved in supporting lead officers from the respective Council Services in the development of these SI bids, and follow up stage 2 applications.

2.5 The ESIF also includes the Scottish Rural Development Programme (SRDP), and the European Maritime and Fisheries Fund (EMFF). The SRDP will fund LEADER, and EMFF Axis 4 – Community Development programmes. The development of these programmes has slipped, and will only be submitted to the European Commission in spring/summer 2015. It is currently envisaged that these programmes will not be approved before July 2015. As Members will be aware the Council delivered both programmes during 2007-14. A separate update on arrangements for the 2014-2020 LEADER Programme is provided within item 23 on the agenda. The EMFF Axis 4 Programme is to be delivered in parallel with the LEADER Programme.

2.6 Non-European Structural Investment Funding Programmes

In addition to the ESIF resources, there are some 31 other funding initiatives in the 2014-20 funding period. These range from the regional co-operation programmes (Interreg) to education, energy, environment and citizen participation. While not all of these will be of interest to the Council or to other partners in the Highlands, work is currently in hand with the Highlands & Islands European Partnership Brussels

office to ascertain which of these funds offer opportunities for the Council to assist with the delivery of Council activities. These funding opportunities will be highlighted to Council Services to progress and the European team will assist as required.

3. E.U. Programme Governance

- 3.1 The delivery of the 2014-20 European Structural Investment Fund programmes will be overseen by a number of Committees or groups. The Council will be represented on the Joint Programming Monitoring Committee by the Director of Development and Infrastructure, and on the regionally specific Highlands & Islands Territorial Group by the Council Leader. Both of these bodies will have to be serviced, and this has been included in the European Team work plan.
- 3.2 The Council has, in the past, been involved in the governance of inter-regional programmes - Northern Periphery, and Cross Border Irish/Scottish Programmes. Due to pressures on budget and staff resources it is proposed that this be cut from the work plan of the European Team.

4. European Network Engagement

- 4.1 The Council retains membership of the following European networks and is currently represented on these bodies as follows:
- Conference of Peripheral and Maritime Regions (CPMR) - Councillor Drew Hendry, Vice President and UK representative on the Political Bureau. Lead member on energy & climate change;
 - North Sea Commission (NSC) - Councillor David Alston, alternate Scottish representative on the Executive Committee;
 - North Sea Commission – Councillor Jimmy Gray, Chair of the Energy & Climate Change Group;
 - Euromontana –Councillor George Farlow, Board member;
 - KIMO – Councillor George Farlow, alternate Councillor Richard Greene.
- 4.2 Currently the Council is engaged in the following priorities via these networks:
- Regional policy – (CPMR)
 - Indicators for the future allocation of EU development funds – (CPMR)
 - Accessibility (of the periphery to the core of the EU) - (CPMR)
 - Energy & climate change (CPMR)
 - Maritime Safety - (CPMR)
 - Macro regional strategy for the North Sea - (NSC)
 - Energy Grids - (NSC)
 - Sustainable tourism – (Euromontana)
 - Small scale energy technologies – (Euromontana)
 - Young people in Mountain Areas - (Euromontana via HLH)
 - Maritime safety and protection of the environment- (KIMO)

4.3 The items above do not comprise the totality of the work of the organisations and it should be noted that the following subjects are currently being addressed that are of interest to the Council:

- CPMR – energy, sustainable tourism, coastal zone management, maritime industries; macro regional strategies and fisheries (chaired by Shetland);
- NSC - marine resources, transport, economic development and culture & tourism. The Commission is looking for vice chairs for each of these groups;
- Euromontana - quality mountain products, mountain product labelling and energy.

4.4 The Council's Deputy Leader has intimated an interest in seeking the position of Vice Chair of the North Sea Commission Culture & Tourism Group. If this is successful, work in support of this activity will be factored into work plan.

4.5 Much of the work in supporting Council and Member engagement in European Networks rests with the European team. In recognition that the range of topics covered is extensive and indeed could increase, it is proposed that early in 2015/16 a review and rationalisation of the Council's European policy priorities is undertaken. Allied to this, and through Service Directors and the recently re-convened European officer group, efforts will be taken to identify other Council officers to lead on Network topics and support Members as required.

5. Regional Co-operation

5.1 The Council interaction with Arges County, Romania will continue this year, and reports on progress and planned activity will be presented to Members as approval is sought on planned activity.

6. European Parliament

6.1 A video conference meeting with the six Scottish MEP's was held on 12 November 2014. This proved to be successful and the MEP's were keen that this be repeated in 2015 with regular video meetings. This is being organised at present.

7. Implications

7.1 Resource

This report highlights the importance to the Council of the European Union as a source of funding, exchange, and learning. The report sets out the steps that will be taken to ensure the maximum benefit accrues to the Council from its engagement with the EU. European funding is additional, and will require Council match funding. Accordingly while EU funding opportunities may be identified, the ability to access may be constrained by budgetary pressures currently faced by the Council.

7.2 Risk/Legal

As European funding is additional and can only be claimed once the eligible activity has been undertaken, correctly accounted for, and evidenced, there are strict legal, administrative and audit processes that accompany EU funding. A risk management plan is currently in preparation to guide both the European team and other Council

services in the steps to be taken to ensure that the all Council services involved have the correct resources and processes in place to mitigate against the financial risks associated with the management of EU funds.

7.3 Climate change/Carbon Clever

There are positive climate change implications arising from this report as the ESIF can be used to support low carbon activities in the Highlands.

7.4 Gaelic

There are no Gaelic implications directly arising from this report.

7.5 Equalities

EU funding is only approved to projects that either positively address equality issues or have no negative impacts on equal equalities. Further, future EU regional development funding will have a focus on addressing social inclusion and combatting poverty which should have a positive impact on equalities.

7.6 Rural

The EU has formally recognised the impact rurality has on the socio-economic development of a region. In light of this and given the nature of Highland, there will be a focus on identifying EU resources that will assist in addressing the challenges presented by peripherality, rurality and sparsity of population.

Recommendations

Members are asked to note and approve the planned activity for the European Team in 2015/16.

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