

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE - 11 APRIL 2000

REPORT ON EUROPEAN STRUCTURAL FUNDS PROGRAMMES 2000 TO 2006

Report by Director of Development Services

1. PURPOSE OF REPORT

- 1.1 To report to the Committee on the consultation process relating to the European Union's 2000 - 2006 Structural Funds Programmes, the changes in relation to the previous programmes, the key implications for East Ayrshire, and to advise on the proposed Council framework within which all applications and projects will be monitored.

2. BACKGROUND

- 2.1 Draft programmes for both Objectives 2 and 3 have recently been published for consultation. These, if approved by the European Union, will become the frameworks through which the principal European Union grants for economic regeneration are allocated over the next six years.
- 2.2 In general terms, the broad headings under which funds will be accessed remain unaltered, i.e. Investing in Businesses; Investing in People; and Investing in Places. However, it is proposed that the targeting of funds within each of these areas will change considerably, with a greater focus on geographical areas of deprivation, and a need to ensure that projects meet the aims and objectives of local strategies.

3. WESTERN SCOTLAND OBJECTIVE 2

- 3.1 The Western Scotland Objective 2 Programme will focus on two priorities that have been designed to support the implementation of the Scottish Executive's policy priorities in the document "A Programme for Government", the strategic spatial planning framework as set out in the Structure Plans covering the area, the Scottish Enterprise Strategy, and the Scottish Tourism Strategy. The two priorities are intended to maximise the opportunities for economic regeneration within the region. The priorities, and the measures against which success will be evaluated are:

Priority 1:

To develop the competitiveness and innovative capacity of the Western Scotland economy in order to improve economic growth.

Measures:

Developing:

- a competitive and innovative business base;
- the region as a competitive location;
- a competitive workforce.

Priority 2

To develop greater economic and social cohesion, and reduce disparities within the region.

Measures:

- the regeneration of deprived communities working with Social Inclusion Partnerships;
- addressing the barriers to economic and social inclusion for those people not living within Social Inclusion Partnership areas;
- raising the employability of excluded target groups.

This approach represents a shift in emphasis from previous Programmes through the concentration of resources and targeting of activities.

3.2 In addition to the priorities set out above, the Objective 2 Programme will incorporate two main "horizontal themes" that will be applied across the priorities. The Horizontal Themes are Equal Opportunities and the Environment.

3.3 All areas within Scotland have been designated Objective 1 Transitional, Objective 2 Transitional, Objective 2, or ineligible. Within Objective 2, 80% of the available funds will be targeted at fully eligible Objective 2 areas with the balance available for Objective 2 Transitional areas.

3.4 There will be reduced expenditure on major "flagship" projects, principally visitor attractions and town centres, which have absorbed a significant proportion of the funding in recent years. Examples include the Glasgow Science Centre, the "Big Idea", the Loch Lomond Visitor Centre, the Forth and Clyde Canal, and Paisley and Hamilton Town Centre renewal schemes. Such projects are unlikely to attract substantial funds under the new programme.

4. SCOTTISH EUROPEAN SOCIAL FUND OBJECTIVE 3

4.1 There are five key priorities within the Programme:

Priority 1

To enable individuals who have been unemployed for less than two years to re-enter employment. This will account for 25% of the Programme's financial allocation.

Priority 2

To address the social exclusion of those disadvantaged within society. This will account for 37.5% of the Programme's financial allocation.

Priority 3

To develop the concept of Life Long Learning throughout the economy. This will account for 10% of the Programme's financial allocation.

Priority 4

To increase the competitiveness of the Scottish economy. This will account for 22.5% of the Programme's financial allocation.

Priority 5

To address gender imbalance within the Scottish labour market. This will account for 5% of the Programme's financial allocation.

4.2 Priorities 3 and 5, Life Long Learning and addressing gender imbalance, are horizontal measures across all priorities, as well as being vertical priorities in their own right.

4.3 In accordance with recent Regulation 1260/99, there will be a targeting in the Objective 2 areas of the majority of ESF Objective 3 funds available. These funds will be accessed through Priorities 1 and 4 of the programme. Although the whole of Scotland is equally eligible to apply for ESF funds, these funds are available under both programmes for areas designated as Objective 2.

