

## **PROPOSAL FOR THE ALLOCATION OF ADDITIONAL FUNDS FOR HIGHLANDS & ISLANDS**

### **Decision required:**

1. **JPMC is asked to consider the allocation of an additional EU funding for Highlands & Islands, and agree to making a decision on the allocation by written procedure.**

2. The Highlands and Islands Territorial Committee took the opportunity to discuss this on Monday 28 November and their preferences should be taken into account for this discussion.

### **Background**

3. The European Commission has conducted a recalculation of Structural Funds allocations on the basis of the most recent statistical data, as provided for in the Multiannual Financial Framework for 2014-2020 and set out in Article 92(3) of the Common Provisions Regulation. The UK has been allocated an additional €58,005,958 for 2017-2020 for less developed and transition regions. The UK Government propose to split the additional allocations as per the original intra-UK allocations. This would mean Scotland receiving an **additional €3,929,339 for the Highlands and Islands region**. More developed regions do not qualify for further funding.

### **Governance and strategic implications**

This additional funding represents 2% of the initial allocations for the Highlands and Islands, and does not have significant financial impact overall. However, decisions on how to allocate the funding across ERDF and ESF should take into account current performance and spend, and will also need to respect the overall UK requirement to commit 45.9% of funding to ESF (the H&I split is current 42% ESF).

Although the Highlands and Islands territorial committee has the opportunity to discuss this on 28 November, a short period of wider consultation to establish regional issues with current spend and preferences for the new allocation should also be undertaken. As any necessary adjustment to the Partnership Agreement have been requested by UKG by the end of December 2016, Scotland will submit an interim decision which can then be revised no later than the 30 June 2017 through consultation and revision of the Operational Programmes.

### **Options and Recommendations**

5. Based on current performance, there are a series of options and variables to consider. These are

- maintain the current splits, both between ES and ERDF and between priority axes;
- to vary these by performance and likely uptake; or
- to focus on a limited number of priority axes where this limited additional funding could have a more significant impact.

The HITC members on 28 November 2017 expressed preference for:

- reviewing intervention rates
- a renewed emphasis on poverty and social inclusion, in particular the regional focus on fuel poverty and financial inclusion has been successful, and there is an ongoing need for pre-employability support
- a strand to support culture and heritage
- expansion of the foundation apprenticeships, where take-up has been very positive
- a mixed-fund suggestion for supporting the health sector in the region, blending innovation, higher skills placements and support for SME's in the sector, including some measures of support for equipment
- social enterprise support

**7. The JPMC is asked to consider and discuss any initial options for exploration with regional stakeholders and UKG, with a view to concluding decisions by written procedure.**