

Mclsaac C (Cathy)

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

Name: John McCearney
Organisation: West of Scotland Colleges' Partnership
Address: Allan Glen's Building 190 Cathedral Street
 GLASGOW
Postcode: G4 0ND
Email: jmcc@woscop.co.uk
Telephone Number: 0141 552 3502
Responding as: on behalf of a group or organisation
Individual Permission:
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Questions and Answers

• The two socio-economic exercises, one for the ERDF programme, and another for the ESF programme are designed to serve the issues chosen to feature as the major priorities for each programme. • Both socio-economic exercises therefore provide a context only for the pre-identified Priorities. Other issues in the wider Scottish economy which could well be relevant for the programme could not be identified by this approach. • It is assumed that Question 1 is an acknowledgment that both exercises may leave gaps or fail to dove-tail adequately. • It would have been preferable if a wider socio-economic report had been produced for the entire

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?

programme area, 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 programmes, bearing in mind the reduction in funding for 2007/13. It would also have identified those aspects of the Scottish economy which were omitted from the priorities for Structural Funds support • Such a wider report would also have clarified the synergies expected in the delivery of two funding streams seeking to regenerate the same economic situation. • As matters stand, the content of the Priorities chosen does represent overall issues which have been raised in the NSRF and in the Community Strategic Guidelines. • However, there are some issues which are not accorded front-line consideration or given due emphasis, and which are important in the context of selecting those themes which should attract support from a programme with limited resources. • 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. Matters are not quite 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 a role of ICTs is omitted. • The deployment of ICTs is a key aspect of the knowledge economy. The situation of the Scottish company base in relation to e-business is not addressed, and Structural Funds could ensure a role in providing support. Similarly, on the ESF side, the promotion of e-skills is not adequately featured. The ICT dimension sits alongside enterprise, innovation and RTD and is a key element of competitiveness, which should be featured prominently in both the ERDF and ESF programmes. • Environmental Sustainability. This should have been tackled as a part of the socio economic analysis and featured as a major component of the SWOT findings. Leaving a consideration of this issue to a subsequent exercise (SEA) and treating it as a horizontal theme is inadequate in the current circumstances (STERNE Report). • In Priority 3, the need for diversification and the potential of “green tourism” is raised. The current state of urban tourism (Based on conference activity, city breaks, family heritage) is not examined, and the possibility of Structural Fund support therefore not considered. It may be the case that this would be a theme with a lower priority for S.F. support, but the area is not examined, and its role in new business creation or company survival in the hospitality and related service industries goes by default. • Given that Scotland has already exceeded Lisbon targets in terms of employment rates, the ESF programme correctly identifies a series of “long term challenges” which are concerned with worklessness, “hardest to reach” groups, low skills/low wages etc, etc, i.e. problems related to the employability

of marginalised groups in the labour market. • However, the ESF socio-economic analysis displays only intermittent awareness of the theme of PRODUCTIVITY. The “Regional Weaknesses” section of the SWOT deals exclusively with employment rates and ignores the issue of low productivity in the Scottish economy. • The employment rate issue in the SWOT analysis should have been accompanied by a consideration of the lower productivity levels in Scotland, as compared with the U.K. The gross Value Added (GVA) per Scottish resident is 94% of the U.K. figure, with the west of Scotland achieving only 91%. The expected contribution of the programme, especially Priority 2 to the improvement in productivity is not explained. • Where lowland Scotland finds itself in terms of the knowledge economy again in comparison with the U.K., is not examined at all. • Of the five drivers of productivity listed in the U.K. National Reform Programme, the “effective deployment of ICTs” throughout the economy hardly rates a mention in this ESF programme. ICT’s were responsible for 40% of productivity growth in the last decade, and the Structural Funds have a role in maintaining momentum. How Structural Funds can be deployed in this programme to enhance ICTs and related skills is not given the prominence they deserve. Scotland, in general, and the south west NUTs area in particular, suffers from an “e-competence” deficit when set against the rest of the UK and other national economies. • This issue is of fundamental importance to all of the target groups identified in the paragraph dealing with “key programme challenges”. E-skills only rate a specific mention with regard to entrepreneurship, and when higher skill levels are featured, (skills and education) “computing skills” are listed only as part of the core skills agenda. • The balance between improving overall employment levels and the productivity potential of the labour force needs to be restored in programming terms. • In Priority 1, the target groups are readily identifiable. In Priority 2, the wide variety of target groups produces a more confusing situation with regard to their respective priorities for funding, but the intended beneficiaries are clear enough. • However, the activities to be prioritised for funding are presented intermittently throughout the document. ESF project sponsors do know how to compose a package of vocational education and related activities, but nonetheless, some more robust and systematic guidance should emerge from the programme. The workless and “hardest to reach” groups have farther to travel to achieve job readiness and meet employer expectations. • What goes into the mix to create a competitive individual in terms of employment is what really absorbs the funding, and the programme should provide clearer indications of its requirements in this area.

