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**Future European Structural Funds Programmes in Lowlands & Uplands Scotland 2007-2013****RESPONDENT INFORMATION DETAILS**

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**Questions and Answers**

In the view of Stow College, the two socio-economic exercises only provide a context for the Managing Authority's own pre-identified Priorities at this expense of other issues in the wider Scottish economy (which could well be relevant for the 2007-2013 programme) which were not identified by this approach. It would have been preferable if a wider socio-economic report had been produced for both the Lowlands & Uplands Scotland (LUPS) and Highlands & Islands (H&I) Programme Areas, in which the recorded outputs of the 2000/06 programmes would have been summarised, and their impact considered. This would have allowed a clear justification of the chosen Priorities of the new

**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?**

programmes. As matters stand, the content of the Priorities chosen do represent overall issues which have been raised in the NSRF and in the Community Strategic Guidelines. However, there are some issues which Stow College feels were not due emphasis, and which are important in the context of selecting those themes which should attract support from a programme with limited resources. For example; • Productivity in the Scottish economy: There appears to be a “division of labour” operating between the two programmes whereby ERDF addresses productivity issues and ESF targets employability. Unfortunately regional economic development is rarely so simple. In the ERDF programme, the links between the major themes of the three Priorities and their potential impact on productivity are not clearly established, and the role of Information Communication Technologies (ICT) appears to have been entirely omitted. • The deployment of ICTs is a key aspect of the knowledge economy. The situation of the Scottish business base in relation to e-business and ICTs is not addressed within the consultation document. Similarly, on the ESF side, the promotion of e-skills is not adequately featured. The ICT dimension sits alongside enterprise, innovation and RTD is a key element of competitiveness, which should be featured prominently in both the ERDF and ESF programmes. The 2007-2013 Programme would benefit significantly were the balance between improving overall employment levels, and the productivity potential of the labour force restored in programming terms.

***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?***

The proposed priorities for the 2007-2013 ERDF programme in Lowlands and Uplands Scotland do address the strengths, weaknesses and opportunities of the region, albeit with some significant areas of reservation. It is regrettable that an independent, comprehensively conducted socio-economic analysis of the Region, combined with the ex-ante evaluation of the 2000-2006 Programme, was not published prior to the publication of this consultation document which could have served as the basis for the identification of priority areas for action in the 2007-2013 Programme and contributing to the overall SWOT analysis. Secondly, one theme that ought to have been included in the SWOT is the issue of e-business in Scotland, especially in those areas, specifically in Western Scotland, where e-business appears to have a weaker penetration in the company base than in Eastern Scotland. As this issue is fundamental to the drive to improve competitiveness, it must be considered now, and be included in Priority 1. Additional funding could certainly assist companies to cope with, and adjust to the unevenly rapid changes in the technologies and their applications. One further omission from the SWOT and Policy statements with reference to the entire (non-rural) programme area would be the situation of the renewable energy sector, and the progress of other technologies associated with

