

Lowland and Uplands Scotland

European Social Fund 2007 – 2013 Programme:

CCI:2007UK052PO002

2014 Annual Implementation Report



EUROPE & SCOTLAND
European Social Fund
Investing in your Future



The Scottish Government
Riaghaltas na h-Alba

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1. IDENTIFICATION

1.1 Criteria

OPERATIONAL PROGRAMME	Objective Concerned: Competitiveness
	Eligible Area Concerned: Lowlands and Uplands Scotland
	Programming period: 2007-2013
	Programme Number: 2007UK052PO002
	Programme Title Lowlands and Uplands Scotland: European Social Fund Programme 2007-2013
ANNUAL IMPLEMENTATION REPORT	Reporting Year: 2014
	Date of Approval of the Annual Implementation Report by the Monitoring Committee: 24 June 2015

1.2 Ministerial Forward

This Annual Implementation Report presents the activities for the Lowlands and Uplands European Social Fund Programme in 2014.

During 2014 Scotland's economy experienced positive growth accompanied by a sustained improvement in the labour market, indicating that recovery was indeed starting to have an impact; there have also been encouraging signs that business confidence is improving.

The Economic Recovery Plan continues to play an important role in this, seeking to front-load spending to help build recovery by supporting activities that will improve the long term competitiveness of the economy and support labour mobility. This meant that by the end of 2014, this ESF Programme was fully committed. Indeed, our positive approach to the use of the funds and willingness to over-programme augurs well for high levels of outturn against commitments and stakeholders ability to achieve desired outcomes.

Throughout 2014, we continued to build on part of this recover plan, namely our Youth Employment agenda, by working towards our target of getting 10,000 young people into sustainable employment. ESF has played a central role in supporting the Scottish Government's Youth Employment Scotland campaign. This funding aims to help small businesses and social enterprises create new youth jobs by offering financial incentives and valuable work experience.

In addition, we built on this by awarding almost £6 million of funding from the European Social Fund for The Scottish Further & Higher Education Council for their **Skills for a Competitive Workforce** project worth £13 million and which created 3,500 college places. This covered a total of 14 college regions across Lowlands and Uplands Scotland (LUPS) aimed at delivering additional vocational training places to develop core skills and deliver industry specific qualifications through the strategic skills pipeline.

The Programme achieved its N+2 expenditure targets and was fully committed by the end of 2014. Activity continued to be delivered across a number of priorities with the Community Planning Partnerships (CPPs) making strides in supporting those who require assistance with both training and employment with the nationally recognised Employability Pipeline. We will build on the success of the Pipeline by rolling out this innovative approach to employability, and offering funding opportunities to all 32 local authorities in Scotland under the new programme.

The ESF fund will continue to support both training and employability in the new 2014-2020 Programme with a renewed focus on those furthest away from the labour market who suffer from multiple barriers to employment. To further strengthen our commitment, we will focus not only on unemployment but also on the those issues which contribute to the causes of poverty and discrimination, such as lack of child-care and a need for greater financial inclusion. We were only able to achieve this, by working jointly with our stakeholders which brought together expertise from both policy makers and the Third Sector.

We look forward to working in partnership both across government and with our external stakeholders to ensure that we use these funds productively and, where we can make can make the greatest impact.

Keith Brown
Cabinet Secretary for Infrastructure, Investment and Cities



2. OVERVIEW OF IMPLEMENTATION

2.1 Achievement and analysis of Programme progress

This section examines the progress made during the year in implementing the Lowlands and Uplands of Scotland European Social Fund (ESF) Operational Programme. It has been reviewed from a range of different financial and physical perspectives and the data has been extracted from the EUROSYS online application and claims system. The financial tables in Section 2.1.2 highlight expenditure paid out by the project beneficiaries and included in payment claims sent to the Managing Authority. The remainder of this section highlights the physical information of the Operational Programme.

2.1.1 Information on the physical progress of the Operational Programme

For the financial year 2013-14, there is a total of £25 million available for Youth Employment Scotland, of which £10 million is available under Priority 5 Stage 4 of the ESF matched by £15 million of Scottish Government funding. The ESF funding is available for areas covered by Lowlands and Uplands Scotland (LUPS). Areas not covered by LUPS can still apply for Scottish Government funding and should contact the Scottish Government for information on how to do.

Although no new projects have been approved during 2014, the ESF team continue with the closure programme and are working towards closing off projects in preparation for new Programme activity.

Indicator Name	Type	Target	Forecast	% Target Met by Forecast	Actual	% Target Met by Actual
Number of participants receiving support.	Output	152,700	358,983	235.09%	322,850	211.43%
Number of participants with multiple deprivations.	Output	55,000	219,400	398.91%	191,048	347.36%
Number of participants in the NEET group.	Output	12,800	78,770	615.39%	73,194	571.83%
Number of participants with disabilities or health difficulties.	Output	22,600	59,966	265.34%	53,792	238.02%
Number of participants entering employment.	Result	32,600	81,719	250.67%	43,969	134.87%
Number of participants entering education or training.	Result	32,100	57,380	178.75%	36,034	112.26%
Number of participants gaining a partial or full qualification.	Result	55,600	119,407	214.76%	62,314	112.08%

Indicator Name	Type	Target	Forecast	% Target Met by Forecast	Actual	% Target Met by Actual
Number of participants in employment six months after leaving.	Result	13,200	28,850	218.56%	13,078	99.08%
Number of participants receiving support.	Result	44,000	78,504	178.42%	72,109	163.88%
Number of male participants without basic skills.	Output	13,540	5,945	43.91%	14,107	104.19%
Number of female participants without basic skills.	Output	13,540	4,964	36.66%	11,843	87.47%
Number of male participants without level 2 skills.	Output	10,280	13,130	127.72%	8,534	83.02%
Number of female participants without level 2 skills.	Output	10,280	9,718	94.53%	7,767	75.55%
Number of male participants without level 3 skills.	Output	4,700	19,102	406.43%	13,957	296.96%
Number of female participants without level 3 skills.	Output	4,700	14,579	310.19%	9,107	193.77%
Number of male participants gaining basic skills.	Result	6,460	7,134	110.43%	4,758	73.65%
Number of female participants gaining basic skills.	Result	6,460	5,574	86.28%	3,795	58.75%
Number of male participants gaining level 2 skills.	Result	4,000	17,616	440.40%	8,540	213.50%
Number of female participants gaining level 2 skills.	Result	4,000	11,988	299.70%	8,703	217.58%
Number of male participants gaining level 3 or above skills.	Result	860	15,559	1809.19%	10,246	1191.40%
Number of female participants gaining level 3 or above skills.	Result	860	11,441	1330.35%	8,127	945.00%

Indicator Name	Type	Target	Forecast	% Target Met by Forecast	Actual	% Target Met by Actual
above skills.						
Number of women in projects addressing better gender balance.	Output	3,540	2,210	62.43%	1,865	52.68%
Number of men in projects addressing better gender imbalance.	Output	1,180	940	79.66%	693	58.73%
Number of women going into gender-imbalanced sectors.	Result	2,084	1,824	87.52%	1,665	79.89%
Number of men going into gender-imbalanced sectors.	Result	728	700	96.15%	337	46.29%
Number of participants in projects addressing entrepreneurial managerial skills.	Output	5,920	10,941	184.81%	7,356	124.26%
Number of entrepreneurs and new managers gaining a partial or full qualification.	Result	2,480	2,750	110.89%	2,350	94.76%
Number of participants from social enterprises.	Output	3,920	2,151	54.87%	2,340	59.69%
Number of participants from social enterprises gaining a partial or full qualification.	Result	2,480	1,534	61.85%	1,588	64.03%
Number of participants who are trainers.	Output	1,750	1,111	63.49%	2,503	143.03%
Number of projects supporting the development of new courses/materials or innovative approaches to learning.	Output	42	560	1333.33%	632	1504.76%
Number of local learning centres/access points/workplace initiatives supported.	Output	245	392	160.00%	388	158.37%

Indicator Name	Type	Target	Forecast	% Target Met by Forecast	Actual	% Target Met by Actual
Number of trainers gaining a partial or full qualification.	Result	1,120	1,048	93.57%	1,869	166.88%
Number of new courses/materials developed.	Result	550	695	126.36%	1,593	289.64%
Number of participants benefiting from local learning centre/access point/workplace initiative support.	Result	6,300	25,803	409.57%	35,316	560.57%
Number of (previously non-employed) participants in employment six months after leaving.	Result	3,200	23,023	719.47%	5,504	172.00%
Number of participants gaining a full qualification.	Result	8,500	32,214	378.99%	11,000	129.41%
Number of participants gaining a partial qualification.	Result	5,700	22,172	388.98%	2,592	45.47%
Number of entrepreneurs and new managers gaining a full qualification.	Result	600	71	11.83%	7	1.17%
Number of entrepreneurs and new managers gaining a partial qualification.	Result	500	72	14.40%	0	0.00%
Number of participants from social enterprises gaining a full qualification.	Result	100	51	51.00%	42	42.00%
Number of participants from social enterprises gaining a partial qualification.	Result	100	50	50.00%	1	1.00%

2.1.2 Financial information

2.1.2.1 Payments to Project Sponsors

Priority	Fund scope	Expenditure paid out by the beneficiaries included in payment claims sent to the Managing Authority	Corresponding Public Contribution	Private Expenditure	Expenditure paid by the body responsible for making payments to the beneficiaries	Total payments received from the Commission	% of Allocation Paid	% of Allocation Spent
1. Progressing Into Employment	ESF	233,730,149.64	233,730,149.64	0	105,178,567.34	89,950,302.76	84%	
2. Progressing Through Employment	ESF	84,958,921.36	84,958,921.36	0	38,231,514.61	36,385,799.19	113%	
3. Improving Access To Lifelong Learning	ESF	22,078,107.99	22,078,107.99	0	9,935,148.60	9,845,768.59	77%	
4. Technical Assistance	ESF	5,896,056.17	5,896,056.17	0	2,948,028.09	1,838,481.44	80%	
5. Strategic Skills Pipeline	ESF	138,545,507.00	138,545,507.00	0	62,345,478.15	22,850,179.92	92%	
Grand Total		485,208,742.16	485,208,742.16	0	218,638,736.78	160,870,531.90¹		

Figures above are in Euros (€).

¹ Still awaiting payment of Payment Request 7 (see table below).

2.1.2.2 Payments Received from the European Commission

The table below shows the payments requested and received² under Lowlands and Uplands (LUPS) ESF 2007 -2013 Programme. The LUPS ESF N+2 target was met by the end of 2014.

LUPS ESF CCI:2007UK052PO002		Taken from EC Declarations			Taken from EC Receipts				
Payment Request No	Date	Expenditure Declared	Cumulative Expenditure	EC Declaration Community Support Requested	Community Support Received	Date Received	Sterling Received	Cumulative Sterling Received	Exchange Rate
2% Advance	12/12/2007	N/A	N/A	N/A	€ 5,398,418.84	12/12/2007	£3,878,763.94	£3,878,763.94	0.7185
3% Advance	27/02/2008	N/A	N/A	N/A	€ 8,097,628.26	27/02/2008	£6,129,904.59	£10,008,668.53	0.7570
2.5% Advance	28/04/2009	N/A	N/A	N/A	€ 6,748,023.55	28/04/2008	£6,039,481.08	£16,048,149.61	0.8950
1	09/09/2009	€ 1,227,820.54	€ 1,227,820.54	€ 613,910.27	€ 613,910.27	30/12/2009	£551,721.16	£16,599,870.77	0.8987
2	22/12/2009	€ 38,582,342.67	€ 39,810,163.21	€ 17,379,434.40	€ 17,379,434.40	03/02/2010	£15,194,839.50	£31,794,710.27	0.8743
3	16/12/2010	€ 42,046,752.16	€ 81,856,915.37	€ 18,952,269.85	€ 18,952,269.85	31/08/2011	£16,773,099.98	£48,567,810.25	0.8850
Rejected 4	19/12/2011	€ 120,376,756.95	€ 202,233,672.32	€ 54,232,317.53					
Revised 4	01/10/2012	€ 110,265,073.34	€ 192,121,988.71	€ 49,673,420.95	€ 49,673,420.95	21/12/2012	£40,357,270.37	£88,925,080.62	0.8125
5	19/12/2012	€ 69,934,995.77	€ 272,168,668.09	€ 36,040,713.41	€ 36,040,713.41	12/04/2013	£30,547,460.18	£119,472,540.80	0.8476
6	27/08/2013	€ 84,912,851.37	€ 357,081,519.46	€ 38,210,783.09	€ 38,210,783.09	17/09/2013	£32,030,571.18	£151,503,111.98	0.8383
7	23/12/2014	€ 128,127,222.70	€ 485,208,742.16	€ 57,768,204.78					
Cumulative Community Support received				€ 218,638,736.75	€ 160,870,531.97				

Payment Request 4 rejected at the Commission's request to take account of the agreed self-correction figure during 2012

² Payments requested and received differ in the two tables as a result of rounding

2.1.3 Commitment

No commitments were made during 2014 within the LUPS European Social Fund. The table below summaries commitments to the end of 2014.

Project Approvals				
	During 2014		Total to End 2014	
Priority	No. of Project Approvals	Sum of Grant Award	No. of Project Approvals	Sum of Grant Award
1	0	£0	190	£98,229,615.38
2	0	£0	58	£39,492,100.03
3	0	£0	24	£9,137,533.18
4	0	£0	12	£7,538,781.78
5	0	£0	56	£91,036,089.61
Total	0	£0	340	£245,434,119.98

2.1.4 Breakdown of use of the funds

All projects are required to submit applications through the EUROSYS online application system to enable the appropriate information required under the Council Regulation (EC) No. 1083/2006 Article 37(d). The categories of assistance have been compiled by all applicants receiving Structural Fund assistance.

Annex A provides a breakdown of assistance by Lisbon Code.

2.1.5 Assistance by target groups

The 2007 - 2013 Operational Programme identified a range of groups of individuals, economic sectors and geographically-targeted areas in the LUPS Programme area which would be prioritised for ESF support over the life of the Programme.

These included:

- those furthest away from the labour market (Progressing into Employment)
- low skilled & low waged (Progressing through Employment)
- those under represented
- increasing skills for entrepreneurs and new managers
- improving skill sets in social enterprises
- targeting access for the most vulnerable groups (Improving Access to Lifelong Learning)

When the priorities were collapsed and Priority 5 Strategic Skills Pipeline was formed it was agreed that the target groups would be those eligible groups covered by the current Priority 1 and 2 in the ESF LUPS programme.