• Since the SWOT analysis concludes a socio-economic description already linked in a linear fashion to the pre-

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?

identified Priorities, it would be difficult for the Priorities to fail to address the SWOT and the key programme challenges emerging from it. So the answer is YES, the Priorities do address the points raised by the SWOT, as far as it goes, one exception being the Priority 1 theme of the commercial use of new environmental technologies.. • The problem is that the SWOT does not emerge from an independent, comprehensively conducted socio-economic analysis, and any lateral issues raised by the ex-ante evaluation are not shared with the organisations being consulted. • With reference to our response from Question 1, it is worth repeating that 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 the west, where e-business appears to have a weaker penetration in the company base than in the east. 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.....which technologies to embrace and invest in, and which to ignore in the meantime? (One example for a revenue ERDF project would be combating internet fraud). • In Priority 3, the need for diversification and the potential of “green tourism” is raised. The current state of urban tourism (Based on conference activity, city breaks, family heritage) is not examined, and the possibility of Structural Fund support therefore not considered. It may be the case that this would be a theme with a lower priority for S.F. support, but the area is not examined, and its role in new business creation or company survival in the hospitality and related service industries goes by default. • The reason for alluding to these examples is to underline the self-serving nature of the question. Of course, the Priorities address the SWOT. But the scope of the SWOT encompasses the chosen themes of the Priorities • One significant and obvious example (ICTs) has already been pointed out. E-business must be added to Priority 1, the scope of which is quite narrowly focused on business start up/survival, closely linked to innovation and RTD. Deployment of appropriate ICTs throughout the company base, a major force in the drive to improve competitiveness, sits alongside the already established priority themes, and provides the opportunity for complementary ICT related activities which will broaden the scope of Priority 1 in terms of its competitiveness impact. • 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. • The last major paragraph of Priority 1 “To improve the resource efficiency and commercial use of new environmental technologies” etc

	<p>looks like an attempt to establish SUSTAINABILITY in Priority 1, as a horizontal theme, and is inadequate and confusing. • This theme should have been prominent throughout the analysis and contextual statements for the ERDF programme, and should have been accommodated more visibly within the Priority itself, rather than appearing at the eleventh hour almost as an afterthought. • WoSCoP's reactions to the entire issue of SUSTAINABILITY/ENVIRONMENTAL PROTECTION are set out in the response to Question 9.</p>
	<p>• Priorities 1 and 2 display complementarity, and therefore go some way to creating the impression that the programme coheres strategically. • 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 over generous resources ring-fenced for an ill-defined concept of "RURALITY", which, in addition, will have the facility to enter Priority 1 for "rural business" development. • In programming terms, the major vertical Priorities should encompass the entire programme area, in which the relative needs of geographical locations, certain populations and specific target groups can be accommodated. • This accommodation would include prioritisation in terms of the location of activities (spatial targeting), and would consider the optimum outflow of resources and the timing and synergising of resources from other funding streams. The scope of the main Priorities has to include predominantly urban, semi-urban, semi-rural and genuinely rural agendas. People would easily acknowledge the predominately urban and genuinely rural definitions, but a large proportion of Scotland's population and businesses are located in between. • It is therefore WoSCoP's contention that the needs of ALL the areas should be addressed in terms of the two major Priorities. The overall framework within which the Priorities would situate their selection criteria would feature sympathetic prioritisation of projects to be funded, informed by a transparent policy and procedures for SPATIAL targeting. • As currently constructed, the presence of Priority 3 negates the concept of SPATIAL targeting for the whole programme area. • Given that the two main Priorities complement two main strategic imperatives, and ought to cover the entire LUPs area, a third Priority should be the establishment of SUSTAINABILITY as a full horizontal Priority, accorded this status by the medium to long term implications of the STERNE report. • Two vertical Priorities addressing business development and community development for the entire LUPs area, both supported horizontally by a sustainability Priority would be a COHERENT programme. • The concept of CONCENTRATION is understood to apply initially to the concentration of themes within the Priorities. • In this sense, Priority 1 is very concentrated indeed on</p>

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

research-enterprise links, commercialisation of the RTD base and enterprise formation. • Although the document is upbeat on the strength of Scottish research, this is more apparent in the academic sphere than in company based research, and WoSCoP is somewhat sceptical as to whether the potential for research-enterprise links is as strong as the programme is making out. • The situation on enterprise formation and survival has been very poor in Scotland, with the situation in the west showing figures beneath the Scottish and UK averages. Again, the programme is optimistic about the numbers of would-be entrepreneurs in Scotland. Even if true, this is irrelevant if the start-up rate continues to depend on current approaches to the problem. • If this concentration on business creation from the above sources is to produce results, more innovative approaches and fresh project initiatives are required, as our record having provided both core and S.F. resources to improve the situation up till now has proved manifestly disappointing. The Priority must also be open to project sponsors other than Scottish Enterprise. • Priority 1 requires the addition of an ICTs 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. • WoSCoP 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 policies to assist areas of low population. • Otherwise, the concept of CONCENTRATION could be interpreted as an intended concentration of funding on specific geographies, populations, and target groups. • SPATIAL TARGETING is already envisaged for Priorities 2 and 3, and will be responded to at Questions 14 and 15. • WoSCoP notes with regret that there is to be no spatial targeting considered for Priority 1. • With by far the greatest allocation of funding on already closely concentrated themes, Priority 1 should have homed in on the economic imbalances with the LUPs

area in terms of business creation/survival. The fact that this is not proposed is a matter for concern, as it would appear that the ERDF is not being correctly applied, as WoSCoP understands that its EC regulatory requirement is concerned to address economic imbalances both between and within regions. • WoSCoP's concern is sourced in the evidence of economic imbalances within the LUPs area, summarised below: SMART/SPUR [2003 – 2006] Total offered £25.2m of which £6.2m in the West £18.2m in the East, of which £9.1m is for the City of Edinburgh Under this scheme, funding for Edinburgh alone exceeds that for the entire West by about £3m. Co-investment fund (2005/2006) West £2.4m East £7.6m, of which Edinburgh has £3.1m, again exceeding funding for the entire West Business Start up/Survival. West = 25 VAT registered businesses per 1,000 population (2005) Scotland = 30 UK = 38 With regard to Business Birth and Death rates, the figures reveal that this is a Scotland wide problem with regard to births, but business survival rates in the West are below both the Scottish and UK rates. • WoSCoP would therefore urge that a system of SPATIAL TARGETING should be brought in for the West. • In broad terms, the spaces to be targeted must be in the West/South NUTS area. Prosperous areas with little or no visible need for the Priority must be set aside. Resources must be concentrated on areas where need has been identified, and resources will produce visible results. The temptation to spread resources thinly in the interests of misguided notions of “fairness” must be rejected, and any arguments put forward on the grounds of expediency to meet N+2 targets across the entire area must be set aside by ensuring that the areas/populations of greatest need attract robust and high performing projects from the very outset. • All of the major themes of Priority 1, business development, innovation, research plus e-business in the west need serious attention NOW, in order to initiate progress towards catching up with the rest of Scotland. • Only when the needs of the West have been accorded initial priority, and monitoring and evaluation results show incontestable evidence of “catch up,” should the spatial targeting widen to include other areas. • In view of the levels of prosperity in some of the LUPs larger centres (e.g. cities of Edinburgh and Aberdeen), these areas should not be considered for Structural Funds support.