	environmental protection.
<p>Question 3: Do the proposed priorities for the 2007-2013 ERDF programme in Lowlands &amp; Uplands Scotland show appropriate coherence and concentration?</p>	<p>Priorities 1 and 2 does display complementarity, however coherence is up-ended by Priority 3, which splits the regeneration agenda for the entire LUPS area by establishing a separate vertical priority on a geographical basis, with what the College feels are over generous resources ring-fenced for an ill-defined concept of “rurality”, which, in addition, to its’ own ring fenced allocation in Priority 3, will also have the facility to enter Priority 1 for “rural business” development. Priority 1 requires the addition of an ICT dimension, as already stated in the response to Question 2. If it remains focused as at present, with Scottish Enterprise having the status of IDB for an unspecified amount of the resources, Priority 1 seriously risks underspending unless there is a significant influx of new ideas and genuinely innovative approaches. Priority 2 shows both acceptable concentration on community regeneration with important HRD synergy to ESF to tackle low skills and lack of qualifications in the population. Business start-ups and SME activity are the most crucial components of the Priority. Introducing the wealth creation dimension into deprived areas is fundamental, and funding should be further concentrated on that. Other aspects of the regeneration process will be stimulated if businesses locate and continue to operate in these areas. As regards Priority 3, Stow College in common with the West of Scotland Colleges Partnership strongly disagrees with the establishment of a separate Priority for so-called “rural areas,” as the priorities for the more sparsely populated areas within the programme’s geography recommended by the Community Guidelines could have been accommodated within Priorities 1 and 2. Development of infrastructure to improve accessibility (transport, telecommunications, linkages to urban areas) should more properly be addressed by national Scottish policies to assist areas of low population, rather than the deployment of scarce Structural Fund financial resources. Stow College notes with regret that there is to be no spatial targeting considered for the ERDF LUPS programme, especially in view of the levels of prosperity in some of the LUPS larger centres of population (e.g. cities of Edinburgh and Aberdeen) which would suggest that Structural Fund support would not be required for these areas, yet they remain theoretically eligible to apply and draw down scant resources.</p>
	<p>Stow College is concerned that the ESF Programme SWOT almost exclusively concentrates upon the employment aspect of the regional economy at the expense of productivity which the College feels is a significant weakness within the Scottish economy, and its omission is all the more surprising given the focus of Priority 2 ESF on HRD measures for employees and employers. This is all the more surprising considering</p>

**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?**

that this is a competitiveness programme, and through consideration as to the seriousness of the competitiveness gap between Lowland & Upland Scotland vis- -vis the United Kingdom and EU averages (+ the Lisbon aspirations) could provided welcome guidance as to the eligible activities required to improve low skills levels, reduce the gender gap, and enhance the knowledge economy. The fact that the question of productivity is not explicitly featured, and the issues arising from it are not systematically explained does constitute a serious weakness in the presentation of the Operational Programmes for ESF. However, the College does acknowledge that the three proposed Priorities do address the most obvious weaknesses in the Scottish Labour Market. Inactivity and worklessness must continue to be tackled, while the College warmly welcomes the focus of Priority 2, and the role of social partners such as trade unions, in improving the skills, qualifications and employability of their members within workplaces and the support available under Priority 3 for learning providers and organisations to widen access to post-school lifelong learning.

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

The ESF Priorities as presented do display coherence. Priority 1 shows very focused concentration on an exhaustive list of target groups lacking qualifications and a clear synergy with domestic policy priorities. The College finds itself in agreement with the West of Scotland Colleges Partnership collective view that given the amount of SE and DWP funding being targeted on worklessness, the Operational Programme must be designed in such a way as to ensure potential project sponsors must be able demonstrate that all financial resources are being appropriately marshalled (domestic + Structural Funds) and that added value is clearly being secured. Given the enduring presence of worklessness and associated indicators of deprivation, despite many years of policy intervention and financial resources dedicated to this issue the description of “Eligible activities (p55) while commendable, must also include the need to challenge the beneficiary whilst also providing tailored support if Structural Funds support are to achieve a lasting legacy in Lowland & Upland Scotland. Concentration is clearly demonstrated by targeting resources on SIMD areas of multiple deprivation. Whilst it is undoubtedly correct to concentrate resources into areas such as those identified by SIMD, experience from past Structural Fund programmes clearly indicates that over prescriptive and inflexible geographical targeting can lead to problems of recruitment/retention and successful entry into the labour market. Individuals who have to surmount multiple barriers do require lateral, peer group support, the example of role models etc, which can all be facilitated if the targeting is widened somewhat into adjacent communities/postcodes/datazones. Priority 2 is, of necessity, less concentrated, as a wide range of