In accordance with Commission Regulation 1828/2006 Annex XXIII additional reporting is required in relation to indicators that do not have targets set for them. The table below reflects activity during 2014.

(Sub)Priority	Indicator	People Entering		People Leaving	
		Total	Woman	Total	Woman
1	Total number of participants	0	0	0	0
1	Employed	0	0	0	0

(Sub)Priority	Indicator	People Entering		People Leaving	
		Total	Woman	Total	Woman
1	of which self-employed	0	0	0	0
1	Unemployed	0	0	0	0
1	of which LTU	0	0	0	0
1	Inactive	0	0	0	0
1	of which in education/training	0	0	0	0
1	Young people (15-24 years)	0	0	0	0
1	Older people (55-64 years)	0	0	0	0
1	Migrants	0	0	0	0
1	Minorities	0	0	0	0
1	Disabled	0	0	0	0
1	Others	0	0	0	0
1	Primary or lower secondary education (ISDEC 1 and 2)	0	0	0	0
1	Upper secondary education (ISCED 3)	0	0	0	0
1	Post-secondary non tertiary education (ISCED 4)	0	0	0	0
1	Tertiary education (ISCED 5 and 6)	0	0	0	0
2	Total number of participants	0	0	0	0
2	Employed	0	0	0	0
2	of which self-employed	0	0	0	0
2	Unemployed	0	0	0	0
2	of which LTU	0	0	0	0
2	Inactive	0	0	0	0
2	of which in education/training	0	0	0	0
2	Young people (15-24 years)	0	0	0	0
2	Older people (55-64 years)	0	0	0	0
2	Migrants	0	0	0	0
2	Minorities	0	0	0	0
2	Disabled	0	0	0	0
2	Others	0	0	0	0
2	Primary or lower secondary education (ISDEC 1 and 2)	0	0	0	0
2	Upper secondary education (ISCED 3)	0	0	0	0
2	Post-secondary non tertiary education (ISCED 4)	0	0	0	0
2	Tertiary education (ISCED 5 and 6)	0	0	0	0
5	Total number of participants	20,011	8,677	7,633	3,963
5	Employed	2,491	1,060	610	317
5	of which self-employed	0	0	24	12
5	Unemployed	14,076	6,201	4,503	2,298
5	of which LTU	0	0	1,350	689
5	Inactive	3,444	1,416	2,540	1,348
5	of which in education/training	0	0	605	323
5	Young people (15-24 years)	9,329	4,049	3,511	1,823

(Sub)Priority	Indicator	People Entering		People Leaving	
		Total	Woman	Total	Woman
5	Older people (55-64 years)	1,544	554	587	101
5	Migrants	0	0	0	0
5	Minorities	0	0	0	0
5	Disabled	328	91	1221	39
5	Others	0	0	0	0
5	Primary or lower secondary education (ISDEC 1 and 2)	12,499	5,093	5,967	2,750
5	Upper secondary education (ISCED 3)	3,205	1,339	1,387	1,084
5	Post-secondary non tertiary education (ISCED 4)	1,597	790	196	97
5	Tertiary education (ISCED 5 and 6)	2,710	1,455	103	32

Group 1

- Unemployed/inactive people, particularly those with low qualifications and multiple barriers to entering employment or self-employment, and remaining in a job.
- 16-19 year olds not in education, employment or training, particularly: young people leaving care; carers, young offenders; young people with physical and/or mental health problems and young people abusing drugs or alcohol.
- Minimum secondary school aged young people identified as being at risk of not remaining in education, or entering employment or training on leaving school, particularly low attainers and persistent truants.
- Unemployed/inactive lone parents and other carers.
- Unemployed/inactive people with mental health problems, long-term illness, disabilities or learning difficulties.
- Employees requiring reskilling to enable them to remain in the workforce or to match future employer needs.
- Older unemployed people seeking to re-enter the labour force.
- People leaving IB register and deemed capable of work.
- Specific groups, particularly women who have returned to the labour force.
- Other disadvantaged unemployed/inactive groups such as prisoners prior to release, ex-offenders, people with drug or alcohol problems, homeless people, migrant workers and refugees.
- Unemployed/inactive people from ethnic minority groups.

Group 2

- Unemployed job ready individuals requiring some further assistance to enter employment.
- Jobless recent graduates (where activity links to job/work experience).
- Individuals at risk of redundancy or those that have been made redundant or re-skilling to enable them to remain in the workforce or to match future employer needs.
- Individuals experiencing persistent part-time/seasonal employment.
- Employees who lack basic core skills, including those having low levels of literacy or numeracy, and those for whom English is not their first language.
- Employees without qualifications at SCQF level 5 and 6 (SVQ level 2 or level 3).
- Specific groups, particularly women who have returned to the labour force, and those requiring additional support and training.
- Employers and groups who require support to improve engagement, development and retention of employees from disadvantaged groups.
- Potential and new entrepreneurs and key managers of (both new and existing) SMEs.
- Key staff in social enterprises.

By the end of 2013, the following contributions have been made at the following Local Authority level:

Council	Total funding available	SG funding included	ESF grant included	Jobs supported
Aberdeen City	£547,196.00	£328,317.60	£218,878.40	170
Aberdeenshire	£128,752.00	£77,251.20	£51,500.80	40
Angus	£48,282.00	£28,969.00	£19,313.00	15
Argyll & Bute	£321,880.00	£321,880.00	£0.00	100
Ayrshire	£4,023,500.00	£2,414,100.00	£1,609,400.00	1250
Clackmannanshire	£64,376.00	£38,625.60	£25,750.40	20
Dumfries & Galloway	£321,880.00	£193,128.00	£128,752.00	100
Dundee	£772,512.00	£463,507.20	£309,004.80	240
East Dunbartonshire	£193,128.00	£115,876.80	£77,251.20	60
East Lothian	£238,191.00	£142,914.60	£95,276.40	74
East Renfrewshire	£450,632.00	£270,379.20	£180,252.80	140
Edinburgh	£1,609,400.00	£965,640.00	£643,760.00	500
Eilean Siar	£112,658.00	£112,658.00	£0.00	35
Falkirk	£804,700.00	£482,820.00	£321,880.00	250
Fife	£804,700.00	£482,820.00	£321,880.00	250
Glasgow	£1,931,280.00	£1,158,768.00	£772,512.00	600
Highland	£80,470.00	£80,470.00	£0.00	25
Inverclyde	£547,196.00	£328,317.60	£218,878.40	170
Midlothian	£321,880.00	£193,128.00	£128,752.00	100
Moray	£196,347.00	£138,408.60	£57,938.40	61
North Lanarkshire	£965,640.00	£579,384.00	£386,256.00	300
Orkney	£32,188.00	£32,188.00	£0.00	10
Perth & Kinross	£289,692.00	£173,815.20	£115,876.80	90
Renfrewshire	£772,512	£463,507.20	£309,004.80	240
Scottish Borders	£257,504.00	£154,502.40	£103,001.60	80
Shetland	£64,376.00	£64,376.00	£0.00	20
South Lanarkshire	£804,700.00	£482,820.00	£321,880.00	250
Stirling	£112,658.00	£67,594.80	£45,063.20	35
West Dunbartonshire	£933,452.00	£560,071.20	£373,380.80	290
West Lothian	£643,760.00	£308,400.00	£257,504.00	200
Total	£18,395,442.00	£11,302,494.40	£7092,947.60	5,715

2.1.6 Assistance repaid or re-used

As at 31 December 2014, a cumulative total of 26 projects in the LUPS ESF Programme had been de-committed by the Managing Authority for compliance reasons, withdrawn by the sponsor or the sponsor had declined the offer of grant following the issue of an approval letter. By 31 December 2014, final claims had been processed on 232 projects resulting in almost £9m³ of unused expenditure (or 7%) had been under-claimed against approved ESF grant awards. All money from project de-commitments, withdrawals or underspends is recycled by the Managing Authority to fund new activity.

³ Exact sum: £8,943,670

2.1.7 Quantitative Analysis

Horizontal Themes

Horizontal themes underpin projects which are funded by the Operational Programmes. A key measure in ensuring that good practice is embedded within the programme, horizontal themes must be an integral part throughout the life cycle of a project. The three themes- environmental sustainability, equal opportunities and social inclusion- are present throughout the entire process, from development through delivery and monitoring and evaluation. To this end, on the spot visits monitor the progress of the projects to ensure that the horizontal themes are being instituted as core values within the projects. Visiting team members ask to see clear examples and evidence of how the project management team have considered and implemented the values of the three themes. Project management is also responsible for ensuring that partners and sub-contractors involved in the project also follow the same policy.

The purpose of this summary is twofold: firstly it will describe the ways in which these projects contributed to horizontal themes and, secondly, discuss our preparation for the programme. Before that, however, the report will describe the horizontal themes and their purpose.

Social Inclusion

The Scottish Government is committed to providing opportunities and incentives for all to contribute to Scotland's sustainable economic growth. Reducing inequalities in income and opportunity is critical to achieving the Scottish Government's aim of making Scotland a better, fairer place for everyone, no matter where they live. Despite progress in a number of areas, substantial disparities in life chances, quality of life and social inclusion are evident.

By reconnecting large numbers of people in disadvantaged groups and communities to the mainstream economy, and encouraging work that pays fairly, we help more people in Scotland to fulfil their potential; increase economic growth and participation in our labour market and create greater social equality across Scotland. This improves the capacity of individuals and their families to lift themselves out of poverty.

Welfare Reform

The UK Government has introduced the Welfare Reform Act 2012 which will see significant changes to the welfare system and will impact on people and policies in Scotland. Although Welfare Reform is a matter wholly reserved to the UK Parliament, the reforms will impact upon people and services across Scotland. This is why we are committed to working with our partners and stakeholders to better understand and, where possible, mitigate the worst effects. We are working in partnership with local authorities, third sector, health service and the housing community in a collaborative effort to support people in the transition to the new benefits regime and to do what we can to mitigate as many adverse consequences as possible.

Social Inclusion is the very essence of this West Lothian CPP Priority 5 project, seeking to ensure that everyone has an equal access to training and jobs, especially in areas which have multiple deprivations and a high degree of social exclusion. The Delivery partners involved in the CPP have been widened in order to encompass other excluded groups which were not a particular target of the CPP previously. This includes the council's Criminal Justice clients and the Ability Centre service users. Particular target groups are young person's needing more choices and chances (MCMC), including those at risk but still at school and the older than 35 years of age cohort with particular issues making them furthest from the job market. In the young person's needing MCMC, there are certain groups which are more excluded e.g. care leavers, young parents, young offenders and those with drug / alcohol issues. It is vital to treat all clients as individuals due to their varied needs and to develop a personal programme of formal and informal activities. Past experience in the EQUAL Access project showed that job seekers with a range of health issues have to have these considered before any employability issues. The best way out of poverty (and social exclusion) is through sustainable work. Employment reduces dependency on welfare benefits and increases financial independence contributing to local economic growth and stability.

Equal Opportunities

Equality and the Budget

In October 2014, the Scottish Government published the sixth annual Equality Statement alongside the Scottish Draft Budget 2015-2016.⁴ It provides an equality context for the budget and outlines the evaluation of the equality impacts of proposed spending plans.

The Equality Budget Statement evaluates the impacts across each portfolio, identifying particular areas for focus or concern to report on in 2015 to ensure that progress is monitored and effectively measured.

The statement highlighted a number of key opportunities for long-term consideration and improvement:

Improved guidance and dialogue: EBS guidance continues to be refreshed and improved. In addition, this year's EBS contains a series of short chapters covering strategic themes identified through discussions with EBAG and consistent with areas of inquiry raised by last year's budget scrutiny:

- Devolved Taxes
- Welfare Reform
- Modern Apprenticeships
- Human Rights and the Budget

To inform the preparation of these chapters, EBAG hosted discussions with relevant policy teams and analysts to share insight about the kinds of equality consideration that might be taken into account to help create better outcomes through policy design and budget decisions.

Continuous improvement: Each portfolio has identified key areas of focus or concern to report on next year to ensure effective use of the assessments undertaken in the year. This year the EBS also reflects budget decision making in two new Cabinet portfolios: Training, Youth and Women's Employment and Commonwealth Games, Sport, Equalities and Pensioners' Rights.

Equality Evidence: The Equality Evidence Finder has continued to be updated with new evidence from the 2011 Census and other sources. New equality analysis from the census, covering a number of protected characteristics across policy areas, will be released later in October 2014 helping further to fill gaps in the equality evidence base.

Case Study

West Lothian Community Planning Partnership is committed to ensuring that everyone in West Lothian gets an equal chance at employment, education and training. The recent West Lothian Citizen's Panel Quality of Life Survey 2010 showed that only 23% of disabled people surveyed, felt that there was a good range of jobs for everyone within West Lothian. This CPP ESF Priority 5 project will endeavour to change this perception, increasing the access of disabled people to agencies and services that can help them get jobs and training through access to: learning assistance, learning centres, work opportunities, provision of disabled access and facilities, provision of disability-compliant software / documents using large fonts for the visually impaired. Where disabled access isn't possible, home visits may be arranged. One partner contributes vast expertise in support to people with disabilities such as brain injuries or mental health issues. This project will allow them to expand and develop this focus and support more people onto the skills pipeline.

⁴ <http://www.gov.scot/Resource/0046/00460433.pdf>

Public Sector Equality Duty

In December 2013, the Scottish Government published proposals to enable the better performance of the Public Sector Equality Duty, as required under the Equality Act 2010⁵.

The commitment by Scottish Ministers' to improve the quality of equality outcomes and the continued development of a robust and wide equalities evidence base underpins the statement, with the following themes for activity identified:

- Setting and reporting on equality outcomes;
- Practice sharing and knowledge transfer;
- Reporting on pay gaps and occupational segregation;
- Improved national and local data availability.

Occupational Segregation

The Scottish Government's Occupational Segregation Cross-Directorate Working Group (reconvened April 2013), continued to meet throughout 2014 and act as the main vehicle for taking forward work to tackle gender stereotyping and occupational segregation - and to implement the relevant recommendations of the Women's Employment Summit and the Royal Society of Edinburgh's Tapping All Our Talents report.

The group is chaired by the Head of the Scottish Government's Equality Unit and has a core membership of Government officials and representatives of Close the Gap, the Scottish Resource Centre for Women in Science, Engineering and Technology, Men In Childcare and the STUC; but will invite other members as required depending on the policy areas being considered. This is likely to include officials from other areas of the Scottish Government and from delivery agencies as appropriate e.g. Scottish Enterprise, Highlands and Islands Enterprise and Skills Development Scotland.

