



European Structural Funds

Future Funds 2014 - 2020

National Rules Working Group

Lessons Learned Report

Purpose

1. To identify learning and experience from the 2007 – 2013 European Structural Funds National Rules which will inform the design of the National Rules for the future 2014 – 2020 Structural Fund Programmes in Scotland.

Background

2. The rules on the eligibility of expenditure must be set out at a national level and be subject to exceptions provided for in the specific regulations for each fund. The purpose of the rules is to distinguish clearly between eligible and ineligible costs and activity. The rules provide guidance to applicants on what eligible activity/expenditure can appear in applications and ultimately claims.
3. The current National Rules have been developed in accordance with EC Regulation 1083/2006 Article 56 Para 4. We are currently awaiting the EC Regulation for the future National Rules, however, we anticipate this won't differ significantly from the current arrangements.
4. The Lessons Learned exercise consisted of: monitoring documentation held by the Managing Authority analysed by the National Rules Working Group alongside the National Rules from other UK Regions; and the lessons learned consultation which was sent out to the key stakeholders involved in the establishment and implementation of the European Structural Funds Programmes.

5. The outcomes from the lessons learned exercise have been broken down into the following sections:

- Current Programmes;
- Future Programmes; and
- Recommendations.

Current Programmes

6. The following section provides an overview of the findings from the lessons learned exercise - both analysis of data and consultation - and covers the development of the current National Rules; content and layout of the current National Rules; process for amending and disseminating current National Rules; verification and audit; and timing, interrelationships and Q&A.

Development of the Current National Rules

7. The lessons learned exercise highlighted that the development of the current National Rules has been mixed. Most notably is that a significant number of stakeholders found that the National Rules were designed to meet the Commissions and Managing Authority's requirements and not the requirements of lead applicants/projects. This has mainly been a result of poor or no engagement with stakeholders (outside of Scottish Government) when the National Rules were being developed.

Content and Layout of Current National Rules

8. The current National Rules focus heavily on providing the information the MA understands as being required by the European Commission. As a result they fail to provide the information required by the MA and Lead Applicants/Projects.
9. Comments provided by both the MA and Projects show that on a number of occasions individuals have been unable to find the information required to assess the eligibility of activity/expenditure in either the National Rules, the Q&A or additional guidance documentation.

Recommendation 1: All stakeholders (European Commission, Managing Authority, Scottish Government Audit Division, and Project Delivery Partners) should be engaged in the development of the 2014 – 2020 National Rules.

10. The evaluation also highlighted that the scope of the information contained within the National Rules was incorrect. This means that in certain sections there is not enough detail explaining what certain terminology/processes are and assumes that the reader has vast knowledge of Structural Funds. However, in other

sections too much detail has been provided which is not always necessary to establish eligibility.

11. Furthermore, when comparing the Scottish National Rules to those of other UK Regions the layout appears disjointed and is not user friendly. The document requires readers to flip between sections to establish what it is they are looking for and some sections such as retention of documentation and technical assistance have been omitted.

Recommendation 2: A template setting out the layout and content of the 2014 – 2020 to be drafted and agreed by the National Rules working group.

Process for Amending and Disseminating current National Rules

12. There is currently no system in place for the control and management of the National Rules. Stakeholders (both internal and external) are unable to raise concerns or suggestions on how the rules could be improved as they do not know who in the MA has responsibility for them.
13. If and when the National Rules are amended they are not done in consultation with all of the stakeholders (most notably lead applicants/projects). In addition, the revised National Rules are not disseminated accordingly and until very recently the National Rules provided on the Scottish Government website were significantly out of date.

Recommendation 3: A management and control process to be established and agreed by the National Rules Working Group.

Recommendation 4: A process for disseminating revised National Rules to be established and agreed by the National Rules Working Group.

Verification and Audit

14. During audit and compliance visits a number of lead applicants/projects have found that there is inconsistency in how the National Rules are applied by visiting officers. In addition, they have found that visiting officers have applied rules which have not been set out in the National Rules at the time of visit.
15. The evaluation also highlighted that when individuals had concerns regarding the national rules or had asked for clarification their requests had been ignored by the MA.

Recommendation 5: All visiting officers (MA, Compliance and Audit) should be trained on the National Rules and how these are to be applied.

Recommendation 6: A process for raising concerns and requesting clarity should be established with a deadline for responding set for the MA.

Timing, Interrelationships and Q&A

16. The evaluation highlights that the current National Rules duplicate the information contained with the Q&A.

Recommendation 7: The National Rules should be amended to contain the information in the Q&A.

17. Following consultation it was agreed that the National Rules do complement other guidance documentation available, however, it is not always clear where this information is kept and how up to date it is.

Recommendation 8: References to guidance documentation and relevant contacts should be provided in the National Rules.

18. In certain sections the National Rules contradict the supporting documentation. Following discussion it was highlighted that this could be as a result of individual interpretation of the rules or that consideration has not been given to guidance documentation when drafting/amending the rules.

19. It should be noted that the guidance documentation meets the requirements of all stakeholders and this should be maintained going into the new programmes.

20. Furthermore, there is no process for amending and disseminating guidance documents resulting in a number of the documents available being out dated.

Recommendation 9: A suite of guidance documents for the future programmes should be established and published alongside the National Rules.

Recommendation 10: A management and control process and dissemination process for guidance documentation to be established and agreed by stakeholders.

Future Programmes

21. A significant number of stakeholders have welcomed the high levels of engagement on the development of the future National Rules. However, more could be done to ensure that MA staff are kept up to date on any developments.

Recommendation 11: Members of the National Rules working group should endeavour to provide their teams with an update on the progress being made by the group. They should also encourage their teams to keep up to date with any developments by reading the Structural Funds Newsletter which is published monthly.

22. The new National rules need to be set out logically and be user friendly. They should adopt similar layouts to those used by other UK regions but adapted to meet Scottish stakeholders requirements.

Please see recommendation 2

Recommendations

23. Throughout the report a number of recommendations have been provided. These have been listed below for ease of reference.
24. Going forward into the new programmes these recommendations should be taken forward by the National Rules working group which is overseen by the Monitoring and Evaluation Group.
25. If you require updates on the work being carried out by the National Rules working group please contact the Scottish Government Future Funds team on futurefund2020@scotland.gsi.gov.uk or through the Structural Funds monthly newsletter.

Recommendation 1: All stakeholders (European Commission, Managing Authority, Scottish Government Audit Division, and Project Delivery Partners) should be engaged in the development of the 2014 – 2020 National Rules.

Recommendation 2: A template setting out the layout and content of the 2014 – 2020 to be drafted and agreed by the National Rules working group.

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