



> regeneration > sustainability > innovation > commitment

June 2010

**€bull€tin >>>**



Welcome to the Highlands and Islands Partnership Programme **June 2010 €bull€tin >>>**

... prosperous, inclusive and self-sustaining communities, where the unique cultures, traditions and environments are enhanced ...

**Welcome to the June €bull€tin.**

Key messages this month are serious concerns about progress towards N+2 and contrasting situations for ERDF and ESF going forward.

Our June 2nd PMC considered strategic options for the future shape and content of our ESF and ERDF Programmes, disappointing N+2 performance and the need for action plans to address this. The PMC also looked at the Annual Implementation Reports for 2009.

The message on N+2 is clear, we need serious progress across both funds to accelerate spend and extra efforts to boost commitment under ESF. A number of projects are behind in profile or have reduced expenditure and some have not yet started. These have combined to provide an extremely poor performance last year and a particularly challenging few months ahead. There is more about the N+2 action plan in this bulletin and we would urge you all but especially ESF applicants to read this carefully and respond positively.

## **N+2**

Expenditure targets are extremely challenging and we will be implementing our ESF Action Plan in July to ensure we have up-to-date information on the current position at project level. The IAB and Scottish Government will be requesting information from all live ESF projects to establish how much spend you expect to claim in the remainder of 2010 (to end of October) in order to ascertain the potential levels of expenditure. A letter has been issued and we would be grateful if applicants could respond as quickly as possible to this important exercise. It is also vital that projects catch up as far as possible on planned expenditure, otherwise we genuinely risk falling short on N+2. Failure to meet this target means that ESF will be lost to the region.

On ERDF, the target is slightly less challenging although no less important. If the potential expenditure highlighted in applications comes to fruition then the target should be met but is clearly dependent on applicants progressing projects. Applicants are similarly urged to keep to schedule on progress and spend and by submitting PRCs.

## **Round 5**

Round 5 has seen a very high demand for ERDF with Stage 1 ERDF requests in excess of £57m against around £20m of ERDF funds that remain available for challenge fund applications. Projects requesting approximately £45m of ERDF have been deemed eligible and provisionally accepted for Stage 2. This will obviously result in a significant number of projects not being approved. Recognising the amount of work involved in completing and

processing these applications, the IAB and Managing Authority intend to convene a Special Advisory Group to identify projects of lower priority and advise those applicants that their projects are highly unlikely to be approved. This process should be completed by 9 July and will hopefully reduce the amount of time and effort spent on potentially unsuccessful applications.

In light of the level of grant request all projects must carefully consider the level of grant being requested in terms of value for money and must be able to clearly demonstrate a need for grant. We are also under pressure to achieve challenging expenditure targets (N+2) over 2010 and 2011. Priority is therefore likely to be given to projects that have all match funding fully confirmed by the 30th November 2010 (with the exception of Heritage Lottery where applicable, although even this funding should be confirmed in the first quarter of 2011) and are ready to proceed close to the PMC decision in early December.

For ESF, bids totalling £12.36m were submitted for Stage 1 with some strategic pan Highlands and Islands projects included. Projects requesting approximately £9.8m of ESF have been deemed eligible and provisionally accepted for Stage 2. It is critical that match funding is confirmed as soon as possible and no later than 30th November 2010. If there are any strategic ESF projects that could be submitted and have not met the deadline for Stage 1, the applicant should contact the IAB immediately as there may be an opportunity to progress such projects with other fast track projects.

### **Desk Checks**

The IAB is currently working on clearing administrative checks on Progress Report and Claim forms submitted largely before October 2009. Some applicants will already have received a request for evidence to support samples run on each PRC. We hope that applicants will be able to respond to these as quickly as possible. Such checks are important in the challenge to meet N+2 targets as they are required prior to any claims being declarable to the Commission. Due to the volume attached to projects from some organisations, we will be

visiting some applicants and doing the checks on site and we will be in contact with those organisations as soon as possible.

We are still experiencing problems with timesheets – either a complete absence or incorrect timesheets. Timesheets are required for all staff who do not spend all of their contracted hours on a project and all such timesheets must detail their **full working hours** and not just time spent on the project. This should not be done over a number of timesheets detailing each project activity but, rather, a single timesheet detailing the full activity undertaken throughout a working week or month. Timesheets should be signed by the officer concerned and countersigned (where possible as we realise some applicants with remote staff operate online or intranet based timesheet systems).