The Group reports directly to the Strategic Group for Women and Work, chaired by the Minister for Youth Employment, which has a remit to agree:

- the range of actions and recommendations from the Women's Employment Summit;
- priorities across each commission and the timescales for action and by whom;
- content of Ministerial reports to Parliament on progress.

Environment Sustainability

The Scottish Government is committed to the Scottish Sustainable Development Strategy, the key objectives of which are to make Scotland:

- **Wealthier & Fairer:** The Government takes pride in Scotland's strong, fair and inclusive national identity. Its core aim is to help businesses and people increase their wealth and allow more people to share fairly in that wealth. The impact of a changing climate means that future growth must be achieved in a responsible and sustainable way.
- **Healthier:** Helping people to improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care.
- **Safer and Stronger:** Helping communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life
- **Smarter:** Expanding opportunities to succeed from nurture through to lifelong learning ensuring higher and more widely shared achievements; and
- **Greener:** Improving both Scotland's natural and built environment and the sustainable use and enjoyment of it.

The Scottish Government's approach to sustainable development is underpinned by four key principles. These are to promote:

- Sustainable consumption and production. Essentially achieving more with less. As a result, projects need to show evidence that they have been able to make more efficient

⁵ <http://www.scotland.gov.uk/Resource0044/00440901.pdf>

use of resources, consider the impact of the products and material over their lifecycle and encouraging people to take into account the social and environmental consequences of their purchasing choices;

- Climate change and energy use. Securing a profound change in the way in which energy is generated and used and reducing greenhouse gas emissions;
- Natural resource protection and environmental enhancement. Protecting natural resources by developing a better understanding of environmental limits and actively improving the quality of the environment; and
- Sustainable communities. Creating communities that embody the principles of sustainable development policy.

Sustainable development is an integral part of the Scottish Government's overall purpose - to focus government and public services on creating a more successful country, with opportunities for all in Scotland to flourish, through increasing sustainable economic growth. This is being delivered in Scotland through the work the Government is doing to support Scotland's transformation to a low carbon economy. The transition to a low carbon economy provides an excellent opportunity to place Scotland in a leading position within the global economy and aims to take advantage of Scotland's comparative natural advantages.

The Scottish Government has established a range of targets which are focused on driving Scotland's transition to a low carbon economy including reducing greenhouse gas emissions; increasing the level of electricity demand from renewables; and increasing the proportion of primary energy demand from renewables.

In October 2012, Scottish Government published an update to the 2020 Routemap for Renewable Energy in Scotland, summarising progress towards their renewables targets and wider ambitions for the sector over the past year, as well as considering what still needs to be done and the ways in which they are approaching these tasks. The update set a new and more ambitious interim target for the equivalent of 50% of Scotland's electricity demand to come from renewables by 2015 – an achievable target based on the sector's rapid progress in recent years. European Structural Funds have played a key role in the implementation of the Government's low carbon economic strategy.

Clackmannanshire Works – ESF Priority 5

This project aims to minimise the negative impact of the recent economic decline on the most vulnerable individuals within society i.e. those with low skills and low wages – by assisting them in overcoming multiple barriers to employment, education or training. A key activity at Stage 3 of the pipeline centres around an intensive volunteering programme which is linked to the successful Heritage Lottery Bid to carry out environmental improvements to Clackmannanshire's Hillfoot villages. The volunteering programme links into other projects across the county and seeks to develop, maintain and sustain these assets of hill, water and building through shared ownership and responsibility. This commitment to conserving and utilising the environmental assets of the area has therefore created a sustainable legacy for future generations.

Innovative actions

In 2014 a variety of projects clearly demonstrated a dedication to upholding key horizontal themes. One such project which demonstrates an innovative approach to helping those who are furthest away from the labour market is detailed here. Which describes how ESF can help ex offenders.

Skills for Growth (SFG) focuses on ex-offenders, the long term unemployed and young people suffering particular labour market disadvantage in Scotland. Two thirds of offenders are on benefits at the time of arrest – this project is helping clients to stabilise their lives, move into work and progress their careers.

SfG supports chronically disadvantaged groups to address their multiple needs with a view to stabilising lifestyles and helping individuals progress towards and within employment. It provides support and employability services, including early engagement, skills development and career progression for the hardest to reach groups. It supports long term sustainable employment and enables career progression. SfG complements and enhances local CPP provision.

SfG provides engagement, assessment, personal development and employability support for ex-offenders, young people and the long term unemployed. Seventy per cent of offenders are on benefits prior to imprisonment.

SfG customers benefit from motivational and soft skills training, vocational training, work preparation, work experience and in-work support. SfG supports early engagement with offenders prior to their release from prison. This approach utilises Personal Advisors (PAs) trained also as Life Coaches, many of whom are ex-offenders. The other targeted customer groups - young people and the long term unemployed - access the additional support provided through SfG via referral from complementary Wise Group activity e.g. Work Programme and ILM provision.

SfG PAs conduct in-depth Individual Needs Assessments with customers, using an IT-enabled Diagnostic Toolkit. Assessment results are used to create Action Plans tailored to each individual's barriers, aspirations and job potential.

SfG staff act as a gateway to relevant training and development opportunities, based on individual customer requirements.

On receipt of a job offer, customers progress to the SfG Career Progression Service.

PAs assist with pre job start planning, help to source childcare and provide resources e.g. travel cards and access to specialist services e.g. debt advice. Building on their Action Plans, customers and PAs will prepare a Career Progression Plan to clarify progression routes and goals. This projects aims to assist 1628 people.

Transnational Activity

SCOTLAND'S SMART, SUSTAINABLE AND INCLUSIVE CITIES

The desire for establishing and maintaining sustainable environments in Scotland's cities and urban areas is recognised through the investments made under the 2007-13 European Structural Fund programmes.

Although there has not been the scope for supporting transnational activities within our regional programmes, Scotland's local authorities and urban development partners have sought numerous opportunities to complement ERDF and ESF-funded projects through actions supported under other EU funding programmes.

Their participation in these projects has brought not only additional financial contributions to local and regional urban strategies, but also provided a richer resource from collaborative working and knowledge sharing with others across Europe to achieve their wider goals and ambitions. These experiences have afforded Scottish urban partnerships additional opportunities for cross policy working, and collaborate with organisations across the public, private, academic and societal spectrum for greater coordination of efforts and increased impact.

The wealth of collaborative experience and knowledge gained by Scottish stakeholders through complementary transnational collaborative efforts are demonstrated through the following project examples:

- Edinburgh City Council worked with 19 European Cities on the CASCADE project under the Competitiveness and Innovation Programme to allow networking and peer-to-peer learning on local energy leadership and develop sustainable energy action plans in support of delivering Europe 2020 targets for energy and climate change.
- Aberdeen City Council and MUSIC project partners from the INTERREG North West Europe programme area collaborated to develop new techniques and measures to improve mainstream techniques in urban policy on CO2 reduction transition through shared innovative thinking about future urban planning methods and challenges. In addition, the Council also worked with different partnerships through SURF under the North Sea programme to exchange information and develop a common approach towards the sustainability of urban fringe area, and on the INTERREG IVC project CCIC to improve regional innovation policies by enhancing innovation in public sector,
- The STEP-UP FP7 Cooperation Energy project enabled Glasgow City Council to partner with cities from Belgium, Latvia and Sweden and share existing experience of integrated energy planning, to then build on this through learning and adapting experience from other cities and partners to create a coherent and easy-to-use model for energy planning
- The Low Energy Retrofit for Multi-occupancy Urban Housing action, led by Changeworks under the Competitiveness and Innovation Programme and in collaboration with partners from Austria, has aimed to overcome the current limitations surrounding energy performance and multi-ownership in multi-occupancy housing (e.g. tenements, blocks of flats) to implement pilot projects and provide a technical and engagement toolkit for use across EU member states.
- The main objective of the Leonardo Integrated Action Programme in Lifelong Learning SATURN project, led by the Edinburgh World Heritage Trust, was the development of standards of vocational training in integrated urban regeneration and develop of a set of specialised manuals covering conservation-led urban regeneration, modern GIS applications in urban regeneration and education in the area of urban revitalisation.
- The Senior Citizenship project under the Grundtvig Senior Volunteering Projects initiative allowed Xchange Scotland to facilitate exchange visits between volunteers in Glasgow and Germany, aimed at improving participants understanding of Global Active Citizenship and to teach the participants more about sustainable living practices, urban development and civic partnership as well as intercultural and intergenerational learning.
- The TRUST project was a large 30-partner research project under FP7 that allowed Scottish Water to work with counterparts across Europe to deliver co-produced knowledge that will enable communities to achieve a sustainable, low-carbon water future without compromising service quality
- Edinburgh Napier University has led on the FP7 Coordination Action UrbanIxd project with partners in Denmark, Hungary and Romania to establish a research community to exploit the opportunities of data-rich urban environments and make better use of ICT advances in capturing the human-centred view of people's interaction with cities and transform them into tangible benefits for Europe's citizens, industry and society.

These examples not only demonstrate synergies with the 2007-13 ESF programmes, but also resonate with the considerations being given for strategic investments for sustainable urban development under the 2014-2020 programmes. The ability to identify coordinated investment priorities across our 7 cities is supported by the creation of the Scottish Cities Alliance, and provides a platform for shared exchange of learning and knowledge from previous activities. In addition, the opportunities for dissemination of outcomes of these interventions can be explored further within future investments made by the Scottish ESIF under the themes of low carbon economy, sustainable transport, green infrastructure, research and innovation, SME competitiveness.

The 2007-13 INTERREG Programmes are supporting projects with Scottish partners that also complement the work of our regional European Structural Fund activities. These include actions to address demographic change and improvement in the health and welfare services that can bring new innovation, business, skills and employment opportunities to communities.

NHS24 are partners in 2 projects funded by the INTERREG IVC Programme:

- Regions and governments are faced with an unsustainable situation with increasing pressure on health and social care resulting from demographic changes. A new generation of innovative, secure, wearable, interactive health solutions will have to be developed in regions for the care of the elderly to help establish a 'personalized healthcare system'. The CASA Network, comprising of 13 participating European regions, has come together to search for joint solutions, access best practices and improve policy for the deployment of assistive living solutions. At the end of this 3-year project, CASA will enable the participating organisations to mainstream the learning of the exchange of experiences into their regional strategies.
- The societal and economic benefits from wider use of telemedicine are potentially huge. However, despite the benefits and technical maturity of the applications, the use of telemedicine services is still limited in Europe. NHS24, the Scottish Centre for Telehealth and Telecare (SCTT), and partners from 8 other European regions, are establishing a Regional Telemedicine Forum (RTF) to deliver innovation at the regional level. Actions will contribute to ensuring that regional policies respond better to today's economic and social challenges and complement the work of other regional Structural Funds eHealth and telemedicine projects focused on interoperability issues and the testing of new telemedicine pilots.

The Northern Periphery Programme also supports activities under related themes:

- The Recruit and Retain project, led by NHS Western Isles, is a consortium of regional partners from 6 countries looking to find solutions to the persistent problem of difficulties in recruiting and retaining high quality people to work in the public sector in the remote rural areas of Northern Europe. This relates to those people working in education, the social services, the fire and emergency services and local government.
- Strategic investment in urban-rural partnerships has the potential to transform the uptake of telemedicine. The Implementing Transnational Telemedicine Solutions (ITTS) project explores the best ways to achieve this in the northern periphery area. International clinical networks are being set up to promote knowledge exchange, business cases developed to ensure investment achieves goals, and urban-rural partnerships in a triple helix context will aim to deliver innovative health service solutions in the periphery. The project is led by the Centre for Rural Health at the University of Aberdeen.
- In addition, the Remodem project is developing and testing an integrated service package for people with dementia living in remote rural communities which allows and supports them to continue living in their current homes and postpones their placement in institutional care. This will be achieved through partners in Scotland, Sweden, Norway, the Faeroe Islands, and Greenland introducing modules of support incorporating tested ICT services to improve access to qualified dementia-specific community support and enable more cost-efficient care.

For the next programming period, NHS24 is in discussion with Northern Ireland and Republic of Ireland health authorities about the potential for an eHealth/telehealth trilateral project within the 2014-2020 Cross Border Programme to promote social inclusion and local regeneration.

These territorial cooperation activities complement projects supported by Scotland's Structural Funds Programmes.

Health Science Scotland brings together the most senior figures from across Government, academia and the National Health Service to increase the level and quality of health research and development in Scotland. This partnership aims to improve and facilitate collaborative and innovative early phase clinical trials between academic and industry partners to increase the

speed and adoption of high quality clinical and health improvements and generate sustainable economic benefit.

INTERREG IVA Cross Border Programme – Irish Scottish Links on Energy Study (ISLES)

The Irish Scottish Links on Energy Study (ISLES) was a joint project between the Scottish Government, the Department of Enterprise, Trade and Investment (Northern Ireland) and the Department of Energy, Communications and Natural Resources (Ireland). ISLES was part funded by the European Union through the INTERREG IVA Cross Border Programme for Northern Ireland, the Border Counties of Ireland and Western Scotland. The Programme support was £1,466,667, awarded on 15 December 2008, towards a total project cost of £1,600,000.

The ISLES project team won 'the best partnership working' at the European Structural Funds 2007-13 Mid Programme Best Practice Awards on 23 November at the Glasgow School of Art.

The project examined the feasibility of the construction of an offshore electricity transmission network linking potential offshore sites for the generation of renewable energy in the coastal waters of Ireland, Northern Ireland and Western Scotland. The feasibility study developed a clear business case for the construction of such a grid and examined the following aspects:- technology and infrastructure; environment and planning; regulatory and finance; and construction and deployment. The study also involved close co-operation with the energy industry and other stakeholders involved in grid transmission systems and renewable energy. The study results were launched at the National Economic Forum and ISLES conference at Hampden Stadium on 23 November 2011. A trilateral ministerial meeting between Fergus Ewing, Pat Rabbitte the Irish Minister for Communications, Energy and Natural Resources and Arlene Foster Minister of Enterprise, Trade and Investment at the Northern Ireland Assembly also took place on the day to discuss the implementation phase of the project and to identify further areas for collaboration between the three jurisdictions.

A follow up ISLES 2 project application was submitted to the Cross Border Cooperation programme in February 2012.

2.2 Compliance with Community Law

The Scottish Government will ensure full compliance with all aspects of Community law during the implementation of the ESF Programme. This has been a key principle which has influenced the design of the application form, appraisal processes and the monitoring and control environment governing approved operations. This is outlined in more detail in the remainder of this section.