• For the purposes of responding to the question, WoSCoP accepts the presentation of a socio-economic analysis and SWOT for the two programmes as presented. The WoSCoP overview of the entire O.P. presentation issue is addressed in the response to question 16. • With regard to the ESF programme SWOT, the analysis concentrated on the EMPLOYMENT side of the Scottish economy, and completely omitted the issue of PRODUCTIVITY of the workforce, which is of fundamental importance in

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?

programming for the HRD situation of the entire region.

- As a result, the thrust of the Priorities is to target EMPLOYABILITY of the active population, and to seek to increase the overall number of people available for work, with the economically INACTIVE specifically targeted. In general terms, this is how the Priorities shape up, and the historical and moral imperatives for channelling the funds towards these groups are well understood and accepted.
- However, this is a COMPETITIVENESS programme, and a parallel presentation of the PRODUCTIVITY levels in the Scottish economy would have provided clear indications as to the seriousness of the competitiveness gap between lowland Scotland and the U.K. overall, as well as providing guidance as to the activities required to improve low skills levels, reduce the gender gap, and enhance the knowledge economy.
- Fortunately, as the texts unfold from the Policy Background, the Programme Vision and on through the programme Objectives to the presentation of the Priorities themselves, a greater awareness of what requires to be done becomes apparent.
- However, the fact that the question of PRODUCTIVITY is not explicitly featured, and the issues arising from it are not systematically explained constitutes a serious weakness in the presentation of the Operational Programmes for ESF.
- By way of example, nowhere is this failure more apparent than in the presentation of the objectives, scope and eligible activities under Priority 2.
- The Priority does seek to describe the situation with regard to low wages and low skills, and presents a wide range of weaknesses and problem areas which would require funding support. But solutions are suggested in idealised, aspirational terms, with little or no relation to the realities of providing training for the low skilled in employment, or how to tackle the ever present problem of skills gaps.
- On reading this text, employers, whose good will and cooperation are essential to solving the key problems in Priority 2, could well be offended by the accusations of self interest and short-termism levelled at them.
- The description of target groups and eligible activities apparently covers every category, employed, unemployed and re-deploying people with no indication as to their relative priority in funding terms. This creates the impression that the Priority is targeting every apparent weakness, whilst the reduction in funding is constantly to the fore.
- Structural Funds programmes in Scotland over the years have manifested poor achievement with regard to engaging employers and trades unions in the programmes, and the track record in SMEs training and assistance mirrors the poor rates of company creation and survival under ERDF.
- This problem of securing the commitment of the company base and of the Trades Unions to Structural Funds programmes, raising awareness of programmes' aims and objectives, and securing operational cooperation on a consistent basis lies at the heart of

continued failure, or the beginnings of success in this area. • Suggestions as to how to make progress are conspicuously absent in this Priority. Making lists of weaknesses and setting them alongside aspirational solutions is easy. Elaborating a practical step by step strategy, with limited but measurable objectives as to how to build the relationships which will allow the problems to be tackled is a bit more difficult, but nonetheless remains a pre-requisite. • It is significant that at no point in this Priority are the social partners even mentioned, which leads one to assume that employers' associations of all kinds, companies in key growth sectors, and the trades unions at national and local levels are not considered by the Scottish Executive as relevant when it comes to addressing, and providing solutions for, skills problems in the Scottish labour market, especially the widespread problem of low skills levels. • Sections 72, 73 and 74, of the "Lisbon earmarking" grid show that the ESF Programme's Priorities can accommodate the directions which Lisbon would wish to see the Programme taking, as long as some of these "human capital" issues can be assisted from the ERDF programme. The need to ensure that the areas of proposed synergy do come together meaningfully is paramount. In addition, further possibilities to achieve even more synergies should be explored as the life of the programmes unfolds. • In conclusion, the three Priorities do address the most obvious weaknesses in the Scottish Labour Market. Inactivity and worklessness must continue to be tackled. A massive consistent effort, far beyond the funding reach of this programme, must be set in motion to tackle low skills. WoSCoP would therefore wish that the programme would have been more clear as to the most urgent needs under Priority 2, as difficult choices may have to be made.

