

Dear Sirs

Response to Structural Fund Consultation

Glasgow's Local Economic Development Company Network welcomes the opportunity to contribute to the discussion on the future of Structural Funds. The Network is a significant player in economic development within the city and is a major partner within both Objective 2 and Objective 3 Partnerships, drawing down more than £2m of ERDF and more than £2.5m of ESF in the 2005/06 financial year. This equates to just over 15% of the Network's funding. The Network assisted more than 5000 Glaswegians into work in the year and Structural funds played an important part in that

The Network warmly welcomes the priorities laid out under ESF and is largely happy with those for ERDF. We believe that these are generally the priorities which should be pursued. We do however have a number of concerns in relation the programme as laid out in the consultation document.

We do not accept the need for a separate Rural priority when rural areas can already apply under any of the other priorities. We would also question the decision to severely limit the work which can be done to support the physical regeneration of areas of need. While we accept that there are finite resources, it needs to be recognised that in Glasgow, and in other cities and towns, there remain significant tracts of vacant and derelict land, which require remediation and in many cases this will require support from ERDF.

A small element of capital funding is proposed through the community regeneration strand, however, the fact that there is none in the enterprise strand will lead to greater competition for what is available. This is likely to lead, in our view, to partners competing for relatively small amounts of funding and is unlikely to lead to legacy projects, which in our view should be the aim of the Structural Funds at this stage.

The arrangements for approving projects and distributing funds, which have been developed over a period of years in Scotland, have served the industry and the country well. We believe as far as possible these structures should be enhanced rather than abandoned. Peer approval has been commented on favourably by other member states as a means of distributing funding and should remain the chief mechanism for allocating funding, within Scotland.

One area which we feel needs further attention is the question of spatial targeting. Structural Funds are designed to address issues of market failure. The fact that the funds now cover all of Lowland and Upland Scotland risks the possibility that already successful areas will attract funding because it is easier to deliver projects there. This is particularly true in the measure dedicated to Enterprise Growth. The recent example of the Scottish Co-investment Fund is a salutary one. While the programme was seen to be successful this was because of over achievement in the East of the country which disguised the fact that it had not been a success in the West. Using national organisations as single stream funders only increases this risk and needs to be counterbalanced with a specific targeting of funding on those areas which need the investment most.

We would question whether the push in the document towards larger projects and the assumption that these will be better value is necessarily true. We also believe that this emphasis on larger projects with a more homogeneous approach seeking to add value to national programmes is less likely to encourage innovation. We would encourage both the Executive and those in the Intermediate Delivery and Intermediate Administration bodies to be prepared to accept some element of risk with the projects that are approved. Although we are coming to the end of Structural Funds this should not mean that we are not prepared to try new and different approaches.

The consultation indicates that it is intended to pilot single stream funding through limited number of Community planning Partnerships. While we would welcome this we would question what happens to those areas which do not have access to this piloting arrangement? Do they simply have access to less funding than those areas which are piloting? In any case we would argue that Glasgow must be one of the pilot areas. An analysis of need (through the SIMD 2006) historical spending patterns and value for money and impact would indicate that this should be the case. Further, since the city is reconfiguring its Local Economic Development Company Network to align with Community Planning Partnership areas we believe that the network will have a key role to play in delivering successful, effective programmes.

In closing we would reiterate that we welcome the general thrust of the proposals, the ESF priorities and much that is included under ERDF. We believe that it is essential that best use is made of what is likely to be the country's last allocation of Structural Funds and that in order to do this a number of areas still require some work. We are happy to continue discussions with both the Executive and other partners on how this might best be achieved.

Yours faithfully

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