

***Scotland ERDF Priority 1 Support Scheme & Scotland ERDF Priority 2 Support Scheme  
Commission Regulation No 800/2008)***

**LEGAL CONTEXT**

**Scotland Act 1998**

*The formal authorisation enabling the Scottish Government to operate and manage Structural Funds programmes derives from the Scotland Act 1998 which devolves authority to the Scottish Parliament and Administration. For all the ERDF and ESF programmes the functions of the member state are undertaken by the European Structural Funds Division placed within the Scottish Government, Business, Enterprise and Energy Directorate (BEED). This reflects the governance arrangements following devolution and the establishment of the implementation of the funds and for their sound financial management. The Scottish Government accepts responsibility for preventing and detecting ineligible expenditure and for any appropriate recovery of funds.*

[http://www.oqps.gov.uk/legislation/uk/si/si2006/uksi\\_20060304\\_en\\_1](http://www.oqps.gov.uk/legislation/uk/si/si2006/uksi_20060304_en_1)

**OBJECTIVES OF THE SCHEME**

The objectives of the scheme are

- a) In terms of Article 26 of the General Block Exemption Regulation (Commission Regulation No 800/2008), to assist SMEs with the costs of non-routine consultancy and advisory services with a view to improving competitiveness.
- b) In terms of Article 31 of the Regulation, to encourage research and development by undertakings and to support research collaborations between undertakings and universities or other research organisations. excluding support towards innovation commercialisation costs. Revenue generation for commercial use of any prototype must be deducted from supported eligible costs.
- c) In terms of Article 35 of the regulation, to assist young innovative enterprises involved in research development and innovation.
- d) In terms of Article 36 of the Regulation, to provide aid to SMEs for innovation advisory and support services, including innovation focussed training to improve competitiveness.

**ELIGIBLE SECTORS**

The scheme shall apply to all sectors of the economy with the exception of those referred to in Article 1 of the Regulation.

## ELIGIBLE COSTS AND AID INTENSITIES

**Aid for non routine consultancy for SMEs** under Article 26 may be awarded up to 50% of the eligible costs. These are the costs of services provided by outside consultants, where these services are not continuous or periodic, and do not relate to the enterprise's usual operating expenditure.

**Aid for research and development projects under Article 31** may be awarded for projects which all into one of three categories: fundamental research, industrial research and experimental development, according to the EC's definitions under Article 30 of the Regulation. Aid can be awarded for the following, eligible costs, to the extent and period that these are used/employed for the supported research project:

Personnel costs

Instruments and equipment. Where such instruments and equipment are not used for their full life for the research project, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice, shall be eligible.

Buildings and land. With buildings, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice, shall be eligible.

For land, the costs of commercial transfer or actually incurred capital costs shall be eligible.

Contractual research, technical knowledge and patents bought or licensed from outside sources at market price, as well as the costs of consultancy and equivalent services used exclusively for the research activity.

Additional overheads incurred directly as a result of the project

Other operating expenses including costs of materials, supplies, similar products.

The maximum amounts of aid which can be given towards these costs are set out by type of activity below:-

Fundamental research: 100%

Industrial research:

Small Enterprise 70%

Medium Enterprise 60%

Large Enterprise 50%

Industrial research involving effective collaboration, as defined under Article 31 of the Regulation:

Small Enterprise 80%

Medium Enterprise 75%

Large Enterprise 65%

Experimental development:

Small Enterprise 45%

Medium Enterprise 35%

Large Enterprise 25%

Experimental development involving effective collaboration, as defined under Article 31 of the Regulation:

Small Enterprise 60%

Medium Enterprise 50%

Large Enterprise 40%

#### *Aid for Young innovative enterprises under Article 35*

Young innovative enterprises are small companies of less than 6 years at time of granting aid. Research, development and innovation expenses must represent at least 15% of total operating expenditure in at least 1 of the 3 years preceding the grant, or where no financial history exists, in an external audit of the current fiscal period.

The beneficiary may receive the aid only once during the qualifying period and aid shall not exceed:

<i>Area</i>	<i>Maximum Aid Rate</i>
87.3(a)	€1.5m
87.3(c)	€1.25m
Any other region	€1m

**Aid for Innovation advisory services and innovation support services to SMEs under Article 36** may be awarded up to a maximum level of €200,000 per beneficiary over any three year period. The service provider must benefit from a national or European certification. Where this is not the case, aid must not exceed 75% of the following eligible costs, which must be bought at market price:

innovation advisory services: management consultancy; technological assistance; technology transfer services; training; consultancy for acquisition, protection and trade in IPR and for licensing agreements; consultancy re use of standards

innovation support services: office space; data banks; technical libraries; market research; use of laboratory; quality labelling; testing and certification.

#### DEFINITIONS

Small and medium sized enterprises shall be defined in conformity with Annex 1 of the Regulation.

#### BUDGET

The estimated budget is Priority 1 £ 30,442,929 m & Priority 2 £44,958,847

#### DURATION

The scheme will operate from 22<sup>nd</sup> June 2009- to 31<sup>st</sup> December 2013.