

# The Highland Community Planning Partnership

## Chief Officers Group

22 September 2014

Agenda Item	8i
Report No	COG 9/14

## EU Regional Programmes Funding Opportunities for Highland

### Report by the Director of Development & Infrastructure.

#### Summary

This report provides a summary update of the development of the 2014-20 European regional funding programmes as they impact on the Highland Council area.

#### 1 General

1.1 The European Union provides a broad range of funding streams of which only a limited number are eligible to the Highlands & Islands and are of interest to the Council in seeking to develop the region. European funds are delivered in packages of seven year periods. The current period will run from 2014-20 with a budget of €962bn.

1.2 Funding programmes are either delineated by specific regions and countries, groupings of regions such as the North Sea or Northern Periphery, or across the whole of the Union.

#### 2 Regional Funds.

2.1 The Highlands & Islands, as a transition region, has been allocated €193M to deliver the European Regional Development (ERDF) and Social Fund programmes (ESF). The Scottish Rural Development Programme (SRDP) is a pan-Scotland programme with no specific Highlands & Islands allocation. This programme has a value of £1.366bn. Of this £66m has been allocated to LEADER, £20M to support small rural business, £70M to support the food & drink sector and £9m for rural broadband. The remainder is for on-farm activities. The European Maritime and Fisheries Fund (EMFF) will be delivered at the level of the UK and to date no allocation has been announced for Scotland. Collectively these funds are known as the European Structural Investment Funds (ESIF).

2.2 Regional & Employment Development - the CPP, as a sub-set of the Highlands & Islands European Partnership (HIEP - the seven Highlands & Islands local authorities, HIE and UHI) has been working with the Scottish Government during 2013/14 to ensure that the interests of the region are taken on board in the development and delivery of the ESI funds 2014-20. This work has secured a written assurance from the Deputy First Minister that the Scottish Government accepts the principles proposed by HIEP that the programmes would:

- reflect regional circumstances;
- be developed and delivered locally;

- allow funding allocation through a regional decision making body; and
- be delivered by a regional body with clear reporting lines to the Joint Programme Monitoring Committee.

In summary the region has direct influence over the €193M Transition funds in deciding how it is spent and what it is spent on.

2.3 Regular, almost weekly, informal meetings with the Scottish Government has meant that the Highlands & Islands have had access to the day to day development of the Operational Programmes which will guide the delivery of the EU funds 2014-20. It should be noted that this has not been made available to other regions in Scotland, to any sector of the economy, or to the Programme Monitoring Committee which will be charged with implementing the Operational Programmes.

2.4 The ERDF and ESF programmes have been developed in alignment with EU and Scottish priorities. Activity will be delivered via a suite of 12 Strategic Interventions (SI's) which will comprise mini programmes of projects. The SI's are set out below along with the financial allocations proposed by the Highlands & Islands European Partnership (HIEP) from the Transition Funds:

- |   |        |
|---|--------|
| • Employability                           | £37.5m |
| • Developing the Workforce                | £29.0m |
| • Business Competitiveness                | £17.0m |
| • Innovation                              | £17.8m |
| • Financial Instruments                   | £ 4.8m |
| • Next Generation Broadband               | £27.5m |
| • Low Carbon Travel & Transport           | £ 7.4m |
| • Low Carbon Transition Economy           | £17.7m |
| • Resource Efficient Economy - Zero waste | £ 9.8m |
| • Green Infrastructure                    | £ 5.9m |
| • Scotland's 8 <sup>th</sup> City         | £ 1.4m |
| • Poverty & Social Inclusion              | £13.0m |
| • Technical Assistance                    | £ 3.5m |

2.5 Rural development - the development process for the SRDP has been less inclusive in terms of the numbers of stakeholders involved and degree of influence stakeholders have had. Priorities and budgetary allocations have largely been driven internally to the Scottish Government. The priorities and funding allocations are as follows:

- |                                      |       |
|--------------------------------------|-------|
| • Less Favoured Areas Support Scheme | £459m |
| • Forestry                           | £252m |
| • Agri-environment & climate         | £350m |
| • Conservation                       | £ 10m |
| • Beef package                       | £ 45m |
| • New entrants                       | £ 20m |
| • Crofting                           | £ 14m |
| • Small farms                        | £ 6m  |
| • Business support – food & drink    | £ 70m |
| • LEADER                             | £ 66m |
| • Small business support             | £ 20m |
| • Knowledge transfer                 | £ 10m |

- Advisory service £ 20m
- Broadband £ 9m
- Technical assistance £ 15m

2.6 The CPP will benefit directly from :

- LEADER;
- small Rural Business Support Scheme - to be delivered via LEADER; and
- rural broadband.

2.7 Fisheries - the EMFF regulation was only approved in June and there are currently no details as to the structure of the programme. The members of the CPP will not be a major recipient of EMFF in Scotland other than for harbour development and the diversification and development of fisheries communities - Axis 4 (maritime LEADER).

2.8 The ERDF, ESF and SRDP operational programme documents were submitted to the European Commission on 8 July. The submission of the programme documents to Brussels will allow the focus of work to shift to:

- the legal and financial implications of organisations accepting EU funds to act as lead bodies in the delivery of activity;
- national rules which will govern eligibility of activity;
- costing methodologies;
- audit regimes and levels of control;
- governance structures; and
- the IT system, which will be used to record and monitor activity.

Again, the CPP will be involved in the work on the above matters.

2.9 The Scottish Government remains hopeful of an October approval of the operational programmes which will allow for programme launches in November or at the start of 2105.

### **3 Governance**

3.1 The governance structure proposed by the Scottish Government is attached as Appendix 1. It should be noted that the proposal includes a specific committee for the Highlands & Islands. However there remains much to be clarified with Government on the membership of the committee, the role of the various committees, how they will interact, what role each will have in the appraisal and approval of funded activity and their role in determining financial allocations.

3.2 This is underway via a submission to the Joint Programme Monitoring Committee where the Highlands & Islands representatives include Stuart Black, Director of Development & Infrastructure, Highland Council, and Carroll Buxton, HIE, and via a request for a meeting with Government.

### **4 LEADER**

4.1 LEADER is the subject of a separate report to this Group.

## 5 Inter -regional Programmes.

5.1 Highland is eligible to apply for funds for the following interregional programmes:

- Northern Periphery & Arctic € 50m ERDF
- North Sea €167m ERDF
- Atlantic Arc €106m ERDF
- NW Europe €396m ERDF
- Cross Border Irish €240n ERDF (Skye, Lochalsh & Lochaber)

5.2 These programmes have all been submitted to the Commission for approval and launches are expected Spring 2015. Priorities vary and await confirmation but cluster around:

- low carbon transport
- business support
- innovation
- community support and development
- low carbon and resource efficiency

## 6 Pan European Programmes

6.1 There are numerous funding streams available at a pan European level supporting nuclear development, space exploration to protecting the environment and furthering the rights and integration of citizens. A guide to these funds is being developed and will be made available on the HIEP website.

## 7 Future Actions

7.1 As part of ongoing work to further develop these funding streams the following actions are planned:

- work with the lead bodies of the SI's on the precise nature of the activity to be delivered
- work with the Scottish Government as set out at 2.8 above
- work with the Scottish Government on governance; and
- discussions with CPP partners and bodies outwith the CPP, e.g. SDS, SNH, Zero Waste Scotland, as to the nature of potential EU funded activities and how these can be integrated so as to avoid both duplication and gaps in service provision

### **Recommendation:**

That the Chief Officer Group note the content of this report and the actions underway as set out at Section 7.

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**Proposed Governance Structure**