2.3 Management and Control

2.3.1 The Compliance Team

The Scottish Government is continuing to use the 4 stage compliance system:

- Stage 1: Administrative checks (desk based) under Article 60(b)
- Stage 2: On-the-spot checks under Article 60(b)
- Stage 3: Analysis of findings from the Compliance checks at Stage 1 and 2
- Stage 4: Article 62 work undertaken by the Audit Authority (AA)

The role of the Compliance Team (CT) is to ensure that the Management Control System (MCS) is fully adhered to in the implementation of the Structural Funds programmes in Scotland. The team continues to undertake a detailed programme of Article 60b visits in line with the approved MCS. The team liaises closely with MA staff to ensure that any irregular expenditure is removed from statements of expenditure and that supported actions are implemented in line with their approved applications.

A rigorous claim checking regime has been implemented which ensures that all claims are supported by a full transaction list and are not declared to the Commission until 20% of the expenditure has been checked back to source documents.

In addition, during the project selection and approval process, potential projects are scrutinised to ensure that they comply with the eligibility rules.

Compliance and Monitoring 2014

Following revisions of the MCS in 2013 no further updates were required in 2014.

The Compliance Monitoring Group

The remit of the CMG is to consider analysis of the results of desk-based verification checks and Article 60(b) on-the-spot visits to projects and to identify problems that recur across projects. In doing this work, the CMG will have regard to the results of audit work carried out from time to time by DG Regio, DG Emploi, the ECA and Audit Scotland, as well as to the results of Article 62(b) checks made by the Audit Authority and checks made by the Certification Authority. During the course of 2014 the CMG met 3 times, over this period the group has discussed and acted upon:

- Progress on 20% verification checks.
- Progress on Article 60(b) on-the-spot checks.
- Progress on Article 62(b) visits.
- Analysis of the findings from the verification checks, Article 60(b) checks and Article 62(b) audits. Discussions to identify any trends or systemic weaknesses. This information is used to develop National Rules and Q&A documents.
- Proposed changes to the MCS document.
- Community Planning Partnerships.
- Progress towards N+2
- Other CA issues

2.2.1.3 Article 60b Checks

During 2014 the Scottish Government initiated 7 Article 60(b) ESF visits with 4 of these being completed. These are detailed in the table below. All follow-up action was noted within the Article 60b form completed by the compliance team following the on-site audit, wash-up meeting and follow-up work. Just over £1.2 million was verified, 20.5% of expenditure declared at the time of the visits. Of this, 1.2% has been found to be ineligible. There were no systemic errors found during these visits.

Project Reference	Sponsor	Project Title
LUPS/ESF/2009/3/1/0174	Fife Council	Fife Council - Fife Women's Technology Centre
LUPS/ESF/2008/1/2/0116	North Ayrshire Council	Skills for Growth
LUPS/ESF/2009/3/2/0117	Scottish Enterprise	Smart Exporter
LUPS/ESF/2009/3/2/0156	East Ayrshire Council	Sustainable Employment
LUPS/ESF/2009/3/1/0282	City of Edinburgh Council	HSNC - Progressing to Employment with Personalised Support
LUPS/ESF/2011/4/5/0021	Falkirk Council	Backing Falkirk's Future
LUPS/ESF/2008/2/1/0353	South Lanarkshire College	Take a Chance Too

2.2.1.4 Irregularities

For the period, 1 January – 31 December 2014, there were 837 irregularity records logged on Eurosyst totalling £7,732,319.25 (€9,188,242.97) irregular expenditure. Of these, 2 totalling £4,948.72 (€5,785.94) were withdrawn and 401 are non-reportable, totalling £3,179,390.92 (€3,774,961.29), as they were identified before being included in a Statement of Expenditure to the Commission. Of the remaining 434 records, 229 irregularities, totalling £1,368,421.03 (€1,608,992.71) have been recovered and 205 irregularities, totalling £3,179,558.58 (€3,799,448.67) are pending recovery. All irregularities to be recorded on the Anti Fraud Information System (AFIS) are with the Managing Authority to process.

LUPS ESF	Number	Expenditure £	Expenditure €
Withdrawn	2	£4,948.72	€5,785.94
Non Reportable	401	£3,179,390.92	€3,774,961.29
Recovered	229	£1,368,421.03	€1,608,992.71
Pending Recovery	205	£3,179,558.58	€3,798,503.56
Total	837	£7,732,319.25	€9,188,243.50

2.4 Audit Authority View of Programme

System Audits

The Audit Authority (AA) submitted the 2014 Annual Control Report (ACR) and Opinion to the Commission via SFC2007 on 29 December 2014. The content of the ACR is currently under discussion.

From a systems audit perspective, it is clear that the MA control framework is operating effectively and the AA was able to provide Category 1 and 2 assurances in each of the audit reviews it carried out in 2014. A summary list is below.

The Audit Strategy for 2014 included details of the following systems audits:

- Certifying Authority: Systems for Ensuring the Accuracy of Statements of Expenditure and Grant Draw Downs (Galileo Reference 009/031)
- Managing and Certifying Authorities: Eurosyst (Galileo Reference 009/027)
- Managing and Certifying Authorities: Compliance with Article 60 of Council Regulation (EC) No. 1083/2006 (Galileo Reference 009/028)
- Managing Authority: Systems Claims Checking and Processing and Monitoring Financial Progress (Galileo Reference 009/029)
- Managing Authority: Effectiveness of Systems for Ensuring the SDBs Comply with Outcome Agreements (Galileo Reference 009/030)

Scope

The audit review covered:

- Operational Framework reflects the regulatory requirements set by the European Commission;
- CA has access to; receive; and maintain appropriate records;

Assurance and Key Findings

The AA provided reasonable assurance (EC category 2) as any errors and omissions relate to the inexperience of new CA staff and audit testing identified only minor errors in figures reported to the Commission.

The MCS sets out clearly the need for documented responsibilities, delegations,

- Appropriate compliance with Management Control system (MCS) guidance;
- Certification and Draw Down from the Commission is in accordance with EU requirements and the MCS; and
- Amounts recoverable and recoveries made have been notified to the Commission and accounted for in the Statement of Expenditure.

agreements and reporting requirements, and has embedded detailed desk instructions for the CA. Audit testing revealed that the existing desk instructions, although adequate require an element of CA operational knowledge and should be more detailed for those with no previous CA knowledge.

We noted that the CA have appropriate audit trails including various control spread sheets, completed template report forms and regular attendance at appropriate meetings, demonstrating that the CA is monitoring and reviewing the outcome of all audits. However, the CA have not been fully compliant with the requirements of the MCS this year, due mainly to staffing changes. We found that the required financial reconciliations had not been completed in accordance with guidance and it was also noted that the completed template reports, provided by the MA, failed to demonstrate that they had been reviewed by the CA. Furthermore not all AA verification certificates had been completed.

The CA is completing appropriate returns in respect of expenditure including recoveries.

Managing and Certifying Authorities: Eurosyst

Scope

The scope of the audit covered a review of the:

- Clear definition, allocation and separation of functions between and within the managing authority/intermediate body/ies;
- Adequate audit trails in place;
- Reliable accounting, monitoring and financial reporting systems in computerised form;
- Clear definition, allocation and separation of functions between and within the certifying authority/intermediate body/ies; and
- Adequate audit trail and computerised system

Assurance and Key Findings

The AA concluded that some deficiencies were found in the operation of the Eurosyst systems which were counter balanced by “off line” checks” and provided reasonable assurance (EC Category 2).

Clear definition, allocation and separation of functions is clearly documented in the MCS and the systems requirements for Eurosyst.

Eurosyst itself does not provide an adequate audit trail. However, when this is combined with information held in the SG electronic data management system (e-RDM), hard copy documents, and the SG general ledger (SEAS) then an adequate audit trail exists. One exception to this is the ability to verify a complete record of systems issues and upgrades and the resulting implementation dates of system changes.

A lack of consistency in data input, changes to data input methods, a lack of linkages between payments and irregularities, and system anomalies detract from overall

reliance on Eurosyst to provide reliable accounting, monitoring and financial reporting information. ESFD do however, have clearly retained documentation and various off line controls, hence there are checks and balances in place to facilitate management control of the programme.

Managing and Certifying Authorities: Compliance with Article 60 of Council Regulation (EC) No. 1083/2006

Scope

The scope of the audit covered a review to:

- Verify that the appropriate management verifications are being performed in accordance with the Regulation requirements; and
- To ensure that reliable accounting, monitoring and financial reporting systems are maintained in computerised form

Assurance and Key Findings

In general the AA found controls to be good and provided substantial assurance (EC Category 1)

ESFD have in place detailed procedures, including templates and checklists which facilitate the implementation of adequate management verifications. Within the MCS and associated Desk Instructions, ESFD have clearly documented the sampling methodology implemented for both Article 60 Admin checks and On the Spot verifications. Appropriate documentation is retained on both e-RDM and Eurosyst which provides a full audit trail of management verifications and any subsequent follow-up processes.

To facilitate the management of the Structural Funds, ESFD utilise Eurosyst (Management Information System); SEAS (Scottish Government Accounting System); and e-RDM (Scottish Government Electronic Records Management System). The adequacy of Eurosyst has been subject to audit in greater detail and reported in the Eurosyst Report 2014/2015.

Managing Authority: Systems Claims Checking and Processing and Monitoring Financial Progress

Scope

The AA's remit was to:

- To ensure clear definition, allocation and separation of functions;
- Confirm management verifications are operating effectively;
- Verify that ESFD operate reliable accounting, monitoring and financial reporting systems in computerised form;

Assurance and Key Findings

While reported data required a degree of manipulation to present the information in the required format, in general the AA found controls to be good and provided reasonable assurance (EC Category 2) .

While the Scottish Government no longer use intermediate bodies in the management of ESF, functions are clearly defined, allocated and

and

•Ensure that an adequate audit trail is embedded in the process.

subject to separation of duties within the MCS.

The MA have in place documented procedures and appropriate checklists which should detect any material misstatements. While some inconsistencies within the dates of claims were identified we confirmed that all administrative verifications were completed before certification. Evidence was on file to confirm that administrative verifications encompassed both the claim and the supporting documentation. However, errors and omissions in recording these checks were identified. It was noted that the documented guidance in place included the requirements placed on the MA by the CA in relation to the verifications performed.

Reliable accounting, monitoring and financial reporting systems in computerised form has been subject to audit in greater detail and reported in the Eurosyst Report 2014/2015.

Accounting and monitoring information is available at an operational, managerial and Commission level. However, it is noted that a degree of electronic and manual manipulation of Eurosyst data is required to provide effective reports in some instances. Documentation is retained of all checks and verification performed by the MA. This includes confirmation that beneficiaries maintain either a separate accounting system or an adequate accounting code for all transactions relating to the assistance. The use of electronic systems and electronic copies of documentation ensures that the MA comply with the requirements of Article 90 of Regulation 1083/2006, i.e. regarding availability of documents.

Managing Authority: Effectiveness of Systems for Ensuring the SDBs Comply with Outcome Agreements

Scope

The scope of the audit covered a review to ensure:

- Operational Frameworks between MA and SDBs reflects the MCS requirements approved by the European Commission;
- MA have effective procedures to ensure robust selection decision making;
- MA have effective procedures in place to inform, guide and support beneficiaries;
- MA have effective monitoring and reporting procedures in place; and
- Adequate audit trails are maintained and available.

Assurance and Key Findings

The AA provided a reasonable assurance (EC Category 2) . This opinion is influenced by the fact that the individual projects, which form part of the Outcome Agreements (OAs), are subject to the same level of monitoring of progress and outcomes as all the other projects. This has been confirmed and reported on in previous audit work from current and previous years.

The MCS sets out details for the use of SDBs. It states that the SDB projects are subject to the same compliance arrangements as all other projects, and in addition, the delivery of these projects will be governed by an OA. There is, however, no apparent requirement within the Regulations which necessitates the use of OAs

The MCS sets out that the OAs will:-

- be for a three year period
- include a description of the internal procedure used by each organisation.
- At the start of each three year period be reviewed by the PMC who will make recommendations to Ministers.
- Be formally reviewed on an annual basis by the MA and PMC for financial and outcome performance.
- Have the MA commission an evaluation of the performance towards the end of the first OA and these will form the basis for decisions on any subsequent OAs.

The OAs state that quarterly claims should be submitted by the SDBs. Our examination evidenced that this is not being consistently adhered to.

Some of the evidence required was difficult to locate due to inconsistencies in naming conventions and filing practices. Also there is a lack of consistency in the format and requirements of the three OA's.

Audits of Operations – Lowlands and Highlands (LUPS) ESF

There were 17 projects reviewed and the following projects had errors of over 5%.

- The Wise Group project (LUPS/ESF/2008/1/1/0176) was 33% due to missing documentation on staff costs. This has now been revised to 16.18%.
- The 3 Princes Trust projects (LUPS/ESF/2008/1/1/0505, LUPS/ESF/2008/2/1/0423 & LUPS/ESF/2011/4/5/0047) had a combination of ineligible costs, over-claimed costs or

missing documentation to support costs, and error rates ranged from 4.37% to 5.19% and 12.48%

- Glasgow City Council project (LUPS/ESF/2008/1/1/0143) had a variety of issues such as lack of evidence of internal recharging, missing invoices, and claimed pre-project costs resulting in an error rate of 11.8%. This has been revised to 11.3%
- North Lanarkshire project (LUPS/ESF/2009/1/1/0027) has a 40.64% error rate due to lack of a trail for staff costs to defrayal details and lack of evidence of an advertised contract notice. This has been revised to 2.77%
- West Dunbartonshire Council project (LUPS/ESF/2009/1/1/0024) has an error rate of 7.98% due to missing defrayal documentation on participant costs.
- We are satisfied that while the work undertaken on this programme has shown generally there are no major issues or themes across the projects, the errors vary from missing documentation and one procurement case to a variety of costs which are ineligible/over-claimed/pre-projects, and internal charging and defrayal costs. The individual errors per project have, however, produced a high statistical error rate of 6.06% and a combined error rate of 7.3% with LUPS ERDF. The revised combined error rate for LUPS is 3.30%.

2.5 Competition Policy and State Aids

As part of the annual State aid reporting regime, European Structural Funds Division has provided data indicating that ESF awards totalling £7.093m were made in 2014. These awards were principally made using EC State aid approval X664/2009: European Social Fund Scotland 2009-2013 Programme - Priorities 2 and 5, and have helped support 5,715 jobs in Scotland over the period.