	<p>people, employed, unemployed and re-deploying are covered by the “low skills definition”. Priority 3 is by nature of the activities and target groups to be engaged in Lifelong Learning broad in scope, and the adoption of a comprehensive and inclusive approach is required. This is by and large achieved by the Priority. The recent analysis of the progress in implementing the UK National Reform Programme by the EC (Annual Progress Report on the Lisbon Growth and Jobs Strategy) makes a macro recommendation to the UK as follows: “increase basic and intermediate skills, in order to raise productivity, and further improve employment prospects for the most disadvantaged.” Priorities 1 and 2 of the ESF operational programme, with contextual support from Priority 3, aim to do just that. So, in spite of some quibbles over matters of omission and delivery, the ESF programme has clearly been well constructed.</p>
<p><b><i>Question 6: What are your views on the proposed balance of funding between priorities for the future ERDF programme in Lowlands &amp; Uplands Scotland?</i></b></p>	<p>While given the weight of Lisbon earmarking activities contained within Priority 1 experience from the 2000-2006 Programme would suggest that unless there is a significant improvement of Scotland’s record up till now in this area, the Priority risks underperforming. The College would therefore recommend an allocation of 45%, still an important allocation, with the caveat that the Operational Programme must ensure the that Priority’s financial resources are deployed innovatively. The College considers Priority 2 as equal in importance to Priority 1 given its aim is to regenerate communities through the establishment of a wealth creation dimension within them and the additional objective of encouraging start-up, higher level skills acquisition in the population and overall improvement in local amenity and prosperity. Accordingly Stow College proposes an equal allocation of 45%. Stow College, in common with the West of Scotland Colleges Partnership, finds that the proposed Priority 3, absorbing 23% of the fund on a ring-fenced basis, plus unspecified access to Priority 1 for rural business development, is vastly over-resourced in terms of the impact the proposed Priority could hope to achieve relative to the post-industrial LUPs areas need for regeneration, where the bulk of the population and associated deprivation indices reside. Priority 3, as currently presented, should be capped at 10%. In summary, Stow College recommends: Enterprise Growth 45% Community Regeneration 45% Rural Development 10% However, in common with the West of Scotland Colleges Partnership, Stow College would seek to replace the rural Priority with a new Priority for Sustainability and Environmental Protection, with the regeneration activities of the present rural Priority 3 moving under Priorities 1 and 2. If this proposal were adopted, the proposed allocation would be:- Enterprise Growth 35% Community Regeneration 35% Sustainability and Environmental Protection 30% The new Priority would be applied across the entire region, thus addressing the sustainability/environmental</p>

	protection agenda of both post-industrial and rural LUPS areas, while also achieving 75% “Lisbon earmarking” content
<p>Question 7: What are your views on the proposed balance of funding between priorities for the future ESF programme in Lowlands &amp; Uplands Scotland?</p>	<p>While undoubtedly Priority 1 has the most socially responsible agenda, and some of the Programme’s most intensive impacts, outputs and results to deliver, it is also the Priority that is most closely aligned with domestic policy programmes. Given the Scottish &amp; UK domestic funding flowing to the NEET and associated priority groups; Priority 1’s ability to synergise with Priority 2 ERDF; and finally the scarcity of Structural Funds allocated to LUPS region as a whole, Stow College feels that the 43% proposed can safely be reduced to 40% without any adverse impact Since Priority 2 broadly covers the productivity (low skills) theme, and must link with the business creation/survival agenda of Priority 1 ERDF, an increase to 35% is recommended. The proposed allocation to Priority 3 The post school learning infrastructure must continue to innovate, improve and modernise its services. Access to learning must be facilitated for all age groups. Unless these issues are being continuously addressed, and supported by additional funds, the capacity to achieve outputs under Priorities 1 and 2 will be weakened. Also Priority 3 seeks to bring public sector support closer to SMEs/employees, traditionally a difficult area of engagement. It also seeks to involve the social partners whose absence as players has been a weakness in previous Scottish programmes. Stow College would therefore recommend a slight increase to 25%.  Allocations recommended by Stow College: Priority 1 Progressing into Employment 40% Priority 2 Progressing through Employment 35% Priority 3 Access to Lifelong Learning 25%</p>
<p><b><i>Question 8: Do the proposed priorities outlined in the draft Operational Programmes focus sufficiently on the right priorities in Scottish domestic policy?</i></b></p>	<p>Yes.</p>
<p>Question 9: What are your views on how the principle of environmental sustainability has been integrated into the Operational Programmes?</p>	<p>Stow College fully supports the position of the West of Scotland Colleges Partnership in calling for environmental sustainability to be accorded a full Priority in the LUPS programme, addressing issues such as: Climate change Carbon emissions Energy renewables Waste management Pollution controls Nevertheless in recognition that such a large scale revision of the Structural Fund programme is unlikely at this stage, Stow College calls for a serious reconsideration of the theme in Priorities 1 and 2 to ensure that environmental sustainability is accorded similar status to that enjoyed in Priority 3. For Priority 1, the environmental/sustainability credentials of our economy require some serious attention, and the theme should be accorded funding and remit to make real improvements. In Priority 2, the vast majority of communities suffering from multiple deprivation are also afflicted by poor amenity affecting the quality of</p>