• The ESF Priorities as presented do display coherence. Indeed it could hardly be otherwise, as the Priorities are sourced in the EC's Community Support Guidelines, provided with a UK and Scottish context in the NSRF and laid down on the table like playing cards, a priority for the most deprived groups and areas, a priority for low skills in the (employed) workforce, and a lifelong learning priority to support both. So coherence across the board looks plausible. • Priority 1 shows very focused concentration on an exhaustive list of target groups lacking qualifications. • The continuing presence of these marginalised groups in large numbers, displaying such a depth of need is clearly "unfinished business" for ESF, in spite of the significant resources devoted to them in the current and past programmes. • This raises all manner of questions, not least of which is the extent to which these groups can be engaged and retained on vocational and welfare to work schemes for a sufficient length of time to ensure real progress. • A great deal has been learned from past experience in this area, including partnership and multi-agency working,

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

and plotting a pathway from inactivity to support in the workplace. • The description of this process offered in the section “Eligible activities (p55) is therefore to be commended, although the need to challenge the beneficiary whilst also providing tailored support should also be included. • Given that there will also be central government funding, plus resources from DWP schemes targeted on worklessness, some further work is required to target the reduced funding from Priority 1 on project sponsors who can demonstrate that all resources are being appropriately marshalled and added value secured. • Concentration is also envisaged by targeting resources on areas of multiple deprivation. Whilst it is essential to home in on deprivation, experience from past programmes indicates that over concentrated geographical targeting can lead to problems of recruitment/retention and successful spin-out into the jobs 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.. • Priority 2 is of necessity less concentrated, as a wide range of people, employed, unemployed and re-deploying are covered by the “low skills definition”. • As the text proceeds from the initial “four goals” of the Priority, through the targeting of groups and on to the eligible activities, the scope of the Priority broadens to the extent that some re-focusing on those groups and themes which deserve priority is called for. • The “low skills” group in the west will require consistent support throughout the life of the programme, as the upskilling of this group is essential if the scale of replacement demand in the west of Scotland economy, estimated at 500,000 jobs over the next ten years, is to be met. The step-up across the economy from low to intermediate skills levels is more important than intermediate to higher level skills. • 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 certainly been constructed along the right lines.

Enterprise Growth 48% Allocations to the Priorities proposed: Community Regeneration 29% Rural Development 23% • The only rationale in the Operational Programme as to why the Priorities are

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

accorded the percentage shares shown above is based on a "Lisbon Earmarking" exercise whereby 75% of the Programme content must correspond to the activities categorised in Annex C (List of Eligible Activities, Annex IV) • Some more detail on the programme's thinking about the relative "weight" of the different Priorities in "Lisbon earmarking terms" would have been helpful. • The nature of the content of Priority 1 is very "Lisbon heavy", to the extent that the 75% target would be easily surpassed, indeed, the Priority demonstrates 100% Lisbon content. If the WoSCoP suggestion (response to Questions 1 and 3) of including business based ICTs in the Priority were to be adopted, this would further confirm the complete "Lisbon" content of the Priority. • WoSCoP can only assume that the RTD and innovation content, allied to the high growth business development has influenced an allocation of almost half of the fund (48%). • If this Priority shows a strong performance, then it would appear that only a further 27% of the ERDF programme would be required, between the two other Priorities, to meet the Lisbon content target of 75%. • Priority 1 as it stands is highly concentrated thematically, and unless there is a significant improvement of Scotland's record up till now in this area, the Priority risks underperforming. • WoSCoP would therefore recommend an allocation of 43%, still an important allocation, with the caveat that resources here must be deployed innovatively if the record is to show any improvement. • WoSCoP considers Priority 2 as equal in importance to Priority 1, as the aim is to regenerate communities through the establishment of a wealth creation dimension within them, with the additional objective of encouraging start-up, higher level skills acquisition in the population and overall improvement in local amenity and prosperity. • The programme is apparently satisfied that the exigencies of Lisbon can be met at 29% of the Programme for Priority 2, and WoSCoP would submit that at 42%, sufficient Lisbon content can be delivered to meet the overall target. • It strikes WoSCoP that 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 view of the population involved relative to the post-industrial LUPs areas manifesting a depth of need for regeneration. Priority 3 as currently presented, should be capped at 15%. • WoSCoP recommends o Enterprise Growth 43% o Community Regeneration 42% o Rural Development 15% • However, WoSCoP 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 moving under Priorities 1 and 2 (c.f. Response to Question 9). • If this proposal were to be seriously considered, the proposed allocation would be:- o Enterprise Growth 35% o Community Regeneration

	<p>35% o Sustainability and Environmental Protection 30% • The new Priority would be applied across the entire LUPs area, thus addressing the SUSTAINABILITY/ENVIRONMENTAL PROTECTION agenda of both post-industrial and rural areas. • Such a Priority would contribute significantly to the 75% Lisbon target. • This suggestion is described more fully elsewhere in the WoSCoP response to Q9, but is featured here in the interests of the notional allocations of resources to the priorities. • To return to the question of balancing funding between the Priorities, WoSCoP would advise a different approach. • Initially, funds should be allocated on the basis of achieving balanced outputs across the Priorities, i.e. funds should be set against the socio economic potential of the Priorities. • This exercise should be followed by assessing the “Lisbon” content of each Priorty, with the intention of achieving the 75% target in all Priorities. • Although this may not be achieved completely, the overall programme target across all Priorities would still be met, with each Priority having its “Lisbon content” potential maximised.</p>
<p>Question 7: What are your views on the proposed balance of funding between priorities for the future ESF programme in Lowlands & Uplands Scotland?</p>	<p>Balance of funding between ESF Priorities proposed by the programme Priority 1 Progressing into Employment 43% Priority 2 Progressing through Employment 35% Priority 3 Access to Lifelong Learning 22% • These allocations represent the relative importance attached by the programme to the Priorities. This “descending order” results in Lifelong Learning receiving only some 50% of Progressing into Employment. Priority 3 appears somewhat under-nourished. • As the Priorities are intended to be mutually reinforcing, a more even distribution of resources suggests itself, but is difficult to accommodate. • As Priority 1 has the most socially responsible agenda, and must accommodate spatial targeting, which may be adjusted through the programme’s life span, it should still receive the largest share, recommended at 43%, which would release resources to synergise with Priority 2 ERDF. • Since Priority 2 broadly covers the productivity (low skills) theme, and must link with the business creation/survival agenda of Priority 1 ERDF, 32% is recommended. • Priority 3 emerged as the poor relation in the allocations suggested by the programme. At only some 50% of Priority 1, this tends to downplay and devalue the activities of this Priority. 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. • WoSCoP would</p>

