

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: POLICY & RESOURCES (REGENERATION & INFRASTRUCTURE) SUB COMMITTEE	Subject: EU Scottish Funds	
From: HEAD OF PLANNING & REGENERATION		
Date: 20 February 2013	Ref: 1758/PK	

1. Purpose of Report

1.1 The purpose of this report is to update Committee on EU funding.

2. Background

- 2.1 The Regional policy of the European Union (EU) aims to improve the economic well-being of regions in the EU and also to avoid regional disparities. More than one third of the EU's budget is devoted to this policy, which aims to remove economic, social and territorial disparities across the EU, restructure declining industrial areas and diversify rural areas which have declining agriculture. In doing so, EU regional policy is geared towards making regions more competitive, fostering economic growth and creating new jobs. The Structural Funds are the financial instruments of this policy with ERDF (European Regional Development Fund) and ESF (European Social Fund) being the key elements. 81.5% of funding is dedicated to the regions whose per capita GDP is less than 75% of the EU average,
- 2.2 The accession to the EU of Eastern European states in the recent past has resulted in a dramatic decrease in the level of the Structural Funds going to the more developed EU members as their membership consequently reduced the EU average GDP. This was most keenly felt in the transition from the 2000-2006 programme to the 2007-2013 programme with the allocation for Scotland reducing from over £1.1 billion in the earlier programme to £695 million in the latter.
- 2.3 In line with the marked decrease in funding available in Scotland the delivery of funds has been evolving with less small projects being funded and a gradual shift toward large scale strategic projects which align with national policy and domestic funds.
- 2.4 The decrease in funding available in 2007-2013 presented a major challenge to local authorities and other organisations which were used to ERDF and ESF being utilised to support local initiatives. In North Lanarkshire this was addressed by developing eligible projects which worked in partnership with Community Planning partners, Third Sector Organisations, national organisations and other local authorities. Therefore, while North Lanarkshire Council led less projects by number the actual amount of EU funding successfully bid for remained high.
- 2.5 The result was successful bids of £19.5 million in grant in the 2000-2006 programme and in the 2007-2013 programme £18.6 million in grant and £2.1 million from the new EU financial engineering fund, JESSICA.

2.6 Throughout these periods the Council has used its membership of the West of Scotland European Forum, COSLA, and officer representation on EU Funds Advisory Groups to maintain a high level of engagement with EU Funds and awareness of new developments.

3. 2014-2020 Scottish Funds

3.1 With the EU budgets now agreed it has been confirmed that there will be a 5% reduction in Structural Funds coming to Scotland with an estimated €795million (£671 million) being available. 21.6% (£145 million) of this, a similar ratio to the previous programme, is allocated to the Highlands and Islands which continue to lag in GDP terms behind the rest of Scotland.

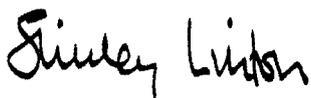
3.2 As reported to Committee in November 2013 the development of the next 2014-2020 programme is underway and is along the lines of that highlighted in the report. Therefore all EU funds in Scotland, including rural and fisheries funds, will be organised along a set of common priorities within three thematic funding blocks. These are: Competitiveness – Innovation – Jobs; Environment - Resource Efficiency - Low Carbon; Social Inclusion - Local Development. The movement toward larger strategic projects which align with domestic priorities will continue and the programme will aim to be more outcomes focused.

3.3 The Scottish Government have stated that they aim to have the new operational programme, which will detail delivery and eligible activities for ERDF and ESF from 2014-2020, available by July 2014 although January 2015 may be a more realistic expectation based on previous programmes transition periods.

4. Recommendations

4.1 It is recommended that Committee

- (i) Note the update on the development of EU Scottish Funds for 2014-2020.



Shirley Linton
Head of Planning & Regeneration

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