European State Aid regulations are considered at the application stage of European Structural Fund projects and throughout the project as it is a part of the compliance procedures for the European programmes.

2.6 Public Contracts

There have been no public contracts advertised as part of the operational programmes. Beneficiaries of ESF funds may advertise contracts for ESF eligible activity within their projects however this is at project-level and is not noted in the AIR. The “Guidance Notes for Applicants” makes clear to project sponsors their obligations to adhere to EU procurement regulations.

2.7 Changes in the Context of the Operational Programme Implementation

2.7.1 Socio-Economic Context

This section provides information on the economies of the Lowlands and Uplands and Scotland as a whole in 2014.

Growth in output was particularly strong during the first half of 2014, weakening slightly in the latter part of the year in the face of significant headwinds. Comparing the most recent quarter (2014 Q4) with the corresponding quarter of 2013, GDP grew by 3.3 per cent in Scotland and 2.8 per cent in the UK.

The unemployment rate in Scotland declined during 2014, falling from 6.6 per cent in Dec - Jan 2014 to 6.0 per cent in Dec – Jan 2015. This is higher than the unemployment rate in the UK as a whole (5.6 per cent).

The Lowlands and Uplands Scotland region accounts for 91.2 per cent of Scotland’s population. The profile of the area is therefore broadly in line with that of Scotland as a whole.

The Lowlands and Uplands Region

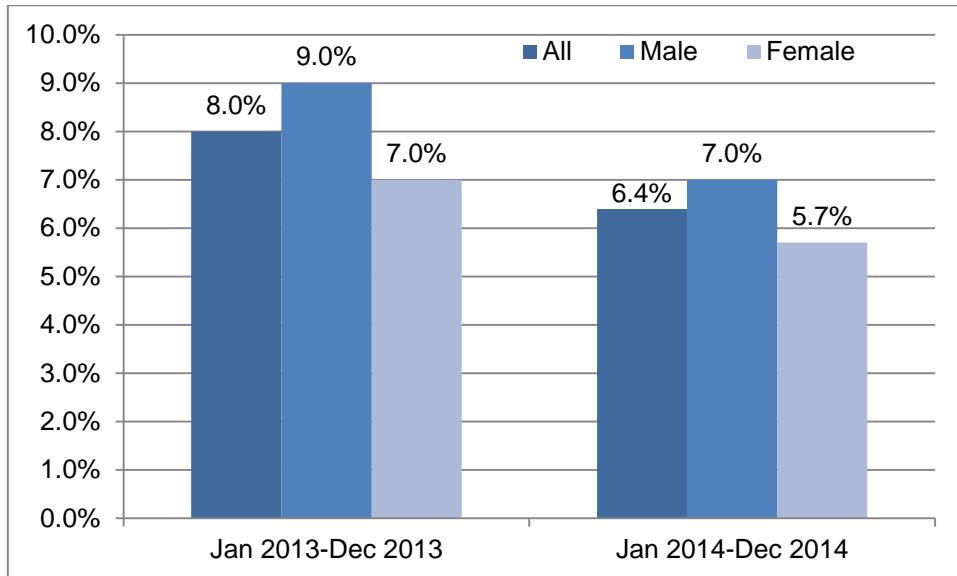
The Lowlands and Uplands Scotland (LUPS) region described in this section consists of Eastern Scotland, North Eastern Scotland and South Western Scotland NUTS 2 regions. The data in this section uses the 2010 NUTS boundaries, as these correspond to the programme boundary.

Unemployment

Unemployment in the Lowlands and Uplands at the end of 2014 was 158,000, representing 6.4 per cent of the economically active population aged 16+ (Figure 5). This was 1.6 percentage points lower than a year earlier.

The unemployment rate for males and females in LUPS in 2014 were 7.0 and 5.7 per cent respectively. Over the last year the female rate has decreased by 1.3 percentage points, while the male rate decreased by 2.0 percentage points.

**Figure 1: Unemployment Rate
Percentage of economically active population aged 16+, LUPS**



Source: Annual Population Survey

The youth unemployment rate (ages 16-24) in the Lowlands and Uplands decreased from 20.9 per cent in the year to December 2013 to 17.5 per cent in the year to December 2014.

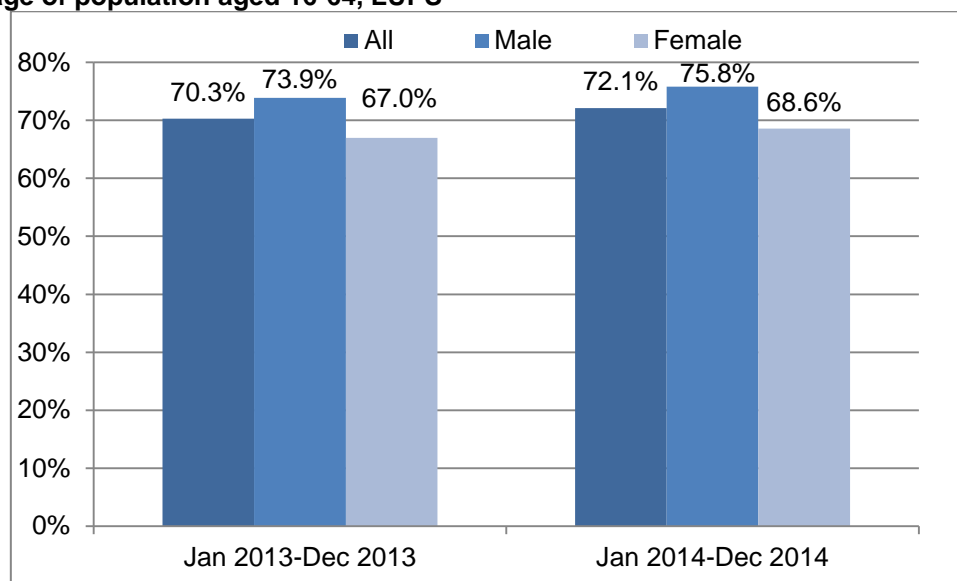
The unemployment rate for young males decreased from 23.5 to 20.4 per cent over the course of 2014, while the rate for females decreased from 18.1 to 14.2 per cent over the period.

Employment Rate

As Figure 2 shows, the employment rate for people aged 16-64 in LUPS was 72.1 per cent in the year to December 2014 an increase of 1.8 percentage points compared with the previous year. The rate for LUPS was lower than the rates for Scotland and the UK as a whole (72.6 and 72.2 per cent respectively).

The employment rate for men living in the Lowlands and Uplands region in 2014 was 75.8 per cent, and the rate for women was 68.6 per cent. The gap between employment rates remained constant between 2013 and 2014 at around 7 percentage points.

Figure 2: Employment rate by gender
Percentage of population aged 16-64, LUPS



Source: Annual Population Survey

The employment rate in 2014 varied considerably across the Seventeen NUTS 3 regions which make up the Lowlands and Uplands area as Figure 8 shows. The employment rate was lowest in Glasgow City at 63.9 per cent and highest in Aberdeen City and Aberdeenshire at 78.5 per cent.

Figure 3: Employment rate of NUTS 3 areas
Percentage of population aged 16-64, LUPS

NUTS 3 Region	Rate %
Aberdeen City and Aberdeenshire	78.5
Scottish Borders	78.3
West Lothian	77.4
Perth & Kinross and Stirling	76.1
East Lothian and Midlothian	74.5
South Lanarkshire	73.9
City of Edinburgh	73.5
Clackmannanshire and Fife	73.2
Falkirk	73
Inverclyde, East Renfrewshire and Renfrewshire	72.3
Dumfries & Galloway	71.9
South Ayrshire	71.7
North Lanarkshire	71.1
East Dunbartonshire, West Dunbartonshire and Helensburgh & Lomond	70.5
East Ayrshire and North Ayrshire mainland	69.8
Angus and Dundee City	66
Glasgow City	63.9

Source: Annual Population Survey

Self-Employment

In the year to December 2014, 11.4 per cent of those in employment (aged 16+) living in the Lowlands and Uplands were self-employed. Men were more likely than women to be self-employed in the Lowlands and Uplands (14.4 per cent vs. 8.3 per cent).

2.7.2 Policy Developments

Scotland's Economic Strategy

*Scotland's Economic Strategy*⁶ – published in March 2015 – sets out how the Scottish Government will continue to make full use of the levers currently devolved to the Scottish Parliament in order to deliver on the Purpose established in 2007 to:

“...focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.”

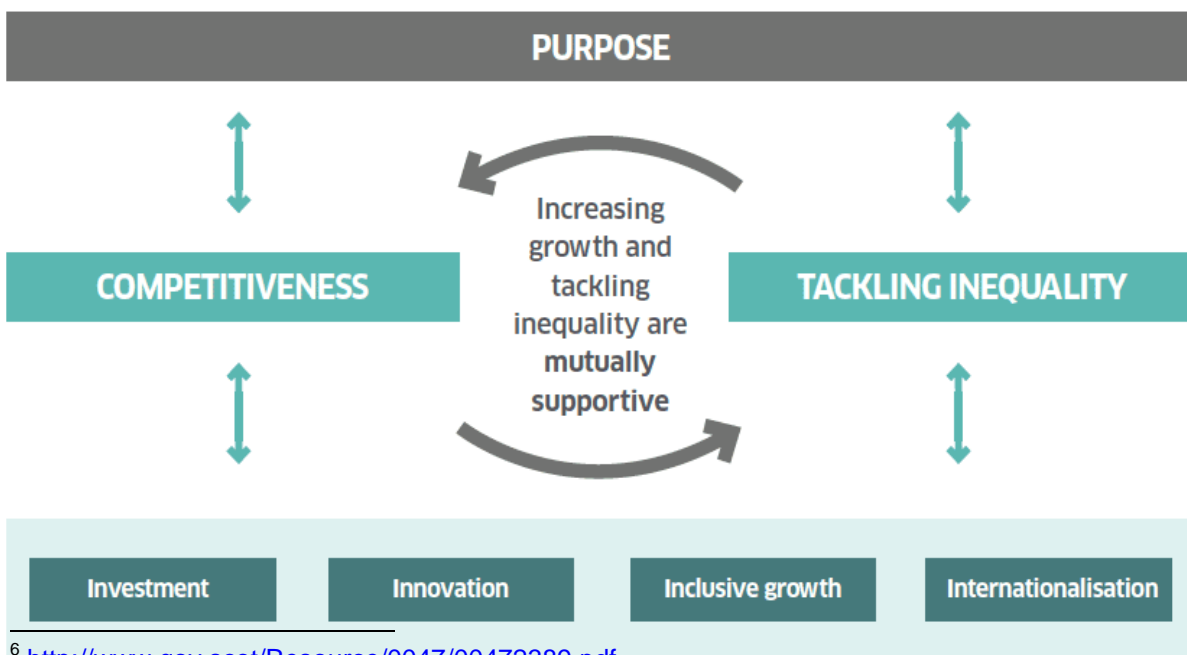
Scotland's Economic Strategy provides an over-arching framework for how the Scottish Government will create a more productive, cohesive and fairer Scotland. The Strategy sets out how Scotland will go beyond pre-recession levels of economic performance, by tackling the underlying challenges in the economy and labour market, increasing the competitiveness and sustainability of the Scottish economy, and tackling inequality in a way that ensures the benefits of economic success are shared by all.

The approach set out in *Scotland's Economic Strategy* is focused on two mutually supportive goals for achieving our Purpose; **increasing competitiveness** and **tackling inequality**. Scotland's Economic Framework is outlined in Figure 1.

Increasing competitiveness is essential for improving Scotland's long-term economic performance. This involves raising the productivity of Scotland's workforce; improving Scotland's infrastructure and the ability of people to participate in the labour market; and businesses growing and expanding both at home and overseas.

As well as being important in itself, **tackling inequality** is vital to creating the conditions to deliver economic growth that is sustainable over the long term and is shared by all. Recent international evidence from the OECD and the IMF suggests that higher inequality can have a negative impact on growth and economic resilience.

Figure 1: Scotland's Economic Framework



⁶ <http://www.gov.scot/Resource/0047/00472389.pdf>

Promoting competitiveness and addressing inequality are important interdependent ambitions. These goals are underpinned by four priority areas which the Scottish Government will focus on to deliver sustainable economic growth:

- **Investing** in our people and infrastructure in a sustainable way;
- Fostering a culture of **innovation** and research and development;
- Promoting **inclusive growth** and creating opportunity through a fair and inclusive jobs market and regional cohesion;
- Promoting Scotland on the **international** stage to boost our trade and investment, influence and networks.

To ensure that the benefits of economic success are shared across all of Scotland, *Scotland's Economic Strategy* recognises that the public sector, businesses, trade unions, the third sector and communities must work together in partnership to achieve the goals of boosting competitiveness and tackling inequality. Scotland's 2014-15 Programme for Government therefore focuses on the following priorities:

- Creating more, better paid jobs in a strong sustainable economy
-
- Building a fairer Scotland and tackling inequality
-
- Passing power to people and communities

Spending Review & Budget Bill

The Spending Review and Budget Bill identify how the Scottish Government is prioritising spending to accelerate the recovery and support the vision set out in Scotland's Economic Strategy. Alongside the focus on economic growth, this includes tackling any barriers that people, particularly young people, face in realising their economic potential.

2.8 Substantial Modifications under Article 57 of Regulation (EC) No. 1083/2006

There were no substantial modifications to the LUPS European Social Fund Programme during 2014.

2.9 Complementarity with Other Instruments

The overall framework for implementing the Lowlands and Uplands Scotland ESF Programme is the same as that for ERDF thereby providing consistency in the application of management controls and delivery. These include:

- a single Monitoring Committee with members appointed to take decisions and make recommendations on both funds;
- Monitoring Committee meetings with agenda items which cover both funds;
- the Managing Authority for both funds are co-located within the same Scottish Government Division;
- common training between Managing Authority staff; and,
- a common set of verification and compliance arrangements.

A clear distinction is made between the types of activity that will be supported through the two Programmes as set out in the approved Operational Programmes. Whilst it is important that the funds should not support the same activity, the promotion of the need for integration is still required and actively pursued.

2.9.1 European Investment Bank

In 2014, the Managing Authority continued to work with the European Investment Bank (EIB) on the JESSICA Holding Fund project, which has been funded through the LUPS ERDF Programme. This has opened up possibilities for joint working across a range of areas, not just confined to the JESSICA model. In parallel, the EIB provides loans to a number of large-scale infrastructure projects in Scotland. However, this does not duplicate the work of Structural Funds.