	<p>life. There is a serious environmental improvement agenda in these areas, which must be tackled in tandem with involving companies and more jobs and new skills. In conclusion, the opportunity to feature environmental sustainability evenly across all the Priorities, and in a way which vindicates the relevance of the theme appropriately for the different locations and populations of the programme area must not be missed.</p>
<p><b><i>Question 10: What are your views on how the principle of equal opportunities has been integrated into the Operational Programmes</i></b></p>	<p>The Colleges welcomes the continuation of equal opportunities as a horizontal theme from the 2000-2006 Programme into its successor programme. Indeed it is widely acknowledged that Structural Funds have played a pivotal role in mainstreaming equal opportunities and gender parity in Scotland (for example through the production of the Equal Opportunities Toolkit) For the 2007-13 Programme, therefore, it is appropriate that Scotland looks to build upon the progress that has been made and seeks to challenge itself still further. Therefore Stow College believes that this programme should seek to expand upon the horizontal themes of equal opportunities and sustainability by introducing corporate social responsibility as a horizontal theme. The introduction of CSR as a horizontal theme would signal to the European Commission a maturity of programming in Scotland and a reassurance that Structural Funds are being correctly targeted to enhance new EU aims and initiatives. CSR is the logical next step in the development of the themes of Equal Opportunities and Sustainability especially when consideration is given to the fact that in order to improve employment amongst those target groups which are outlined in ESF Priority 1, there is also a requirement to encourage businesses to play a part by providing employment opportunities that will contribute towards social development and minimise exclusion; a horizontal theme of CSR could play a significant role in achieving this. Responsible recruitment practices, involving in particular non-discriminatory practices, could facilitate the recruitment of people from ethnic minorities, older workers, women with childcare responsibilities, the long term unemployed and people at a disadvantage are all practices that embed equal opportunities, gender parity and (crucially) CSR. Such practices are essential in relation to achieving the European Employment Strategy objectives of reducing unemployment, raising the employment rate and fighting against social exclusion. Examples of eligible activities could include soft outcomes such as reviewing internal policies and procedures to take account of CSR; assessing the risk of the organisation in terms of consumer attitudes through to hard outputs such as formal workplace compliance with CSR standards such as ISO 14000 and Social Accountability International's SA8000 standard. CSR would also encourage companies to invest in skills development, lifelong learning and employability, which are needed to remain competitive in the global knowledge economy.</p>

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

Stow College feels that considerable potential exists for the IDBs and project sponsors to synergise with their Structural Fund allocations with other EU funding streams. For example, 7th Framework Programme (FP7) enjoys a close relationship with ERDF Priority 1 given FP7's focus on stimulating economic growth and strengthening European competitiveness by investing in knowledge, innovation and human capital. Another example is the EC Integrated Lifelong Learning Programme providing synergy between Leonardo, Erasmus, Grundtvig etc alongside ESF Priority 3. Given the large reduction in the availability of Structural Funds the opportunity for LUPS sponsors to access alternative complementary funding streams is absolutely vital. Accordingly Stow College proposes that the Managing Authority, as a part of the implementation phase of the 2007-2013 Programmes, considering holding a series of information and awareness raising events on the other EU funding streams available to sponsors.

