

ANNEX B

FUTURE EUROPEAN STRUCTURAL FUNDS PROGRAMMES IN LOWLANDS & UPLANDS SCOTLAND 2007-2013 SUMMARY OF CONSULTATION QUESTIONS

Question 1: Are there any additional socio-economic factors to be considered – and which Structural Funds can address – in assessing the strengths, weaknesses and opportunities of Lowlands & Uplands Scotland?

Given the importance of ICT deployment as one of the main drivers in developing the knowledge economy in Lowlands and Upland Scotland, greater prominence of this issue should have been reflected across all of the proposed Priorities for both ERDF and ESF. E-skills UK publication 'Skills In Scotland' (2005) highlights that in respect of the current workforce there is a need for up-skilling 530,000 IT users (57,000 people to address current skills gaps and 473,000 people to address forecast skills gaps over the next 3 years).

Although some references are included in relation to the 'productivity deficit' in Scotland (particularly in the west of Scotland) in comparison to the rest of the UK, it is disappointing that this issue was not afforded greater prominence. Again, this is a key issue which should have been reflected in the proposed ESF priorities.

Question 2: Do the proposed priorities for the 2007-2013 ERDF programme in Lowlands & Uplands Scotland address the strengths, weaknesses and opportunities of the region?

We agree that the proposed priorities of the 2007-13 programme are consistent with and address the strengths, weaknesses and opportunities of the region. However, the proposed priorities should also take account of the experience gained in the delivery of the current programme especially in relation to recognised good practice. It would have been helpful if the findings of the ex-ante evaluation of the current programme had been made available prior to this consultation so that some assessment could have been made on the extent to which lessons learned (both in terms of activities delivered and the administration of the programme) could have been incorporated into the proposed priorities.

Question 3: Do the proposed priorities for the 2007-2013 ERDF programme in Lowlands & Uplands Scotland show appropriate coherence and concentration?

There is complementarity and cohesion between ERDF Priority 1 Enterprise Development and Priority 2 Community Regeneration, however there is no coherence between these and Priority 3 Rural Development.

Whilst it is recognised that some rural areas do have particular challenges regarding peripherality and economic sustainability, in an environment of reduced funding, the case has not been made to establish a separate 'ring fenced' priority for rural development. In considering the proposed activities for ERDF Priority 3, these could easily be accommodated within Priorities 1 and 2 (with some minor adjustments to the Priorities). Through the implementation of spatial targeting, a reasonable level of funds could still be targeted on areas of need within Scotland's rural communities. This would result in a higher level of coherence in comparison to the programme that is proposed.

In terms of concentration, given the reduced level of resources we would agree with the concept of spatial targeting of resources to areas of most need for all ERDF priorities (not just Priorities 2 and 3).

Question 4: Do the proposed priorities for the 2007-2013 ESF programme in Lowlands & Uplands Scotland address the strengths, weaknesses and opportunities of the region?

In general we would agree that the proposed priorities, which target economically inactive groups and low skilled member of the workforce, do address the strengths, weaknesses and opportunities of the region.

Question 5: Do the proposed priorities for the 2007-2013 ESF programme in Lowlands & Uplands Scotland show appropriate coherence and concentration?

The ESF Priorities show an appropriate level of coherence.

Spatial targeting on areas and groups most in need for Priority 1 is welcomed and we would argue that it should be generally consistent with the 15% most deprived (SIMD) areas. Some flexibility in terms of spatial targeting would be advisable as past experience suggests that difficulties with recruitment could occur if employing a strict geographical eligibility criteria. There could also be perceived inconsistency and unfairness, given the small size of the new data zones, with parts of some communities being eligible while other parts are not. Adopting a model that requires a minimum of around 75% to 80% of beneficiaries from the 15% most deprived areas may be an option that may overcome such difficulties.

There is also an argument for an element of spatial targeting of resources under ESF Priorities 2 and 3. When considering business birth and survival rates, figures show that business survival rates in the west of Scotland lag significantly behind both Scottish and UK rates. It is accepted that increasing basic and intermediate skills amongst the low skilled workforce makes a positive contribution towards productivity which in turn improves the sustainability and growth potential of businesses. Given the lower business survival rates in the west, it would seem logical to target a higher level of Priority 2 and 3 resources in such areas in an effort to address this problem.

Question 6: What are your views on the proposed balance of funding between priorities for the future ERDF programme in Lowlands & Uplands Scotland?

As intimated above at question 3, we believe that there is no need for a separate Priority 3 with a 'ring fenced' 23% of ERDF when, with some minor adjustments and an element of spatial targeting, the proposed activities could be subsumed with ERDF Priorities 1 and 2. However, should a separate Rural Priority still exist after the consultation period then would advocate a reduction in the allocation of funds to be more reflective of the population in these areas relative to the need for regeneration in urban and semi urban areas.

Cardonald College recommends:

Priority 1	Enterprise Growth	45%
Priority 2	Community Regeneration	40%
Priority 3	Rural development	15%

Question 7: What are your views on the proposed balance of funding between priorities for the future ESF programme in Lowlands & Uplands Scotland?