	<p>therefore recommend a slight increase to 25%. • The need to show effective synergies with ERDF priorities in ESF Priorities 1 and 2, reduces scope to manoeuvre more resources for Priority 3. • WoSCoP considers that all of the ESF Priorities would satisfy the demands of “Lisbon earmarking”. • Allocations recommended by WoSCoP:</p> <ul style="list-style-type: none"> o Priority 1 Progressing into Employment 43% o Priority 2 Progressing through Employment 32% o Priority 3 Access to Lifelong Learning 25%
<p><i>Question 8: Do the proposed priorities outlined in the draft Operational Programmes focus sufficiently on the right priorities in Scottish domestic policy?</i></p>	<ul style="list-style-type: none"> • The ideal scenario in the programming of European Structural Funds would show that the major thrust to improve COMPETITIVENESS in the target region, articulated in the Community Support Guidelines and other strategic documents issued by the E.C., corresponds closely with the regeneration policies devised for the region by the Member State. • This is the first occasion when policies and strategies elaborated at the devolved level of government have been available to harmonise with the programmes’ aims and objectives. • What is being proposed by the programmes does echo to the syllable the socio economic policies put in place by the Scottish Executive, therefore “strategic fit” is assured. • As a result of the reduction of resources in the Programmes, and the need to allocate Scottish resources wisely, the real issues with 2007/13 programmes have to do with match funding and delivery arrangements. • There are absolutely no problems with aims and objectives at the E.U. and Scottish levels, as strategic synergy has been visibly achieved.
	<ul style="list-style-type: none"> • For WoSCoP, this question provokes a response much wider than the integration of environmental sustainability into the Operational Programmes. • However, this response will deal initially with the question as it stands, leaving the wider implications for later in the response. • With regard to Priority 1, this horizontal theme is introduced in the very last paragraph of the presentation, not having been mentioned at any point in the socio economic analysis, SWOT, policy background statements etc. • The paragraph itself is somewhat confusing, as its title states that the “resource efficiency... of new environmental technologies” will be improved within the context of the “formation and survival of enterprises”. So it would appear to be a “start up” issue. • The paragraph proceeds to talk about the “renewables sector” and “tackling resource efficiency” of enterprises. The theme will apparently be applied to “the existing enterprise structure,” and there is talk of “carbon-use audits” etc. • Reference to the Strategic Environmental Assessment reveals that the authors of that document understand that the theme, in the context of Priority 1, will address embedding environmental awareness and practices in new businesses, as initially suggested, but will also tackle the “greening of businesses through improved resource efficiency.” • All this is very desirable and most welcome, but WoSCoP wonders where the resources

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

are coming from to take the horizontal theme this distance, which implies free-standing projects. • Also, the SEA states the Priority 1 will promote “the development of a thriving new energy sector that would bring together economic development and climate change goals.” • WoSCoP would like to believe this, but fails to see how the authors of the SEA can make such an assertion based on the last paragraph of Priority 1. • The SEA therefore seriously overstates the activities envisaged in Priority 1, where funding issues and the presence of an IDB have to be considered in relation to the horizontal theme. • The extent to which the horizontal theme will be applied, in Priority 1 and what its priority activities will be in the context of the funds available needs to be clarified, and more work needs to be done with the SEA to inject a measure of realism into the assessment. • The application of the theme of environmental sustainability is not addressed specifically in Priority 2 Community Regeneration, apart from a few occasional references to “sustainable economic growth” with implied activities possibly similar to those envisaged in Priority 1. • Turning to the SEA, it would appear that the horizontal theme will have little relevance in Priority 2. The choice of brownfield sites and the application of environmental building standards for small infrastructure developments is anodyne, as it “raising environmental awareness”. Finally, WoSCoP fails to see the relevance of “small scale renewables” for urban areas of multiple deprivation, the location of which renders the notion extremely unlikely. • In Priority 2, the idea of “community sustainability” is readily appreciated in socio-economic terms, but not developed in environmental terms. • In Priority 3, environmental sustainability no longer has the status of a horizontal theme, it has moved centre stage as a major policy plank within the Priority. • The SEA justifies this by asserting that “the economy of rural areas depends more clearly on use of environmental assets.” This is true for genuinely rural areas, but the significance of environmental sustainability for lowland and upland Scotland extends far beyond the “use of environmental assets.” • For Priority 3, the importance of the environment is paramount, and its prominence in the Priority is entirely appropriate. But the application of the theme in Priority 2 is virtually non-existent, and in Priority 1, its relevance is undermined by confusion and lack of clarity. • WoSCoP would submit that the importance of the environment, and the need to embed sustainability in the economy is equally paramount for post-industrial Scotland. This is not reflected in the O.P. • In response to the “Stakeholders” exercise in January 2006, WoSCoP suggested that the theme of environmental sustainability should have the status of a Priority for the entire programme area. • WoSCoP would wish to display consistency of approach by restating the arguments. • Environmental issues are

accorded due importance nowadays as a result of Kyoto and continued media exposure. Sustainability is a concept perhaps less well understood by the general public, but gaining acceptance. The publication of the STERNE report has underlined that action needs to be taken to protect the environment and embed sustainable principles in the economy. • It is worth noting that these issues have been addressed for a number of years in the context of Structural Funds programmes, which have highlighted the issues amongst those involved in economic regeneration. • The 2007/13 programmes are set to continue with environment/sustainability as a horizontal theme, and the question now arises; - is this an adequate response to the significance of the theme?? • WoSCoP considers that it is not, especially when over the span of the programme and its funding reach until 2015, it is expected that new Executive policies dealing with climate change, carbon emissions etc will be devised, in parallel with policy imperatives at UK level which will envisage targets and performance indicators to measure progress... • These last significant programmes of Structural Funds in Scotland must therefore have sufficient capacity to address these issues. • Environmental Sustainability should now be raised to the status of a full Priority in the programme, which will apply to the entire geography of the LUPs area. • Such a specifically dedicated Priority would encompass the entire range of activities appropriate to the different localities within the area in terms of both environmental protection and sustainability, addressing issues such as:

- o Climate change
- o Carbon emissions
- o Energy renewables
- o Waste management
- o Pollution controls

Not to tackle this issue head on in this programme would be a mistake. Continuing with “horizontal theme” status would be an inadequate response to an issue which will affect wealth creation, prosperity, amenity and quality of life. • If this theme were to be developed as an ERDF Priority, the skills appropriate to environmental protection etc would have to be addressed through the ESF. • A policy frame of reference already exists in the Scottish Sustainable Development Strategy, the Green Jobs Strategy, as well as other more specific strategy documents for certain areas. • Such a Priority would accommodate 75% “Lisbon earmarking” • However, the current SEA exercise was designed to respond to what was contained in an existing O.P. document, and a new Priority would require an analysis of the status quo across Scotland with regard to environmental sustainability. • WoSCoP takes the view that this ought to have been featured as an integral part of the socio-economic analysis and SWOT exercise leading to the selection of the themes for the Priorities. • Although WoSCoP feels very strongly that the original suggestion should have produced a response, and that the idea should have been ventilated, it must be conceded that such a significant change to the programme structure is

	<p>extremely unlikely. • The fail-safe position would be a serious reconsideration of the theme in Priorities 1 and 2 to the extent 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 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>• WoSCoP welcomes the continuation of equal opportunities as a horizontal theme. Structural Funds have provided the catalyst for extensive development of this area in Scotland, which have been embraced by the new devolved Scottish Parliament as a core principle. • In fact, progress in Scotland, particularly with regard to gender equality, is greater than that achieved across much of the European Union. • The Equal Opportunities Toolkit, which was produced under the 2000-6 Programme, is one of only two methodologies which exist across the EU to benchmark and measure progress in equal opportunities and we would expect that when the new EU Gender Institute is established in Vilnius, Lithuania, Scotland will play a key role in helping to mainstream this product throughout the EU. • 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. • WoSCoP 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 European Commission produced a Green Paper: “Promoting a European Framework for Corporate Social Responsibility” in 2001. This was followed, in March 2003, by a Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee titled: “Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on Corporate Social Responsibility”. • Corporate Social Responsibility (CSR) is a concept whereby organisations integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. It is about enterprises deciding to go beyond minimum legal requirements in order to address societal needs. Through CSR, enterprises can help to</p>

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

reconcile economic, social and environmental ambitions. • “The Commission is committed to promoting the competitiveness of the European economy in the context of the relaunched Lisbon partnership for Growth and Jobs. In turn it calls on the European Business Community to publicly demonstrate its commitment to sustainable development, economic growth and more and better jobs, and to step up commitment to CSR.” [Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee titled: “Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on Corporate Social Responsibility” March 2003] • 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. • The concept of equal opportunities at the EU level is predominantly concerned with gender imbalance. The main challenges within Scotland now are concerned with the wider issues of social inequality. The adoption of CSR as a horizontal theme would be the logical development, supported by the socio economic analysis. Further, the promotion of CSR would be considered to fit with the 75% Lisbon earmarking – and therefore any initiatives making a positive contribution towards CSR could be counted towards that requirement. • CSR is the logical next step in the development of the themes of Equal Opportunities and Sustainability. • The socio economic conditions set out in the ESF Programme Draft highlights that unemployment in Scotland is now mainly focused on those groups who are furthest removed from the labour market – such as those on incapacity benefit, the disabled, those with care responsibilities, ex offenders and so on. This issue is further exacerbated by the fact that these individuals will often be competing for vacancies with high skilled individuals from other EU member states. We need to recognise 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. • 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. 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. • 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. • CSR also recognises that increasingly, business performance is affected by consumer attitudes and that poor attitudes towards corporate social responsibility can have devastating results for business competitiveness. Some examples include – the slump in business for Walmart following revelations of their poor pay and conditions for employees; the drop in business to HBOS following the Farepak collapse. Conversely, positive CSR actions have resulted in improvement in business performance – such as with the Bodyshop, the Co-Op, Fair Trade and so on. • New concerns and expectations from citizens and consumers will have an increasing impact on business performance in the future, and particularly with regard to environmental sustainability. • There is an opportunity for this programme to make a positive contribution towards future economic sustainability by incorporating CSR as a horizontal theme for the 2007-13 Programme. • In the same way that early programmes introduced equal opportunities and began the process by increasing awareness, so should we begin their process with CSR. • Within this programme, we should encourage all applicants to consider having a Corporate Social Responsibility policy and to increase awareness of the issue within their organisations. We should encourage and reward initiatives which positively contribute towards CSR. • Increasing awareness of CSR should be a core requirement for all Business Development projects – providing a genuine added value element of the core Scottish Enterprise function. • Under Priority 1 of the ERDF Programme, we should encourage projects that will make a positive contribution towards CSR in all Scottish Companies within the eligible programme areas. WoSCoP would envisage that there are a number of dynamic, entrepreneurial voluntary sector organisations who, in response to the declining availability of ESF resources for some services, would be well placed to take advantage of new opportunities in this field. • 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.

