

**PERTH AND KINROSS COUNCIL****Enterprise and Infrastructure Committee – 27 January 2010****SUPPORTING THE RURAL PERTHSHIRE ECONOMY THROUGH INNOVATION  
AND ENTERPRISE – EUROPEAN REGIONAL DEVELOPMENT FUND  
APPLICATION****Report by the Executive Director (Environment)**

This report outlines an initiative aimed at supporting the rural Perthshire economy through a programme of projects which will support the implementation of parts of the Perth and Kinross Economic Strategy. An application has been submitted to the European Regional Development Fund Lowlands and Uplands Scotland Programme and the Committee is asked to approve the application.

**RECOMMENDATIONS**

The Committee is asked:

- a) To approve the application to the European Regional Development Fund (ERDF) Lowlands and Uplands Scotland Programme, which seeks funding support for a programme of projects, designed to diversify and strengthen the rural economy of Perth & Kinross.

**BACKGROUND**

1. The Community Planning Economic Partnership and the Committee approved a revised Economic Strategy for Perth and Kinross and an action plan for the period 2009-2014 in May and June 2009 respectively. The Action Plan identifies key themes and activities which require to be developed to achieve anticipated outcomes.
2. The achievement of outcomes will depend on effective implementation, partnership support and availability of resources. In that context, it is particularly important to maximise external funding opportunities to bring added-value to what local partners have agreed to achieve.
3. The European Regional Development Fund (ERDF) Lowlands and Uplands Scotland Programme (LUPS) (2007-2013) aims to encourage the growth of the region's economy within a sustainable development framework. It recognises the importance of rural development and aims to maximise the contribution of rural areas to economic growth.
4. The economy of Perthshire's rural areas makes a significant contribution to our overall economic growth. This project will seek to provide increased economic activity and improved outcomes for our rural economy, supporting both our own Economic Strategy and that of the European programme. A project proposal has been developed to act as the joint delivery vehicle to maximise available resources and provide added value.

## PROPOSAL

5. The project will aim to develop a sustainable economy in rural Perthshire by improving its competitiveness through innovation and enterprise. It will support a programme of economic development activities and projects throughout rural Perth and Kinross, supporting the on-going implementation of our Economic Strategy and Action Plan.
6. A key aim for the future success of rural economy and communities is to increase the level of 'diversification' in the economy, which tends to produce higher incomes/GDP per capita. It is important to help rural economies build new sources of competitive advantage and economic activity in a global marketplace.
7. The project will run between 1 April 2010 and 31 March 2013 and will support activities in a number of areas already identified as priorities within the Economic Strategy and Action Plan. The key actions will be delivered under 5 main programme areas:-
  - a. Developing Social Enterprises - Over the last two years we have successfully developed a programme of events, training, one-to-one business advice and grant support to encourage the development of social and community enterprises throughout Perth and Kinross. For example, we supported the establishment of the first ever Tourism Social enterprise in Pitlochry which will now develop and manage the Enchanted Forest event. We hope to encourage and support further rural social enterprises which will create employment and bring income into the rural economy. We have also supported the development of the proposal by the Friends of Birks Cinema to develop a new state of the art cinema facility and community enterprise in Aberfeldy.
  - b. Tourism sector support - through this project we will support investments in the development of niche tourism products in the following sectors:
    - Activity tourism
    - Ancestral tourism
    - Food and drink tourism
    - Freedom tourism

The Project will build on the achievements of and follow on from the existing ERDF Tourism project which is currently funded until 31<sup>st</sup> March 2011.

Examples of projects supported under the current ERDF funded programme include business networking events to improve product knowledge locally, and to facilitate links between businesses e.g. Familiarisation visits for the Big Tree country sites; chefs and food producers events; and internet and social networking marketing seminars for tourism businesses