2.9.2 European Agricultural Fund for Rural Development

The Scottish Rural Development Programme implements relevant measures in Regulation 1698/2005. These comprise those related to Axis 1, improving the competitiveness of the agricultural and forestry sectors, Axis 2, improving the environment and the countryside, Axis 3 the quality of life in rural areas and diversification of the rural economy and axis 4, Leader. It takes full account of other Community support instruments, setting out the demarcation criteria for the operations supported by the EAFRD and those supported by other Community support instruments. The Scotland Rural development Programme runs from 2007 to 2013 with activity continuing through 2014.

To ensure co-ordination at the level of approved projects, a member of the Agriculture, Food and Rural Communities Division attends the LUPS Programme Monitoring Committee.

2.9.3 European Fisheries Fund

The EFF succeeds FIFG in all Member States and operate over the 2007 – 2013 programming period with activity continuing in 2014. In consultation with stakeholders and other UK Administrations, the Scottish Government developed an Operational Programme for the EFF and the new schemes were launched during 2008. Again, the Managing Authorities for both Programmes will continue to liaise closely to avoid overlap and secure complementarity between the Programmes.

2.9.4 Co-ordination between LUPS and Highlands & Islands Programmes

During the year, liaison and joint working agreements between the two programmes took place within the following fields:

- applicant registration;
- application processing/appraisal; and,
- preparations for on the spot verification visits under Article 60b.

2.10.5 Complementarity with ERDF

Youth Employment Scotland utilised funding from the European Social Fund to assist young people into sustainable employment primarily for small to medium sized enterprises. To further support this endeavour, strategic projects are being developed for available European Regional Development Funds. These are focused on providing employers with a range of business support measures that would enable them to make effective use of, and build on, the recruitment incentive available through Youth Employment Scotland. We intend to look at those projects which seek to bridge the gap between our current employability pipeline and a business support pipeline.

Scottish Ministers are keen to use this funding to develop a programme of interventions that will support businesses (primarily SMEs) to employ young people, while ensuring that those individuals are equipped with the skills required to develop in work. By using business support interventions (ERDF) alongside skills and employability activity (ESF), we will be able to

encourage more integrated projects that deliver ERDF and ESF Programme outputs, and address labour market demand, as well as supply issues.

2.10 Monitoring Arrangements

In terms of data collection, the EUROSYS system ensures that the necessary data both to monitor eligibility, expenditure and outputs and results, is captured to allow systematic and qualitative monitoring. The Progress Report function, in particular, demands more information on project progress to allow full monitoring at all stages of the project – this report is required to be submitted by project sponsors on a quarterly basis and the system has been developed to ensure that steps are taken if reports are not submitted punctually or with sufficient detail.

This more regular dialogue using the online system, supplemented with regular monitoring visits from the Managing Authority, provides an effective and efficient monitoring framework of which evaluations can gain the benefit.

2.10.1 Programme Monitoring Committee

The management arrangements for the Programme are based on a two tier structure comprising:

- Programme Monitoring Committee, responsible for monitoring and reviewing progress of the ERDF and ESF Operational Programmes, for consideration of operational issues and approval of project recommendations; and,
- Advisory Groups, responsible for detailed project appraisal, development of guidance and advice on selection criteria.

The Committee and the Advisory Groups are chaired by an official of the Scottish Government and serviced by the Managing Authority.

In accordance with Article 63 of Council Regulation (EC) No 1083/2006 of 11 July 2006 a single Monitoring Committee was established with responsibility for the ERDF and ESF Operational Programmes.

In order to ensure quality and effectiveness of the Programme, the Committee has agreed its own:

- Terms of Reference; and,
- Rules of Procedure,

within the institutional, legal and financial framework of the Member State. These were attached for information as Annex 2 in the 2007 AIR.

Membership of the Committee combines representatives of the key public, educational and voluntary bodies operating within the Programme area together with “social partners”. However, as there were a number of relatively new members who joined the PMC late in 2012, it was agreed that in 2013 elected members should continue to be allowed to nominate an official to attend in their place to ensure that Local Government could effectively participate in meetings. This change to the PMC Rules of Procedure had been agreed in 2012.

Meetings held

The Monitoring Committee was conducted by written procedure on 3rd June 2014. The papers sent to the PMC members included:

- approval of the AIR for 2013;
- updates on the JESSICA, venture capital and loan funds, prioritising and targeting the balance of remaining ERDF Funds;
- new project approvals (ERDF); and
- updates on the 2014-2020 Programmes.

In addition, the written procedure arrangement was used on one occasion during the year.

Advisory Groups

There were no Advisory Groups held during 2014 for ESF funding.

2.10.2 Managing Authority Action

The work of the Managing Authority (MA) continued to concentrate on the essential elements for effective implementation of the programmes. The MA was responsible for the assessment and payment of Progress Reports and Financial Claims received through the Eurosyst IT system. The MA is also responsible for the planning and arrangement of Article 60(b) on-the-spot audits of projects, in line with the Monitoring and Compliance System agreed with the Commission. In addition, a number of groups continued to lead the development of both Evaluation and Communication Plans, which the MA was a member of.

2.10.3 On-going Evaluation Activity

Monitoring and Evaluation Group

The purpose of the Monitoring and Evaluation Group is to oversee the Scottish Structural Funds Evaluation Plan 2007-2013, share good practice across Structural Funds Programmes, and assist in building the evidence base for the 2014-2020 programmes in Scotland, learning lessons from the current Programmes through exchange of experience and evaluation.

Given the stage reached in the 2007-2013 programme, it is unlikely that further evaluation work will be undertaken. Attention will now turn to developing and producing the Evaluation Plan for the 2014-2020 Operational Programme.

Ex Ante Evaluation

The ex-ante evaluation provides an external evaluation of the ESIF Programmes which has been submitted with the operational proposals to the European Commission, for consideration when assessing the programmes prior to their adoption (Article 25). Programmes cannot be approved, and therefore cannot distribute any funding, without such an evaluation taking place.

Hall Aitken were appointed in March 2013 to undertake the ex-ante evaluation exercise. The overall aim of the ex-ante evaluation is to help inform the development of the Scottish Government's European Social Fund (ESF) and European Regional Development Fund (ERDF) programmes for 2014-2020 and the Scottish chapter of the Partnership Agreement. The evaluation is an iterative and complex assessment which considers the main features of the Programme, such as the strategic principles, the selected objectives and priorities which follow from it and considers how far they are justified by the baseline review of the Region. It will also comment on targets which have been set, indicators which have been chosen, the likely impacts from the programme and consistency of financial allocations.

Hall Aitken have completed the evaluation of the Operational Programmes and their assessment was submitted to the European Commission in 2014.

2.10.4 National Performance Reserve

This is not relevant to the LUPS ESF Programme.

3. IMPLEMENTATION BY PRIORITY

3.1 Achievement and analysis of progress

The socio-economic analysis contained in the Operational Programme and updated in Section 2.4.1 of this report describes the strengths and opportunities upon which the region can build, particularly with respect to its research and innovation and enterprise development as well as the localised challenges of urban and rural areas within the region.

A number of key challenges have been identified for the ESF Programme. These include:

- reducing the acute levels of worklessness in certain groups and areas;
- improving employment rates in those groups facing multiple barriers;
- increasing the ability of the low-waged and low-skilled to remain in, and progress through the labour market to achieve financial security;
- tackling gender representation in key occupations and sectors of under-represented groups;
- increasing the skills of entrepreneurs and new managers;
- providing social enterprise managers and workers with greater skills to sustain their organisations; and,
- increasing lifelong learning participation rates among the most disadvantaged groups.

A total of €269,920,942 (approx. £269,032,954 at an average exchange rate of €0.840861396 = £1; this is based on previous drawdowns and the December 2013 exchange rate) has been allocated to the ESF Programme during the 2007 – 2013 programming period and it will be delivered through five Priorities. Following the agreement of the new Priority 5 by the Commission on 10 November 2010, the revised financial allocations per priority are:

Priority 1 – Progressing into Employment (€127,283,072);
Priority 2 – Progressing through Employment (€59,712,715);
Priority 3 – Improving Access to Lifelong Learning (€13,440,003);
Priority 4 – Technical Assistance (€6,456,791); and,
Priority 5 – Strategic Skills Pipeline (€62,140,373).

3.1.1 Priority 1: Progressing into Employment

Financial Analysis

During 2014 no new project approvals were made under this Priority. The average grant rate was 41%.

Qualitative Analysis

The objective of the Priority is:

“To assist the co-ordinated progress of unemployed and inactive people of all ages towards sustainable employment.”

In terms of the targets, the Priority is exceeding all outputs with strong achievements against the number of participants being supported, the number with multiple deprivations and the number in the NEET group. In the results fields, the number of participants entering employment has reached 27,478 which has exceeded the target by 4%, with the number of participants in employment 6 months after leaving reaching 11,631 which is 88% of the target. The number of participants entering education or training is 25,518, 97% of the target which is also encouraging. The combined target for participants entering employment or education or training is 52,800 and to date the achievement is 52,996.

Analysis

Under Priority 1 five European Social Fund projects continue to be supported.

Good progress is being made in closing off the projects, of the 190 projects, 42 have still to submit their final claim.

Flexibility Options

There was no use of fund flexibility by partners during 2014.

3.1.2 Priority 1: Analysis of Indicators and Targets

Type	Indicator	Target	Baseline	Achievement								Total	% target met by actual
				2007	2008	2009	2010	2011	2012	2013	2014		
Output	Number of participants receiving support.	80,400		733	22,310	44,838	47,157	25,809	2,319	476	0	143,642	178.6%
Output	Number of participants with multiple deprivations.	39,900		545	14,909	42,131	31,647	20,495	2,007	444	0	112,178	285.4%
Output	Number of participants in the NEET group.	8,100		144	6,501	11,595	9,690	4,533	3,808	0	0	36,271	448%
Output	Number of participants with disabilities or health difficulties.	16,200		149	3,896	9,222	12,680	8,006	740	472	0	35,165	217%
Result	Number of participants entering employment.	26,400		154	3,039	7,031	9,715	6790	1,489	128	0	28,346	107.4%
Result	Number of participants entering education or training.	26,400		29	3,430	5,442	8,322	5,298	3,658	60	0	26,239	99.4%
Result	Number of participants gaining a partial or full qualification.	39,600		81	4,716	7,324	9,425	11,984	4,636	146	0	38,312	96.7%
Result	Number of participants in employment six months after leaving.	13,200		1	433	2,117	5,878	3,552	1,097	53	0	13,131	99.5%

3.1.3 Priority 2: Progressing through Employment

Financial Analysis

During 2014 no new project approvals were made under this Priority. The average grant rate was 41%.

Qualitative Analysis

The objective of the Priority is:

“To improve the skills of the workforce to enhance employability, productivity, adaptability, inclusion and entrepreneurial expertise.”

In terms of the targets, the Priority is exceeding all outputs with strong achievements against the number of participants being supported, particularly those with level 2 skills. In the results fields, all of the targets regarding participants gaining qualifications have been exceeded. Good progress has been made in regards to addressing gender imbalance with 1,656 women going into gender imbalanced sectors. The priority was also very successful in exceeding the target for participants in projects addressing entrepreneurial managerial skills.

Analysis

Under Priority 2 nine European Social Fund projects continue to be supported.

Good progress is being made in closing off the projects, of the 58 projects, 15 have still to submit their final claim.

Flexibility Options

There was no use of fund flexibility by partners during 2014.

3.1.4 Priority 2: Analysis of Indicators and Targets

Type	Indicator	Target	Baseline	Achievement								Total	% target met by actual
				2007	2008	2009	2010	2011	2012	2013	2014		
Output	Number of participants receiving support.	44,000		0	3,406	11,051	11,814	39,393	8,544	630	0	74,838	170%
Result	Number of participants receiving support	44,000		0	2,876	8,864	11,926	37,358	7,101	4,488	0	72,613	165%
Result	Number of participants gaining a partial or full qualification	16,000		0	129	2,330	7,169	12,910	1,227	382	0	24,147	151%
Output	Number of male participants without basic skills.	7,440		0	280	1,744	1,498	3,638	2,724	1,299	0	11,183	150%
Output	Number of female participants without basic skills.	7,440		0	372	1,585	1,080	3,423	2,100	969	0	9,529	128%
Output	Number of male participants without level 2 skill	6,480		0	119	633	1,100	3,923	967	745	0	7,487	116%

Type	Indicator	Target	Baseline	Achievement								Total	% target met by actual
				2007	2008	2009	2010	2011	2012	2013	2014		
Output	Number of female participants without level 2 skill.	6,480		0	115	427	884	4,070	615	987	0	7,098	110%
Output	Number of male participants without level 3 skill	2,800		0	312	1,249	1,433	7,562	126	1,011	0	11,693	418%
Output	Number of female participants without level 3 skill	2,800		0	310	1,116	888	4,086	91	877	0	7,368	263%
Result	Number of male participants gaining basic skill	2,960		0	13	137	816	1,783	107	516	0	3,372	114%
Result	Number of female participants gaining basic skills	2,960		0	5	109	1,038	1,664	103	364	0	3,283	111%
Result	Number of male participants gaining level 2 skills	2,000		0	7	567	1,561	2,975	430	2442	0	7,982	399%
Result	Number of female	2,000		0	4	358	1,552	2,550	219	3,621	0	8,304	70%

Type	Indicator	Target	Baseline	Achievement								Total	% target met by actual
				2007	2008	2009	2010	2011	2012	2013	2014		
	participants gaining level 2 skills												
Result	Number of male participants gaining level 3 or above skills	560		0	51	635	1,061	2,265	203	5,766	0	9,981	1782%
Result	Number of male participants gaining level 3 or above skills	560		0	69	662	1,111	2,522	318	3,154	0	7,836	1399%
	Number of women in projects addressing better gender balance	2,640		0	420	399	690	320	19	8	0	1,856	62%
	Number of men in projects addressing better gender balance	880		0	8	195	274	197	1	18	0	693	79%
	Number of women going into gender-balanced sectors	1,584		0	359	288	688	310	0	14	0	1,659	105%
	Number of men going into gender-	528		0	18	45	174	94	0	6	0	337	79%

Type	Indicator	Target	Baseline	Achievement								Total	% target met by actual
				2007	2008	2009	2010	2011	2012	2013	2014		
	balanced sectors												
	Number of participants in projects addressing entrepreneurial managerial skills	3,520		0	870	1,752	1,912	1,820	965	32	0	7,351	209%
	Number of entrepreneurs and new managers gaining a partial or full qualification	2,480		0	45	457	576	334	911	27	0	2,350	95%
	Number of participants from social enterprises	3,520		0	173	253	486	1,825	22	37	0	2,796	79%
	Number of participants from social enterprises gaining a partial or full qualification	2,480		0	0	3	397	1,080	108	0	0	1,588	64%

3.1.5 Priority 3: Improving Access to Lifelong Learning

Financial Analysis

During 2014, no new project approvals were made under this Priority. The average grant rate was 43%.