• The reduction of resources in the Structural Funds means that the existence and intended functions of other EC sourced funding streams should be examined in order that such streams, hitherto regarded as “parallel” to the main programmes, can be accessed by those project sponsors whose experience has been limited for the most part to the major Objectives of the Structural Funds. • WoSCoP keenly supports the raising of awareness and dissemination of information which will enable project sponsors to extend their reach, and apply their expertise to new funding opportunities. • Making

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

such funding streams and opportunities known is not only a responsibility of the Managing Authority. The new IABs must be in a position to advise, and support administratively applicant organisations in the quest for lateral/support funding. • IDBs must also be encouraged to synergise with other funding streams. o ERDF/ESF Achieving appropriate synergies in the current and past programmes has proved problematic, and the opportunity to achieve effective cross-support within the funds is welcome. The establishment of an ad-hoc subcommittee of the two PMCs is welcome, but ensuring greater complementarity on the ground is an operational process. Synergies must be initiated and delivered by project sponsors, IDBs, and administrated by the IAB. PMCs are strategic committees, and although the strategic overview is essential, PMCs do not devise and deliver projects. o Territorial Co-operation As the various strands of funding in the reformed Interreg area are to be the subject of a separate consultation, it suffices at this point to welcome the possibility of achieving a higher profile for Scotland in this Objective. However, some development has already taken place in the Cross-Border co-operation strand. WoSCoP considers that the addition of the Scottish dimension to the Northern Ireland/Ireland programme has significance both politically and operationally which goes beyond any consideration of the amount of funding involved o European Agricultural Fund for Rural Development Arrangements between the Managing Authority to supervise potential overlap and complementarity issues is noted, as are those listed against the European Fisheries Fund. o European Investment Bank WoSCoP welcomes the promised exploration with the EC and EIB about bringing JEREMIE in to support ERDF Priority 1. Similarly the potential for JESSICA to support ERDF Priority 2 is welcomed. As this kind of focused programme activity to develop communities in areas of multiple deprivation is one of the most exciting and challenging aspects of the new programme, the possibility of securing more dedicated funding is gratifying. o Globalisation Adjustment Fund WoSCoP alluded to this Fund in the responses to the Stakeholders' events in January earlier this year. It is understood that the thresholds for support in terms of major redundancies were set too high to be potentially useful in the Scottish context. WoSCoP would welcome an update on this fund from Managing Authority. o 7th Framework Programme (FP7) This has just been adopted. As the principal aim of this programme is to stimulate economic growth and strengthen European competitiveness by investing in knowledge, innovation and human capital, its relevance as a parallel funding stream to ERDF Priority 1 is obvious. Universities and other research organisations must be encouraged to increase the Scottish presence within the Framework. o Lifelong Learning Programme A Scottish Management Committee will be set up for

	<p>this programme, which should increase the effective involvement of Scottish organisations in the various strands, e.g. Leonardo, Erasmus etc. This programme sits alongside ESF Priority 3. o Other events and initiatives sponsored by the E.U. will occur during the life of the programme, e.g. European Year of Equal Opportunities (2007), Inter cultural dialogue (2008) and the possibility of Scottish organisations becoming involved should be encouraged. • Such is the importance of other E.U. funding streams in terms of accessing additional support that WoSCoP considers that a series of information and awareness raising events should be arranged under the aegis of the Managing Authority in order that sponsoring organisations across the LUPs area may be in a position to avail themselves of opportunities which in the past, in days of more plentiful and accessible funding, were allowed to pass by...</p>
<p><i>Question 12: How can the challenge-fund approach be improved to make it more effective in delivering outcomes and more efficient in operation?</i></p>	<ul style="list-style-type: none"> • This question will be dealt with initially in the context of the ESF programme. • 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 out flowing the funds. • It is therefore recommended that establishing a “rolling programme” arrangement be investigated for ESF Priority 3. • For Priorities 1 and 2 ESF, more frequent application rounds should be offered. As objective 2 West managed 3 per calendar year, the feasibility of 3 rounds should be explored with the possibility of 4 (i.e. quarterly rounds) envisaged. • Also, the appraisal process should 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. • The question of the efficiency of any challenge-fund system includes the issue of claims, and how the claims process is to be managed. It is WoSCoP’s understanding that this issue is unresolved in the context of the IAB services. 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. • An informed response to this question with references to the ERDF is extremely difficult, in view of the outline proposals for IDB presence in Priorities 1 and 2, and the proposed commissioning of project activity in the Scottish Borders and Dumfries and Galloway (Priority 3). •

	<p>However, assuming that there will be some capacity for the challenge-fund approach in all Priorities at some point, WoSCoP would recommend separate timetables for the 15% (approx) reserved for capital ERDF, and the 85% for revenue projects. • Bids for capital projects could be invited and processed in a similar fashion to the PME arrangements in the 2000/06 programme. • Revenue projects should be handled on a similar basis to that set out above for ESF, i.e. application rounds arranged as frequently as possible, (3 or possibly 4 times a year), and processed as speedily as possible.</p>
<p>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?</p>	<ul style="list-style-type: none"> • It is assumed that the experience of the SIPs in the last programme period will influence the approach of the CPPs. • However, the CPPs will be addressing a range of issues to which they will be allocating their core resources. As always, the Structural Funds are additional and must respond to the aims and objectives of the Programme. • It is therefore recommended that, as part of their strategic planning process, each CPP should produce separate strategies demonstrating why, and how the CPP will engage with the Structural Funds. • The Managing Authority, the IAB, and other local partnerships with an interest in the area should be collectively engaged with the CPP in the elaboration of its Structural Funds strategy. In this way, local concerns and priorities, issues of spatial targeting can be aligned to the Programme's aims and objectives with a view to achieving appropriate outputs. • Other local partnerships and networks vary in scope and capacity to achieve outputs. But a similar approach from the MA is recommended, i.e. through the IAB, local partnerships will produce a Structural Funds strategy statement which will provide a framework for subsequent applications. • The establishment of the CPPs, supported by their Core Regeneration Grants does provide, in theory, an appropriate framework to match core budgets and the Structural Funds in a very focused way. WoSCoP regards the CPPs as an opportunity, but several member colleges have expressed concerns at the operational level. The CPPs must operate inclusively, and if this can be achieved, attention of all stakeholders could be concentrated on outputs which are overdue in the communities concerned.
	<ul style="list-style-type: none"> • Chapter 2 (paragraph 2.3) of the ERDF Operational Programme describes the spatial deprivation situation with regard to the areas/communities most urgently in need of assistance. • A parallel exposé is provided in the ESF document; "Labour Market in deprived areas." • From both texts, it is very clear which geographical locations must be prioritised for funding. The majority of the most urgent cases are in Glasgow and surrounding areas, so the investments should be made predominately in the Glasgow area, which should also be prioritised in terms of timescale. • As the Scottish Indices of Multiple Deprivation (SIMD) rationale and statistics continue to be published throughout the