We agree with the allocation of 43% of funds for ESF Priority 1 but would recommend a slight change to the proposed balance of funding between the priorities 2 and 3 as follows:

Priority 1	Progressing into Employment	43%
Priority 2	Progressing through Employment	32%
Priority 3	Access to Lifelong Learning	25%

Question 8: Do the proposed priorities outlined in the draft Operational Programmes focus sufficiently on the right priorities in Scottish domestic policy?

Yes, the proposed priorities appear to be consistent with Scottish domestic policy.

Question 9: What are your views on how the principle of environmental sustainability has been integrated into the Operational Programmes?

The integration of environmental sustainability into the Operational Programme is welcomed though our view is that this issue should have been given greater prominence, particularly following the publication of the Stern Review - The Economics of Climate Change (Oct 2006).

Question 10: What are your views on how the principle of equal opportunities has been integrated into the Operational Programmes?

The integration of equal opportunities as a horizontal theme of the Operational Programme is welcomed. In order to build upon progress made in previous programme periods, and in an effort to increase accessibility to economic opportunities amongst the region's most disadvantaged groups, it may be worth considering ways in which the concept of corporate social responsibility could be included within the future programme.

Question 11: What are your views on how the Operational Programmes will ensure complementarity between Structural Funds and other EU funding streams?

In order to ensure complementarity between Structural Funds and other EU funding streams, it is important to ensure that any project or programme appraisal criteria assesses the level of additionality and/or whether there is a more appropriate or alternative source of EU funding for the activity that is proposed. This is especially important given the lower level of funding that is likely to be available under the future programme. For example some activities that could be funded under ERDF priority 1 may also be able to attract funding under the 7th Framework Programme. Activities that could be funded under ESF Priority 3 may be enhanced by or be complementary to the new Lifelong Learning Programme.

It also important to raise levels of awareness of the alternative EU funding streams amongst potential sponsoring organisations which would help to improve the level of complementarity that can be achieved between the programmes.

Question 12: How can the challenge-fund approach be improved to make it more effective in delivering outcomes and more efficient in operation?

Cardonald College would recommend the following:

- A quicker system for project appraisal and approval.
This would shorten the timescale between project development and commencement of delivery. On many occasions under the current programme, project development could have been up to 12 to 18 months ahead of delivery. Over such a long period the needs of the proposed beneficiary groups may have changed and projects lose their potential to achieve their original objectives.
- 3 application rounds per year.
This would assist project sponsor to spread the project development time more evenly across the year and bring submission of applications closer to the proposed

delivery dates. This would also reduce the administration of project appraisal for the IAB and IDBs into manageable chunks and thereby speed up the appraisal process.

- Streamlining the claims process.
Whilst some improvements have been made in relation to the administration of payment to sponsors, the administrative burden for sponsors, PMEs and Scottish Executive appears to have increased significantly over the last programme period. We would welcome a review of the administrative system in relation to claims with a view to finding ways in which it could be streamlined.
- Retention of Advisory Group Appraisal.
It is Cardonald College's view that the system of Advisory Group (or peer group) appraisal is one of the strengths of the current and past structural fund programmes. Being built on the principles of partnership and inclusiveness they offer high levels of transparency in relation to the allocation of funds amongst competitive demands. Advisory groups are also a vehicle for the dissemination of good practice, and innovation amongst partner sponsoring organisations, which is of benefit to the programme as a whole.
- Limitation of Administration Costs
We would suggest that a target should be set to limit central administration costs to no more than the current proportion of total programme budget.

Question 13: What would be the most effective approach to using Community Planning Partnerships and other local partnerships for the delivery of elements of the programmes?

It is recommended that each Community Planning Partnership (CPP) be requested to produce a separate strategy that demonstrates why and how the CPP will engage with the Structural Funds. It should be incumbent upon the CPP that the strategy be developed (adopting a 'bottom-up' approach) in partnership with relevant stakeholder groups and organisations that have an interest in the area. This would help to ensure that relevant local issues and priorities could be appropriately aligned to the Structural Fund Programme's objectives.

Inclusiveness and transparency should be key principles that should underpin the delivery of structural fund programmes through CPPs or other local partnerships.

Question 14: What are your views on spatial targeting for community regeneration under ERDF Priority 2 and ESF Priority 1?

Cardonald College would agree with the principle of spatial targeting for ERDF Priority 2 and ESF Priority 1.

As described above in Question 5 we believe that the funds should be targeted on the areas of most need. Any spatial targeting methodology should be generally consistent with priority being given to the 15% most deprived (SIMD) areas. However, it is important to build in some element of flexibility as past experience suggests that difficulties could emerge (such as recruitment to training programmes) when employing a strict geographical eligibility criterion. Such problems may be overcome by adopting a model that requires a minimum of around 75% to 80% of beneficiaries from the 15% most deprived areas.

Question 15: What are your views on spatial targeting for rural development under ERDF Priority 3?

As intimated above, we believe that there is not a sufficient case for a separate Rural Development priority. On the assumption that a separate Priority will be retained, we would recommend a reduction in the funds to 15% of the total ERDF funds available. There is

insufficient information available within the consultation document to form a view on how the Rural Development funds should be spatially targeted within rural areas. However, in terms of consistency, we would advocate that they should be targeted on those areas which would be seen as being most in need.

Question 16: Do you have any additional comments on the draft Structural Funds Operational Programmes for Lowlands & Uplands Scotland?