



# Universities Scotland

## **Response to Scottish Executive consultation on the Future of European Structural Funds in Scotland**

Universities Scotland welcomes the opportunity to respond to the Scottish Executive's consultation on their draft proposals for future structural funds programmes. This response had been drafted after consultation with the 20 Higher Education Institutions who form our membership.

In general, we are strongly in favour of the increased emphasis on measures to support the Lisbon agenda, since Scottish Higher Education Institutions have a crucial role to play in the creation and development of the knowledge economy. Given the overall decline in EU Structural Funds, we feel that this is a very sensible way to allocate them. We also agree that geographical targeting can only make sense. We particularly welcome the designation of Enterprise Development as ERDF Priority 1 for both the Highlands & Islands, and for the Lowlands & Uplands.

We would also like to point out that the reduction in structural funding makes it important for HEIs and the bodies which fund them to ensure continuity in staffing and programmes currently supported by Structural Funds.

### **Delivery of Programmes**

We would like to take the opportunity to state that our members have been pleased with the present arrangements. We have no objection to a move to Intermediate Administration Bodies, but we hope that the effective work of the Programme Management Executives will be recognised when it comes to making arrangements for the new programme. In our opinion, the present arrangements have provided effective support for agreed regional policies.

We have no reason to believe that the current arrangement has been detrimental to the interests of the Enterprise Networks.

The new Programme will "provide funding more directly to [the Enterprise Networks]... the remainder of the Funds [will] be delivered on the challenge-fund basis... For the first half of the programming period at least, we expect challenge funding to account for the bulk of programme resources".

On this basis, it appears to be possible that in the second half of the programming period, direct funding to the Enterprise Networks could account for the bulk of programme resources.

We realise that direct funding to Enterprise Networks occurs in other European countries. Nevertheless, competitive bidding for ERDF funding has worked well in Scotland, and it may be that direct funding to Enterprise Networks would be less welcome here. A system whereby direct funding to the Enterprise Networks could account for the bulk of programme resources would, we feel, discourage the flexibility and innovation encouraged by competitive bidding. We suggest that

there should be broader consultation on this point. If the current arrangement has not been detrimental to the interests of the Enterprise Networks, they should not need direct funding.

### **ERDF Priority 1: Enterprise Development**

We welcome the recognition that RTD/innovation “underpins all sources of regional economic competitiveness”, in line with the Lisbon Agenda. However, not all help given to SMEs by HEIs comprises research carried out in conjunction with or on behalf of SMEs, or even direct encouragement of SMEs’ innovation capacity. SMEs may well need help with related issues, for example marketing, growth market opportunities, understanding current and forthcoming EU and UK government legislation, improved use of ICT, skills development including leadership, management techniques, understanding of public procurement policies, reducing environmental impact, etc. We believe that this help can best be provided via an integrated project whose main focus is applied research undertaken on behalf of SMEs, but which also uses other expertise to be found within the institution (offering SMEs a one-stop shop approach). We would not like to see support for interaction between HEIs and SMEs confined to RTD and innovation. In the draft, “Improving the ability of the Scottish enterprise community to make maximum use of this research” could perhaps cover this point provided it is recognised that in many cases support for SMEs may need to be rather broad.

### **ESF Priority 1: Increasing the Workforce / Progressing into Employment**

The main aim of the revised Lisbon Agenda is to improve the EU's economy: “to create a powerful growth and jobs engine.. to create the growth and jobs necessary to maintain and improve prosperity.. The key aim is getting into a rhythm of high sustainable annual growth and low unemployment.. Use the European Social Fund to support investments in training, active labour market policies, modern work organisation.. Lisbon is not just about more jobs – but more and better jobs”.

Noting this, we would urge the Scottish Executive to use ESF funding for all levels of education, up to and including PhD studentships. HEIs in Wales and Northern Ireland have used such funds to support hundreds of PhD studentships in recent years.

On a related point, the draft notes that “There may also be advantages in setting a minimum size for projects, particularly in the European Social Fund programme”. We would be anxious about the exclusion of small but well focused projects, for example re-training textile workers in areas which have been hit by new export taxes.

### **ESF Priority 3: Access to Lifelong Learning**

We suggest that the Scottish Executive should do more to ensure that important objectives, such as the promotion of the knowledge economy, are realised through this priority. This could be encouraged in two ways: either by having more representation from the university sector on the management committees; or more directly, by appropriate and full guidance for members of Advisory Groups on the relevance of the knowledge economy.

Otherwise, opportunities might be missed to decrease unemployment through higher level skills development and training in areas of greatest economic potential. Currently there is very little participation by Scottish HEIs in such training. This is surprising, if only because postgraduate vocational courses are widely considered to be successful in getting people jobs, particularly jobs in the knowledge economy. Other parts of the UK, notably Northern Ireland, have allowed ESF monies to support postgraduate training, right up to the doctoral level. We would like to see similar flexibility in Scotland.

## **Administration and costing of ESF programmes**

We have some concerns that Scottish ESF programmes have in the past been too restrictive in the types of activity they will fund, the way projects are costed, and in their reporting requirements. The ESF Programmes in England and Scotland differ in various respects, none of them to the advantage of Scotland. Here are four examples:

a) The English regions have their own ESF programmes, to which universities can apply. But in addition, there is a ring-fenced allocation of £8m to £10m for Higher Education. Projects funded from that allocation are known as HE ESF National Projects.

If other institutions in Scotland are going to receive direct support from the structural funds, could the university sector have ring-fenced allocations for ESF?

b) There is a different and simpler costing methodology, agreed with the EU, in England. We would welcome a review of the Scottish position, and suggest as one alternative a methodology based on or linked to the Transparent Approach to Costing (TRAC) system currently used by all UK HEIs for full economic costing of their research activities.

c) The administrative burden is lighter. For National Projects, English universities don't have to write a full application or make quarterly returns.

d) The English Programme offers support for different types of activity. For example HEIs in England can apply for ESF funding for advisers who will support their undergraduate students. This appears to be a very worthwhile activity. We would like to be able to apply for ESF to support activity of this sort, but we understand Scotland has declined to participate in the scheme.

We would urge the Scottish Executive to look closely at such issues, and if possible, follow good examples and ensure a greater degree of coordination between the Scottish and other UK programmes.

8 January 2007