



Kenneth Gibson
Convener
Scottish Parliament Finance and Public
Administration Committee
The Scottish Parliament
Edinburgh
EH99 1SP

18 July 2025

Dear Kenneth,

EUROPEAN STRUCTURAL AND INVESTMENT FUNDS – 2014 to 2020

In June last year, I provided two statements to Parliament (13 and 26 June 2024) addressing inaccurate and misleading details that had been reported in the media regarding Scotland's use of European Structural and Investment Funds (ESIF) programme.

I also gave a commitment that I would provide Parliament with a further statement following submission of the final accounts to the European Commission (EC).

Now that the final accounts are due to be submitted and reviewed by the EC, I would like to provide Parliament, through the Finance and Public Administration Committee, with an update on the provisional position of the 2014-2020 programme.

The figures and details presented in this written update are accurate as of 21 July 2025 but until the EC has completed their closure processes and full verification of the accounts, the final position of the 2014-2020 programme cannot be confirmed at this time.

Members should be aware that the EC has until December 2028 to conclude its closure processes. Therefore, the final position of the 2014-2020 programme may not be announced until that time.

Background

Launched in 2014, the 2014-2020 programme was designed to promote inclusive, smart and sustainable growth both in Scotland and wider across Europe. These principles of inclusive, smart and sustainable growth would be applied to address gaps in equalities, for example, by supporting individuals from deprived communities into further education and employment.

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The programme also promoted economic growth in a manner that would reduce carbon emissions by supporting green initiatives such as low carbon transport and travel and promoting greater use of low carbon technologies to provide power and heating to communities.

Scotland's **234** ESIF projects have been delivered by 42 lead partners, including 31 local authorities and 11 NDPBs/agencies. Logistically, this was a hugely challenging task for the Scottish Government, working with multiple partners, delivering multiple projects and activities whilst balancing the numerous complexities associated with the organisation and delivery of any large scale, national, funding programme.

Successes

Whilst the programme has faced many challenges, and Parliament will be familiar with these, it is important to focus on the many success of the programme. These successes include:

- £15m allocated to support the resettlement of Ukrainian refugees in Scotland, through the provision of accommodation and support
- £10.6m allocated to help connect rural communities across Scotland by improving mobile phone coverage
- The £38m Green Infrastructure Fund that repurposed urban vacant land into amazing green spaces and play parks in areas of deprivation such as the Claypits project in Glasgow
- Over 29,000 children and young people have been supported into foundation, modern, and graduate apprenticeships across Scotland
- £6m for a new Rural and Veterinary Innovation Centre in Inverness, creating new links between industry and academia.

On Monday (21 July 2025), I will be visiting the Life Sciences Innovation Centre supported by £5m of European Regional Development Fund (ERDF). The Life Sciences project is one of over 200 projects supported through the 2014-2020 European Structural and Investment Fund programme.

Without European funding, other activities and projects that address social and economic challenges across Scotland would not have been delivered.

It is unfortunate that we are not able to take advantage of this significant funding stream in the future to both build and ensure the continued success and support of past projects and activities, particularly to those in vulnerable and remote communities.

Those feeling the impact of loss in funding include Scotland's enterprise agencies, Scottish Enterprise and Highlands and Islands Enterprise, who will no longer have access to European funding.

The enterprise agencies applied for, and had access to, approximately £47m of European funding from the 2014-2020 programme to support the numerous projects and activities aimed at improving the economic performance and wellbeing across Scotland.

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Programme Performance

With submission of the final accounts, I am now able to provide a provisional update on the performance of the 2014-2020 programme.

Before doing so, I must further reinforce my earlier comment that the final performance of the programme will not be known until the EC has finalised its review of the final accounts, this includes scrutiny from EC auditors who may raise further questions on the accounts. The EC has until December 2028 to conclude its closure processes and announce its findings.

Currently, the financial absorption rate of the 2014-2020 programme in Scotland is 95%. This is set against the revised allocation of £669m but there may be adjustments when the EC completes its final review and so this figure may reduce following the outcome of that review.

As the programmes in England, Wales and Northern Ireland have yet to submit their final accounts, it is too early to compare the provision absorption rate of these programmes against the Scottish programme.

Summary

Closure of the 2014-2020 programme brings to an end over 50 years of European funding in Scotland – 1975 to 2025. This funding has been instrumental in shaping regional and local development in Scotland.

The many successes, challenges and lessons associated with the 50 years of European funding have been captured in a report currently being finalised by the European Policies Research Centre (EPRC). Once finalised, the report will be published on the Scottish Government website.

European funding has touched every part of Scotland under a mix of regional and territorial cooperation programmes and projects, as well as 'Community initiatives' and other regional and local development funding streams.

Initial investments targeted infrastructure development, industrial restructuring, and employment generation. This also includes the upgrading of road and rail links, bridges and harbours improved the quality of transport and accessibility for industrial development and tourism.

Whilst I acknowledge not everything has worked well due to a mixture of regulatory complexity and bureaucratic hurdles which have, at times, hindered the efficient utilisation of funds, we can reflect on the many successes delivered through European funding.

It is regrettable that Scotland will no longer benefit from this source of funding, particularly the Highlands & Islands region and rural/deprived communities that have historically faced challenges in securing funding.

This is despite requests to past and present UK Governments for the Scottish Government to play a full role in the design and implementation of the new funding programme. To date, no detail has been shared on how the new funding will be designed and delivered.

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Our role in Parliament and through the Finance and Public Administration Committee will be to ensure we are maximising all available funding to drive and promote social and economic growth.

Yours sincerely,

KATE FORBES

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