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

In 2000/06 Programme, Objective 3 introduced "rolling programme" arrangements in certain priorities only, with larger priorities restricted to an annual application round, with reserve lists. Objective 2 West achieved a three rounds per annum cycle. With less money in the new programme, and spatial targeting to be accommodated in ESF Priority 1, the aim must be to achieve more flexibility in releasing funds to project sponsors. It is therefore recommended that establishing a "rolling programme" arrangement be initiated for ESF Priority 3. For Priorities 1 and 2 ESF, the feasibility of 3 rounds should be explored with the possibility of 4 (i.e. quarterly rounds) envisaged. However, were 3 or quarterly rounds implemented, the appraisal process would have to be speeded up. As well as coping with a late approval date, the gap between project submission and approval letter must be reduced. Peer group appraisal through Advisory Groups should be maintained, but the process could be streamlined. The outcomes issue can be addressed by more frequent monitoring of projects, and more clear and standardised reporting linked to the claims cycle. In this context, the respective roles of the IAB and the Managing Authority in the claims process must be made absolutely clear. Delays in the payment of ESF grant monies have been an issue of contention over the years, and the foreshortening of delays achieved in recent years must be at least maintained, and improved upon, in this new programme.

To ensure the additionality of Structural Funds when utilised by Community Planning Partnerships and others for the delivery elements of the 2007-2013 programme Stow College would like to see a process initiated where the Scottish Executive as Managing Authority, its Executive Agencies, IABs and Community Planning Partnerships themselves clearly identify how Structural

**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?**

Funds will be deployed within each CPP programme area, how they additionalise the CPP CRF funding already in situ and what additional outcomes, impacts and results cross referenced back to the local ROA will be achieved as a result of Structural Funds being deployed. The use of Community Planning Partnerships, with their existing resourcing from the Community Regeneration Fund, does provide, in theory, an appropriate framework to match core budgets and the Structural Funds in a very focused way. According the deployment of CPPs and other local partnerships for the delivery elements of the 2007-2013 Structural Fund programme can only be viewed as an opportunity, however the College does have some reservations about the capacity of CPPs as presently structured to be able to quickly acquire the staff, skills and knowledge to comply with what can be an extremely complex SF regulatory framework. Positive measure to ensure inclusivity, involvement of all project sponsors and transparency plus clearly measurable and identifiable outputs, impacts and results would also be required to be put into place by the MA and IAB.

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

Stow College believes that the use of the Scottish Indices of Multiple Deprivation (SIMD) as a proxy for spatial targeting is both welcome and appropriate and SIMD updates should be used as a guide for ERDF investment strategies in Priority 2. Although while the College recognises that it is too soon to enter into detail, but some outline indications as to how spatial targeting will work in practice would have been very welcome in the consultation. The pro-active involvement of the Managing Authority in supervising the prioritisation of areas and relating proposed project activity to the financial tables is paramount, as there are considerations apart from the SIMD to be taken into account e.g. quality of projects proposed, capacity and track record of delivery organisations, balance and coherence of partnerships etc. In the event of IDB status being granted to CPPs, each Partnership must be able to demonstrate clear planning and synergies in how core CRF funding, plus Structural Funds, will tackle the domestic policy issues underlined within SIMD and within the Priority's aims and objectives to ensure both additionality and complementarity. Given the difficulties of practically applying small area data zones to "real life" the spatial targeting for ESF must be more flexible in geographical terms, and include SMEs in more prosperous areas, (as current and prospective employers) and residents of adjacent communities. Geographical targeting which is too narrowly based on strict post-coding can be counter productive, and whilst residents of deprived areas should still constitute the main target, the focus should be widened somewhat to ensure flexibility and opportunities.

None. Stow College in common with the West of Scotland Colleges Partnership strongly disagrees with

Question 15: What are your views on spatial targeting for rural development under ERDF Priority 3?	the establishment of a separate Priority for so-called "rural areas," as the priorities for the more sparsely populated areas within the programme's geography recommended by the Community Guidelines could easily have been accommodated within Priorities 1 and 2 without a separate 'ring fenced' priority.
<b><i>Question 16: Do you have any additional comments on the draft Structural Funds Operational Programmes for Lowlands &amp; Uplands Scotland?</i></b>	None.

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