- c. Rural Industries – sectoral support will be provided to support the diversification of “primary industries” – farming, forestry and fishing, to support projects which add value to local products, but also looking to develop new sectors with growth potential (e.g. micro-renewables). Examples of possible projects to be supported include, working with niche producers like the Bee and Honey sector to increase production and productivity, or to support organisations such as the Farmers Market to expand in to new market opportunities such as catering for events.
  - d. Rural Employability – the project will support the development and piloting of a number of new approaches to developing the skills and employability of our rural population. Projects may target particular rural communities with high numbers of individuals on out-of-work benefits, linking these to employment opportunities in for example, tourism and the Care sector.
  - e. Collaborative partnership – will be a key method of project formulation and delivery, in individual project examples and in developing the overall programme of activities. The project as a whole will aim to strengthen engagement and collaboration between public agencies, rural businesses, education/research establishments and rural communities which is critical in fostering quality projects, innovation, and in increasing the competitiveness of our rural economy.
8. The project will use the innovation process as a key theme. The activities supported by the project will highlight options for new ways of delivering activities and support; will support pilot initiatives to test ideas and options, replicate/scale up existing good practice from around the world. If successful, we will carry out an analysis of the impacts and outcomes created by this proposed programme of projects, to inform our future strategy and overall approach to developing sustainable economic development in rural Perthshire.
  9. The project will support some of the key Economic Strategy themes:
    - a. Supporting a culture of entrepreneurship
    - b. Supporting and developing key sectors
    - c. Supporting people through employability
  10. The project will use the governance arrangements of and be delivered through the Perth and Kinross Economic Partnership and sub-partnerships (Area Tourism Partnership, Rural Forum, Employability Partnership, Social Economy Partnership) in close partnership with our rural communities and partners.
  11. The total costs are estimated at £1,272,560 with a grant of £509,024 from European Regional Development Fund representing 40% of the total eligible costs and match funding of £763,536 from the Council.
  12. A business case has been presented to the Executive Director (Environment) and the Environment Services Management Team and it was agreed to take it forward. Applications for stage 1 and stage 2 have been submitted. The Stage

2 detailed application is currently under assessment. The LUPS Programme Management Committee is expected to consider recommendations on 24<sup>th</sup> March 2010 with an expected ministerial announcement shortly thereafter.

13. The European Union Structural Funds and Scottish Government audit framework and in particular the need for a clear audit trail in terms of governance process require the application to be approved by the Council, as the applicant organisation.
14. The Committee is asked to approve the application to the European Regional Development Fund (ERDF) Lowlands and Uplands Scotland Programme, and support the development of a programme of activities and projects which will support the implementation of our Economic Strategy and Action Plan.

### **CONSULTATION**

15. The Heads of Finance, Democratic Services and Legal Services have been consulted in the preparation of this report as well as the Community Planning Economic Partnership partners.

### **RESOURCE IMPLICATIONS**

16. The Council's contribution to complement ERDF contribution is £763,536 and will be met from the Economic Development revenue budget for the financial years 2010-2011, 2011-2012 and 2012-2013. Over the medium term, the Council will face a period of financial constraint which will have an impact on future expenditure. The implementation of this project will be subject to the availability of sufficient resources as approved through the budget process.

### **COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012**

17. The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. This report supports the delivery of the following corporate objectives:
  - A Prosperous, Sustainable and Inclusive Economy
  - Confident, Active and Inclusive Communities

### **EQUALITIES ASSESSMENT**

18. The activities described in this report derived directly from the Economic Strategy which was considered under the Corporate Equalities Assessment Framework and assessed in relation to the Race/Disability/Gender Equalities Assessment.
19. The Economic Strategy Equalities Impact Assessment identified the following points for action:

- Increased support to the economically inactive on benefits to ensure income levels are protected and enhanced where possible.
- The Strategy itself highlights a more inclusive agenda and recognises the positive contribution different groups can have on the economy.
- Highlight the economic and social benefits of the implementation of equalities legislation and the positive benefits it can bring to both employers and employees.
- To ensure that mechanisms are in place to improve access to training and job opportunities for under represented groups.

## **STRATEGIC ENVIRONMENTAL ASSESSMENT**

20. Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all plans, programmes and strategies, including policies (PPS).
21. The activities described in this report derived directly from the Economic Strategy which was considered under the Environmental Assessment (Scotland) Act 2005.
22. The Economic Strategy and Action Plan has undergone a “screening assessment” to review whether any further action was required under the Environmental Assessment (Scotland) Act 2005. The Screening report has determined that there is unlikely to be significant environmental effects and was therefore exempt and the Consultation Authorities were notified.

## **CONCLUSION**

23. The Perth and Kinross Economic Strategy has identified key themes and actions that will deliver agreed outcomes to improve the economic situation throughout the area. It is important to maximise resources to support the implementation of the Strategy, the ERDF application provides such an opportunity. A programme of projects has been developed to help improve rural Perthshire’s economic competitiveness and sustainability, building on rural Perthshire’s strengths.

J F IRONS  
EXECUTIVE DIRECTOR (ENVIRONMENT)

**NOTE**

No background papers as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

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**Date of Report** 19 January 2010

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