5. IMPLICATIONS FOR EAST AYRSHIRE

5.1 The whole of East Ayrshire has been designated a fully eligible Objective 2 Area. As such, it will also benefit from targeted funding under Priorities 1 and 4 of the Objective 3 programme.

5.2 The re-drawing of the eligibility map for Objective 2, has resulted in Ayrshire becoming one of the most significant areas of priority within Scotland. Only Glasgow has a larger population covered by full eligibility.

5.3 Using population proportions to allocate the funds that are programmed, gives the following estimates that might be expected to be attracted to projects in North/East Ayrshire through the Objective 2 programme:

	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>TOTALS</u>
	£m	£m	£m	£m	£m	£m	£m	£m
ERDF	2.2	6.8	8.3	6.8	4.6	3.4	2.0	34.1
ESF	0.7	1.0	1.4	1.1	1.4	0.7	0.7	7.0

Funding on this level would represent a substantial increase on European funds attracted to this area in recent years.

- 5.4** Grant funding will only represent around 30% of eligible total project cost. North/East Ayrshire will only be able to attract the sums set out above if total expenditure on relevant development runs at £20m or more. This may be difficult given current budgets of the local authorities and Enterprise Ayrshire.

6. MANAGEMENT ARRANGEMENTS

- 6.1** The Objective 2 programme will continue to be managed through:

- a Programme Monitoring Committee, which will monitor the strategic direction of the programme;
- a Programme Management Committee, which will determine project grants based on recommendations by Advisory Groups;
- the Strathclyde European Partnership Office (SEP), which will handle all administrative arrangements.

The Monitoring and Management Committees will continue to be chaired by the Scottish Executive. However, representation on the Monitoring Committee, currently officers, will be changed to councillors and agency board members. The councillors will be nominated through the West of Scotland European Consortium. Councillor Campbell, from South Ayrshire, is one of three councillors recently nominated.

- 6.2** The management arrangements are currently the subject of consultation. The Director of Development Services has responded, suggesting that the delivery of the more focused programme for Objective 2 will require a localised management arrangement. This could be set up under the auspices of the Ayrshire Economic Forum. Drawing together the Chief Executives and Chairpersons or Leaders of the three Councils, Enterprise Ayrshire, the Ayrshire Chamber of Commerce, and the Ayrshire & Arran Tourist Board, together with a representative from the STUC, the Forum could be expected to take a close interest in the way in which European funding supports its development strategy. Geographical management arrangements are being actively considered by the SEP.

- 6.3** Internally within the Council, it is proposed that East Ayrshire Council European Liaison Officers Group is formed. The Group would comprise representatives from those departments in the Council that may have an interest in accessing funds over the lifetime of the new programmes, representatives from the Council's Social Inclusion teams, Equal Opportunities and environmental expertise, and Lottery funding expertise. The Group will be chaired by the Head of Economic Development and will meet on a monthly basis. This will ensure that there is a co-ordinated approach to applications, and a control of projects' outputs and outcomes over the lifetime of the funding.

7. TIMETABLES

7.1 Appendix 1 contains indicative timetables for the development of both programmes, to the end of the year.

8. FINANCIAL/LEGAL IMPLICATIONS

8.1 There are no immediate financial or legal implications arising from this report.

9. RECOMMENDATIONS

9.1 The Committee is invited to:

- a) note the contents of the report, in particular the issues at paragraphs 5.2 and 5.4, and
- b) to refer the report to the Policy and Resources Committee in relation to the potential financial interest for all Council services.

Stephen Chorley
Director of Development Services

SC/JF
26 March 2000

BACKGROUND PAPERS

NIL

For further information please contact Robert Paton on 01563 57 6298

INDICATIVE PROGRAMME TIMETABLES

Objective 2

DATE	PROCESS
February/March	Consultation Period
March/April	Revision of Draft following consultation
April	Programme submitted to European Commission
April – September	Development of programme management implementation / promotional activity
October	Approval of programme by the Commission
November/December	Likely approval of first projects

Objective 3

DATE	PROCESS
To end of March	Applications "received" by Brussels
Mid May	Formation of Monitoring Committee
End of May	Call for Applications
June to mid July	Appreciation Workshops
End of July	Applications received
August/September	Appraisal / Scoring of Applications
September/October	Application Approval

AGENDA