Qualitative Analysis

The objective of the Priority is:

“To widen access to post-school lifelong learning, particularly for key client groups.”

This Priority has exceeded all of the associated outputs and results, with strong achievements against the number of participants who are trainers, the number of participants benefitting from local learning and the number of projects supporting the development of new courses/materials or innovative approaches to learning.

Analysis

Under Priority 3 all project activity has now ceased.

Good progress is being made in closing off the projects, of the 24 projects, 4 have still to submit their final claim.

Flexibility Options

There was no use of fund flexibility by partners during 2014.

3.1.6 Priority 3: Analysis of Indicators and Targets

Type	Indicator	Target	Baseline	Achievement								Total	% target met by actual
				2007	2008	2009	2010	2011	2012	2013	2014		
Output	Number of participants who are trainers.	1,750		0	272	1,125	467	87	552	0	0	2,503	143%
Output	Number of projects supporting the development of new courses/materials or innovative approaches to learning.	42		0	17	39	17	36	523	0	0	632	1505%
Output	Number of local learning centres/access points/workplace initiatives supported.	245		0	37	131	97	35	88	0	0	388	158%
Result	Number of trainers gaining a partial or full qualification.	1,120		0	34	298	757	91	689	0	0	1,869	167%
Result	Number of new courses/materials developed.	550		0	64	359	724	209	237	0	0	1,593	290%
Result	Number of participants benefitting from local learning	6,300		0	877	18,868	6,269	7,068	2234	0	0	35,316	561%

3.1.7 Priority 5: Strategic Skills Pipeline

Financial Analysis

During 2014 there were no project approvals under this Priority. The average grant rate was 41%.

Qualitative Analysis

The objective of the Priority is to bring together efforts to enable the unemployed to get a job with the prospect of support and further skills development in an inclusive and fair, growing economy.

The challenge is to improve the skills of the unemployed, the lowest paid, and the socially deprived, while contributing to economic growth in the future.

Analysis

There has been an excellent interest in this Priority to date the available budget has been allocated to 57 projects.

These projects were initially approved in 2011 to deliver activity for approximately 2 years. Following agreement by the Monitoring Committee, of the projects took up the opportunity to extend their activity until June 2014. For each of these projects their targets are in the process of being amended and during this exercise the Managing Authority will scrutinise the figures to ensure that they are accurate and deliverable. As a consequence of extending these projects, there will be a delay in achieving the majority of the forecast targets, although it is still anticipated that the majority of targets in the Operational Programme will be exceeded. Already the number of participants in the NEET group have exceeded the target which this could be linked to the Scottish Government's recent focus on youth employment as highlighted below.

Flexibility Options

There was no use of fund flexibility by partners during 2014.

3.1.8 Priority 5: Analysis of Indicators and Targets

Type	Indicator	Target	Baseline	Achievement								Total	% target met by actual
				2007	2008	2009	2010	2011	2012	2013	2014		
Output	Number of participants receiving support.	28,300		0	0	0	0	10,107	44,909	31,327	19,188	105,531	373%
Output	Number of participants with multiple deprivations.	15,100		0	0	0	0	6,371	33,641	24,910	14,605	79,527	525%
Output	Number of participants in the NEET group.	4,700		0	0	0	0	5,170	16,321	11,107	4,463	37,061	789%
Output	Number of participants with disabilities or health difficulties.	6,400		0	0	0	0	1,202	8,978	6,868	2,116	19,164	299%
Result	Number of participants entering employment.	6,200		0	0	0	0	762	6,041	5,399	3,711	15,913	257%
Result	Number of participants entering education or training.	5,700		0	0	0	0	581	3,044	2,550	3,658	9,833	172%
Result	Number of (previously non-employed) participants in employment six months after leaving.	3,200		0	0	0	0	19	1,594	2,042	1,903	5,558	174%
Result	Number of participants gaining a full qualification.	8,500		0	0	0	0	286	4,173	2,647	3,894	11,000	129%
Result	Number of participants gaining a partial qualification.	5,700		0	0	0	0	455	954	658	525	2,592	45%
Result	Number of male participants without basic skills.	6,100		0	0	0	0	0	1,434	934	594	2,962	49%
Output	Number of female participants without basic skills.	6,100		0	0	0	0	4	1,041	633	644	2,322	38%
Output	Number of male participants without level 2 skills.	3,800		0	0	0	0	11	605	173	271	1,060	28%
Output	Number of female participants without level 2 skills.	3,800		0	0	0	0	1	416	64	194	675	18%

Type	Indicator	Target	Baseline	Achievement								Total	% target met by actual
				2007	2008	2009	2010	2011	2012	2013	2014		
Output	Number of male participants without level 3 skills.	1,900		0	0	0	0	3	1,082	589	602	2,276	120%
Output	Number of female participants without level 3 skills.	1,900		0	0	0	0	3	808	596	336	1,743	92%
Output	Number of male participants gaining basic skills.	3,500		0	0	0	0	22	714	480	170	1,386	40%
Result	Number of female participants gaining basic skills.	3,500		0	0	0	0	0	336	206	-30	512	15%
Result	Number of male participants gaining level 2 skills.	2,000		0	0	0	0	25	150	300	83	558	28%
Result	Number of female participants gaining level 2 skills.	2,000		0	0	0	0	4	149	100	146	399	20%
Result	Number of male participants gaining level 3 or above skills.	300		0	0	0	0	1	56	89	119	265	88%
Result	Number of female participants gaining level 3 or above skills.	300		0	0	0	0	3	83	46	159	291	97%
Result	Number of women in projects addressing better gender balance.	900		0	0	0	0	2	0	7	14	23	3%
Output	Number of men in projects addressing better gender imbalance.	300		0	0	0	0	0	0	0	48	48	16%
Output	Number of women going into gender-imbalanced sectors.	500		0	0	0	0	0	0	6	1	7	1%
Result	Number of men going into gender-imbalanced sectors.	200		0	0	0	0	0	0	0	5	5	3%
Result	Number of participants in projects addressing entrepreneurial managerial skills.	2,400		0	0	0	0	0	1	1	4	6	0.25%
Output	Number of entrepreneurs and new managers gaining a full	600		0	0	0	0	0	7	0	0	7	1%

Type	Indicator	Target	Baseline	Achievement								Total	% target met by actual
				2007	2008	2009	2010	2011	2012	2013	2014		
	qualification.												
Result	Number of entrepreneurs and new managers gaining a partial qualification.	500		0	0	0	0	0	0	0	0	0	0%
Result	Number of participants from social enterprises.	400		0	0	0	0	2	0	46	0	48	12%
Output	Number of participants from social enterprises gaining a full qualification.	100		0	0	0	0	0	0	42	0	42	42%
Result	Number of participants from social enterprises gaining a partial qualification.	100		0	0	0	0	0	0	1	0	1	1%

4. COHERENCE AND CONCENTRATION

4.1 Scottish and UK National Reform Programmes

Through the National Reform Programmes (NRPs), EU Member States report each year on their own structural reform programmes and the progress being made towards the ambitions of Europe 2020 – the European Union’s strategy for delivering smart, sustainable and inclusive growth across Europe. As part of this, the Scottish Government fully contributes to the development of the UK Government’s National Reform Programme. However, to help provide the European Commission with more detail on the unique characteristics of Scotland and the distinct approach to Europe 2020 ambitions we are taking forward within the UK, a Scottish National Reform Programme (SNRP) is produced annually. The SNRP provides a valuable opportunity to highlight particular areas where actions being taken forward in Scotland are making an important contribution to delivering the priorities of Europe 2020.

The SNRP demonstrates Scotland’s commitment to engage positively with EU institutions to fully represent Scottish interests and highlight particular Scottish strengths to European partners. The report sets out the actions that Scottish Government is undertaking in support of the delivery of the five EU headline targets set out in Europe 2020 – covering Employment; Innovation and R&D; Climate Change; Education; and Social Inclusion and Poverty Reduction. European Funds, including Structural Funds continue to play a crucial role in unlocking development and stimulating sustainable economic growth in Scotland.

The Scottish Government is strongly supportive of the ambitions and priorities of Europe 2020. There is a significant degree of commonality between Europe 2020 and *Scotland’s Economic Strategy*. Central to both strategies is a focus on reducing inequalities and raising competitiveness to deliver economic growth that is smart, sustainable and inclusive.

In June 2014, the European Commission provided the UK with a set of Country Specific Recommendations (CSRs). In summary, these recommendations focus on:

- Reducing the budget deficit in a sustainable manner while pursuing a differentiated growth-friendly approach to fiscal tightening by prioritising capital expenditure;
- Continuing efforts to increase the supply of housing, alongside considering reforms to the taxation of land and property to alleviate distortions in the housing market;
- Improving skills that meet employer needs, ensuring employer engagement by placing emphasis on addressing skills mismatches through more advanced and higher level skills provision and furthering apprenticeship offers. In addition, reducing the number of young people with low basic skills;
- Continuing efforts to reduce child poverty in low-income households and improve the availability of affordable quality childcare;
- Continuing efforts to improve the availability of non-bank finance to SMEs; and
- Facilitating an increase in network infrastructure investment – with a particular focus on increasing the predictability of the planning process and the clear presentation of funding commitments.

The Scottish National Reform Programme outlines where the Scottish Government is taking action, within the powers available to it, against the identified priorities.

The 2015 Scottish National Reform Programme⁷ highlights the important role of European Structural Funds in supporting smart, sustainable, and inclusive growth in Scotland. The SNRP provides case studies from projects funded by the ERDF and ESF Programmes.

⁷ <http://www.gov.scot/Resource/0047/00476579.pdf>

4.2 European Employment Strategy

The Highlands and Islands ESF Programme contributes strongly to the European Employment Strategy (EES). The Employment Package, launched in April 2012, is a set of actions to fight high unemployment. It identifies the EU's biggest job potential areas and the most effective ways for EU countries to create more jobs:

- Support job creation: Step up job creation across the economy by encouraging labour demand; targeting hiring subsidies to new hiring; supporting self-employment, supporting social enterprises and business start-ups; and fostering job creation.
- Harness the potential of job-rich sectors: focus on skills development for the ICT sector, low carbon economy, and other key growth sectors.
- Mobilise EU funds for job creation by coordinating Structural Funds towards sustainable growth and job creation.
- Restore the dynamics of labour markets.
- Reform labour markets by: using internal flexibility; encouraging decent and sustainable wages; making transitions pay; reducing labour market segmentation; anticipating economic restructuring; developing lifelong learning; delivering youth opportunities; and reinforcing social dialogue.
- Invest in skills through a better recognition of skills and qualifications and a better synergy between the worlds of education and work.
- Towards a European labour market by enhancing the matching of jobs and job-seekers across borders
- The EES now constitutes part of the Europe 2020 growth strategy and it is implemented through the European semester, an annual process promoting close policy coordination among EU Member States and EU Institutions.

In particular, the implementation of the EES involves the following four steps of the European Semester:

- Employment guidelines are common priorities and targets for employment policies proposed by the Commission, agreed by national governments and adopted by the EU Council;
- The Joint Employment Report (JER) is based on (a) the assessment of the employment situation in Europe (b) the implementation of the Employment Guidelines and (c) an assessment of the Scoreboard of key employment and social indicators. It is published by Commission and adopted by the EU Council.
- National Reform Programmes (NRPs) are submitted by national governments and analysed by the Commission for compliance with Europe 2020.

Based on the assessment of the NRPs the Commission publishes a series of country reports analysing Member States' economic policies and issues country-specific recommendations.

4.3 Contribution to Youth Employment

Measures to help Member States tackle unacceptable levels of youth unemployment and social exclusion by giving young people offers of jobs, education and training have been proposed by the European Commission. The Commission's Youth Employment Package includes a proposed Recommendation to Member States on introducing the Youth Guarantee to ensure that all young people up to age 25 receive a quality offer of a job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed.

The proposed recommendation urges Member States to establish strong partnerships with stakeholders, ensure early intervention by employment services and other partners supporting young people, take supportive measures to enable labour integration, make full use of the

European Social Fund and other structural funds to that end, assess and continuously improve the Youth Guarantee schemes and implement the schemes rapidly.

The Commission will support Member States through EU funding, by promoting exchanges of good practice, monitoring implementation of Youth Guarantees in the European Semester exercise and awareness-raising.

The Scottish Government shares the European Commission's concerns over the impact that the recession has had on the labour market and the SNRP details the actions being put in place to tackle unemployment and ensure that people who are out of work or underemployed – particularly young people – have access to the right training, skills and education opportunities.

5. TECHNICAL ASSISTANCE

5.1 Use of Technical Assistance

Under Article 45 of the General Regulation (EC) No 1083/2006 of 11th July 2006, Technical Assistance may finance the preparatory, monitoring, administrative and technical support, evaluation, audit and inspection measures necessary for programme implementation. Such actions shall include in particular:

- assistance for project preparation and appraisal;
- evaluations and studies;
- measures aimed at partners, beneficiaries and the general public relating to the provision of information;
- measures to disseminate information and raise awareness;
- the installation, operation and interconnection of computer systems for management, monitoring, inspection and evaluation; and,
- improvement in evaluation methods.

During 2014 a further six projects received assistance from the Technical Assistance budgets of all four Programmes (H&I ERDF and ESF, and LUPS ERDF and ESF) to review activity under the 2007 – 13 Programme, prepare the way for the new implementation methodologies, and acknowledgement of Roma importance.

The breakdown of these projects are as follows:

Project Name	Total Cost	Grant Requested	Programme Relevance (H&I / LUPS) ⁸	Project Description
2007-13 Convergence Programmes in H&I	£259,888	£129,944	H&I ESF = 6% H&I ERDF = 15% LUPS ESF = 33% LUPS ERDF = 46%	This application will evaluate lessons learned from the 2007-2013 Convergence Programmes.
Developing Simplified Costs - WoSCOP	£19,276	£9,638	H&I ESF = 6% H&I ERDF = 15% LUPS ESF = 33% LUPS ERDF = 46%	This project aims to exploit the advantages of the EC's Simplification Agenda to achieve the maximum benefit of the Scottish Structural Fund Programmes to contribute to more effective and efficient operation of SF projects through the optimal use of simplified costs.
Roma Inclusion Technical Assistance	£100,370	£50,185	H&I ESF = 6% H&I ERDF = 15% LUPS ESF = 33% LUPS ERDF = 46%	This project will ensure that Scotland is better prepared to meet the Commission's Roma inclusion requirements. It will provide a solid foundation of knowledge, sustain the already established networks (national, UK and trans-national) and guarantee the capacity to develop needs based Roma inclusion interventions for the future.
Developing Simplified Costs	£58,110	£29,055	H&I ESF = 6% H&I ERDF = 15% LUPS ESF = 33%	This TA project will establish: <ul style="list-style-type: none"> • An assortment of simplified costs models for all the

⁸ The funding comes from the TA allocation, which is split across all 4 programmes each project application is split across the LUPS and Highlands & Islands ERDF and ESF programmes

Project Name	Total Cost	Grant Requested	Programme Relevance (H&I / LUPS) ⁸	Project Description
			LUPS ERDF = 46%	<p>sectors/business areas which receive European Structural Funds (both European Social Funds and European Regional Development Funds) in the future programme period;</p> <ul style="list-style-type: none"> • An assortment of simplified cost models for the Youth Employment call under the current programmes; • Test these models in line with Scottish Government compliance and audit requirements before presenting their recommendations to the European Commission for approval; • Lessons learned review of simplified cost models used in the current programmes (including a review of unit costs used in other UK regions); • Establish delivery arrangements for the simplified cost models; • Establish guidance and management structure for the models identified.
Third Sector (H&I) TA Evaluation	£34,122	£17,061	H&I ESF = 6% H&I ERDF = 15% LUPS ESF = 33% LUPS ERDF = 46%	<p>Delivering a comprehensive evaluation programme assessing and reporting on:</p> <ul style="list-style-type: none"> • The 3rd Sector's (and sponsoring public sector partners') view on appropriate impacts and outcomes from the 2014+ Structural Funds programmes in Scotland. • The national and regional needs the 3rd Sector would wish to see addressed. • A constructive critique of processes and procedures, identifying strengths and weaknesses with recommendations on Improvements to promote greater participation and enhance quality in project delivery.
Third Sector (LUPS) TA Evaluation	£	£19,112	H&I ESF = 6% H&I ERDF = 15% LUPS ESF = 33% LUPS ERDF = 46%	As above for LUPS.

During the course of 2014 projects completed and submitted final reports to Scottish Government and the recommendations from these reports have been considered alongside the proposals that

derived from the shadow Strategic Delivery Partnerships (SDPs) exercise held over the summer of 2013.

The recommendations from the projects on gender mainstreaming and Roma inclusion have informed the approach to horizontal themes, in particular equalities and inclusion.

The third sector project and the social innovation project have highlighted a need for greater uniformity in how third sector organisations can get involved in delivering large-scale projects like the CPP pipelines, as well as the need to investigate specific arrangements for the third/social sector for other activity, e.g. addressing poverty and community development. This is being taken forward through the SDP process and should help the future programmes meet ring-fencing requirements in relation to social inclusion.

The Community Planning Partnerships (CPPs) and Scottish Government commissioned a review of the Management Information Systems used by 16 CPPs that currently deliver employability programme. The evaluation study was asked to identify and assess options such as a single Scottish Government led system, a single Local Authority led system, developing an interface between SG and LA systems or producing a national framework for local authorities to adapt the current systems they have in place. Taking into account a number of factors for each of the options, the introduction of a consistent data schema for use between Management Information System reporting systems would be both a cost effective solution and open the door for further collaboration between CPPs in the future.

6. INFORMATION AND PUBLICITY

6.1 Scottish Communication Plan

The Communication Plan defines how information about the European Structural Funds in Scotland for 2007 - 2013 will be communicated and publicity activity devised and delivered. It sets out the key stakeholders and other interested parties, key messages about the European Regional Development Fund (ERDF) and European Social Fund (ESF) activity and the communication channels used to disseminate this information. It sets out how the Scottish Government will provide information that is timely, clear, and reliable, and in a form compatible with EC Regulation 1828/2006.

6.2 Publicity and Information

The communications activity for the European Structural Funds is the responsibility of the recently established communications team which comprises a Communication and Engagement Manager and a Communications Officer. The team is solely responsible for all communications and publicity activity relating to the ESF and ERDF programmes. The team is taking a proactive approach to communicating and promoting the funds in Scotland.

European Structural Funds Division Website

The European Structural Funds website has undergone significant change throughout 2014. Information is now categorised by programming period so that the user can find information quickly, reducing the amount of time visitors have to spend searching the website. This approach has resulted in positive feedback from Scottish Government staff and external stakeholders.

The Communications and Publicity section of the website has also recently been updated with information categorised by programming period. The 2007-2013 Communications and Publicity section includes the logos for 2007-2013 and the Publicity Requirements and Communications Plan documents. There is also information relating to the 2013 annual communications activity and photos capturing the event.

Annual Publicity Event

The Scottish Government's European Structural Funds division is required by EC regulations to carry out an annual communications activity for each year of the ERDF and ESF programming period. Past activity has ranged from award ceremonies and road shows to stakeholder information days. In 2014 a new approach was taken which used digital technology (in the form of an online booklet) to promote and raise awareness not only of the achievements of the funds over the previous 12-month period, but also European funding achievements in Scotland over the last seven years.

The online booklet - A Smart, Sustainable and Inclusive Scotland in Europe – also included information about the 2014-2020 programme as it was the beginning of the new ERDF and ESF programmes and the booklet was a good opportunity to engage with stakeholders about future work.

The online booklet includes an overview of the 2007-2013 programmes, 20 case studies covering ESF and ERDF, and an introduction to the 2014-2020 programmes which outlines the main aims and objectives for the next seven years and the strategic plan to achieve these.

Publicity Requirements

The Scottish Government published the European Structural Funds 2007 - 2013 Programme Publicity Guidance in line with requirements under Articles 8 and 9 of Regulation 1828/2006. The guidance covers how and when to acknowledge the European Union's Structural Funds contribution, information about the correct use of logos and the technical specification realign to their use.

A copy of the guidance, the relevant European Commission Regulations and the agreed European Structural Fund logos for Scotland can be found on the Scottish Government website.

Announcement of List of Projects

A full list of approved projects is available from Scottish Government website at: <http://www.scotland.gov.uk/Topics/Business-Industry/support/17404/StructuralFunds2007-201/17405>

Visibility and Awareness

When the new Communications Team was established in September 2014 a Google Analytics account was set up to record information about visitor to the European Structural Funds pages of the Scottish Government website. Monitoring activity included the number of visits to the website per month and the most frequently visited pages. The information was used in the redesign of the website to improve the experience for visitors. This included the archiving of pages no longer viewed to remove out of date information.

Measures were also established to increase traffic to the site. This included regular email updates about the programme sent to stakeholders, often with a link to the 'Latest News' section of the website. The strategy proved successful, with Google Analytics results showing that visits to the 'Latest News' section of the website increased from 217 in September 2014 to 707 by January 2015. During the same period the section recording the highest increase in visitor numbers was the 'Programme Documentation' section for 2014-2020, with rates increasing from 159 in September 2014 to 1059 in January 2015.

Statistics for the website will continue to be analysed and the website will be updated accordingly.

Annex A Summary of Financial Activity by Lisbon Code

CODE BY PRIORITY THEME DIMENSION	CODE FOR THE FORM OF FINANCE DIMENSION	CODE FOR THE TERRITORIAL DIMENSION	CODE FOR THE ECONOMIC ACTIVITY DIMENSION	CODE FOR THE LOCATION DIMENSION	COMMITTED GRANT
62	01	01	03	UKM	291,497.43
62	01	01	16	UKM33	120,674.63
62	01	01	18	UKM	429,245.50
62	01	01	18	UKM3	959,905.75
62	01	01	18	UKM33	104,925.68
62	01	01	18	UKM35	168,634.00
62	01	01	20	UKM	522,828.95
62	01	01	20	UKM34	683,663.03
62	01	01	22	UKM23	215,105.87
62	01	01	22	UKM3	476,210.08
62	01	01	22	UKM33	274,285.25
64	01	01	03	UKM	271,200.26
64	01	01	18	UKM	18,400,829.92
64	01	01	18	UKM22	91,934.00
64	01	01	18	UKM36	83,746.92
64	01	01	20	UKM3	308,151.00
64	01	01	20	UKM31	1,572,419.45
64	01	01	21	UKM	888,966.00
64	01	01	21	UKM2	52,216.85
64	01	01	21	UKM21	1,344,386.74
64	01	01	21	UKM36	838,500.00
64	01	01	22	UKM	883,684.23
64	01	01	22	UKM3	214,821.37
64	01	01	22	UKM33	2,654,890.05
64	01	01	22	UKM34	288,228.35
64	01	01	22	UKM35	439,528.38
64	01	01	22	UKM50	164,357.93
64	01	05	18	UKM5	277,654.64
64	01	05	20	UKM32	347,533.88
64	01	05	20	UKM50	351,450.00
64	01	05	21	UKM23	245,363.04
64	01	05	22	UKM21	64,941.11

64	01	05	22	UKM27	388,001.90
66	01	01	06	UKM22	510,120.00
66	01	01	12	UKM22	87,013.61
66	01	01	12	UKM34	139,111.00
66	01	01	12	UKM35	113,198.75
66	01	01	13	UKM2	270,967.48
66	01	01	13	UKM3	95,785.93
66	01	01	17	UKM21	3,300,879.75
66	01	01	18	UKM	35,006,577.53
66	01	01	18	UKM2	99,794.62
66	01	01	18	UKM22	3,996,159.46
66	01	01	18	UKM3	636,419.40
66	01	01	18	UKM31	126,364.57
66	01	01	18	UKM33	171,483.33
66	01	01	18	UKM34	19,294.00
66	01	01	18	UKM38	182,700.00
66	01	01	20	UKM	589,674.08
66	01	01	20	UKM25	505,729.00
66	01	01	20	UKM3	1,014,605.76
66	01	01	20	UKM33	1,214,501.36
66	01	01	20	UKM35	885,490.00
66	01	01	20	UKM38	6,297,726.88
66	01	01	21	UKM	448,739.27
66	01	01	21	UKM3	284,329.30
66	01	01	21	UKM34	776,395.97
66	01	01	22	UKM	2,936,912.78
66	01	01	22	UKM22	89,068.15
66	01	01	22	UKM24	200,129.00
66	01	01	22	UKM25	321,900.00
66	01	01	22	UKM27	514,103.44
66	01	01	22	UKM28	436,134.40
66	01	01	22	UKM3	1,539,220.82
66	01	01	22	UKM33	80,068.46
66	01	01	22	UKM34	564,200.00
66	01	01	22	UKM35	786,657.21
66	01	01	22	UKM38	259,210.00
66	01	01	22	UKM50	

					303,793.39
67	01	01	20	UKM	239,170.00
68	01	01	22	UKM2	113,243.81
68	01	05	22	UKM27	28,497.24
69	01	01	18	UKM	91,839.00
69	01	01	18	UKM2	454,558.68
69	01	01	18	UKM25	74,630.07
69	01	01	18	UKM34	131,745.45
69	01	01	18	UKM35	308,677.61
69	01	01	22	UKM	321,199.46
69	01	01	22	UKM3	103,468.00
69	01	01	22	UKM34	162,645.00
69	01	05	22	UKM5	83,067.30
70	01	01	18	UKM34	288,809.00
70	01	01	22	UKM3	224,951.50
71	01	01	06	UKM3	1,609,400.00
71	01	01	06	UKM34	48,851.00
71	01	01	12	UKM34	624,990.50
71	01	01	12	UKM35	147,386.30
71	01	01	13	UKM25	567,738.32
71	01	01	14	UKM	4,025,051.16
71	01	01	16	UKM34	177,085.98
71	01	01	17	UKM26	872,463.84
71	01	01	18	UKM	10,767,017.17
71	01	01	18	UKM2	189,440.89
71	01	01	18	UKM22	109,781.82
71	01	01	18	UKM3	2,771,882.99
71	01	01	18	UKM34	253,336.14
71	01	01	20	UKM	8,275,788.28
71	01	01	20	UKM22	1,480,775.08
71	01	01	20	UKM25	436,464.72
71	01	01	20	UKM3	1,783,619.48
71	01	01	20	UKM31	2,206,940.85
71	01	01	20	UKM34	3,680,240.41
71	01	01	20	UKM38	4,005,065.00
71	01	01	21	UKM	702,183.52
71	01	01	21	UKM22	3,772,535.10

71	01	01	21	UKM3	306,295.94
71	01	01	21	UKM34	256,620.33
71	01	01	22	UKM	3,554,197.48
71	01	01	22	UKM2	96,910.71
71	01	01	22	UKM21	558,378.35
71	01	01	22	UKM22	1,210,811.57
71	01	01	22	UKM23	118,123.20
71	01	01	22	UKM25	8,651,894.73
71	01	01	22	UKM28	2,741,415.72
71	01	01	22	UKM3	2,442,418.44
71	01	01	22	UKM31	440,976.00
71	01	01	22	UKM33	6,916,224.68
71	01	01	22	UKM34	24,896,258.31
71	01	01	22	UKM35	9,450,762.31
71	01	01	22	UKM36	11,808,913.81
71	01	01	22	UKM38	693,655.21
71	01	01	22	UKM50	390,256.65
71	01	05	22	UKM50	44,296.36
72	01	01	18	UKM	2,293,440.88
72	01	01	18	UKM33	516,777.37
72	01	01	18	UKM34	265,256.96
72	01	01	18	UKM36	74,898.27
72	01	01	18	UKM38	247,752.73
72	01	01	21	UKM3	112,987.14
72	01	01	21	UKM34	377,136.46
72	01	01	21	UKM35	157,428.00
72	01	01	22	UKM21	66,581.95
72	01	01	22	UKM35	138,611.97
72	01	01	22	UKM36	173,074.12
72	01	05	18	UKM2	228,642.51
72	01	05	22	UKM2	216,420.46
73	01	01	12	UKM34	891,807.00
73	01	01	18	UKM	1,988,838.51
73	01	01	18	UKM3	2,417,996.24
73	01	01	18	UKM34	342,415.75
73	01	01	18	UKM36	75,154.13
73	01	01	20	UKM3	

					239,138.19
73	01	01	22	UKM	2,133,788.19
85	01	01	17	UKM	1,678,886.89
86	01	01	17	UKM	5,750,000.00
86	01	01	20	UKM	16,561.05
86	01	01	22	UKM	93,333.84

245,434,119.98