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

programme, these updates should be used as a guide for ERDF investment strategies in Priority 2. • Although the case is made clearly in Chapter 2, the “modus operandi” for spatial targeting is not taken forward, either at this point or in the description of the Priority aims and activities later. • It is apparently too soon to enter into detail, but some outline indications as to how spatial targeting would be handled would have been welcome. • A great deal depends on the delivery arrangements to be put in place for Priority 2, and in view of the lack of information currently available, further comment is not possible. • In the event of IDB status being granted to CPPs, (on whatever basis, pilot or otherwise) the CPP will have to demonstrate in its planning for the deployment of its CRG, plus access to Structural Funds, the extent to which it can tackle the issues described in the SIMD, and featured in the Priority. • The same would apply to all local partnerships seeking to serve deprived areas under challenge funding arrangements. • 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. • What to do and where the funding ought to be directed can be speedily agreed. How to deliver the most effective investment which will produce measurable outputs and make a visible impact is, as ever, more difficult. • The Labour Market in these deprived areas displays the problems and fault lines represented by worklessness as a tradition and the inability of individuals to “break out” by securing employment elsewhere. • The spatial targeting for ESF must therefore 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 facilitate “break out”. • As the programmes move into gear, further discussion and planning, led by the Managing Authority should clarify how spatial targeting will operate in the initial, and subsequent stages of development in both ERDF Priority 2 and ESF priority 1. • WoSCoP would wish to emphasise that the practice of SPATIAL TARGETING should not be restricted to ERDF Priorities 2 and 3, and to ESF Priority 1. • Reference is therefore made to the WoSCoP response to Question 3 on the coherence and concentration of the ERDF programme, in which the assertion was made that the West/South NUTs area must be prioritised for business development funding.

• Successive E.U. programmes in Scotland saw the former Objective 5b subsumed into Objective 2, and the

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

arrangement for 2007/13 is to be one programme area for Lowland and Upland Scotland. • WoSCoP therefore believes that the Priorities of both the ERDF and ESF programmes should apply to the entire programme area, with a well prepared system of SPATIAL TARGETING to be devised to cope with local disparities and unevenness of growth potential. • The optimum approach in bringing the ERDF in to support economic regeneration for the LUPs area would be to treat the entire space as one geographical reality, specify the major themes and activities under the broad Priorities of Business and Community Development. [Plus a third Priority for Environmental Sustainability, c.f. response to Question 9]. • Within such a framework, rural issues would certainly find their place, as a “programmes levels” system of SPATIAL TARGETING would be devised for ALL Priorities, resulting in a prioritisation of needs within and across the Priorities. • As well as specifying a clearly identified set of aims and exemplary activities, SPATIAL TARGETING would ensure balance and co-ordination of project activities for the entire programme area. • Complementarity with other funding streams, where appropriate, would still be assured. • As the programme currently stands, Priority 3 provides for a geographically defined separation of rural issues, with ring-fenced funding, plus the facility for aspects of rural business development to attract funding from Priority 1, to which it is now proposed to apply a system of SPATIAL TARGETING. • It is ironic to note that the programme recognises that rural areas require spatially targeted resources, but that urban and post industrial areas, (Priority 1), do not. • The text of Priority 3 quotes the advice of the Community Support Guidelines with regard to spatially identified needs... “member states and regions are advised to pay particular attention to those specific needs in order to prevent uneven regional development from hampering growth potential.” • This Guideline is equally relevant for Priority 1, and the programme should demonstrate consistency in its approach. • How the concept of spatial targeting will be developed for Priority 3 is presented as a general outline only, and lacks even indicative details as to how it will be applied. • It is stated that the “bulk” of funding will be delivered on a challenge-fund basis, and will be targeted on areas corresponding to the definition of rurality of the Environment and Rural Affairs Department. • What does “bulk” mean in arithmetical terms? Will it be a fixed sum, or will it be flexible? • The definition of rurality applies to a very wide range of areas... Has there been any systematic analysis of the competing needs of such areas? • “A portion of the funds... would be allocated on a commissioning basis...” etc. How much is a “portion”? Will it be a fixed sum or will it vary? • Apparently, after the “bulk” has been allocated to challenge-funding, and a “portion” is reserved for commissioning, there will be a “remainder” left for challenge-funding? What does all

	<p>this mean in practical, programming terms? • How will the activities to be funded under the Borders/Dumfries and Galloway Plan sit alongside those activities approved under challenge-funding? Are the two streams to be mutually exclusive, or will overlap occur? • This proposal is so vague that it appears not to have been thought through on a practical basis, and it represents no more than an aspirational notion of how spatial targeting may develop... • When information is lacking, informed comment is not possible. It would appear that Question 15 is seeking consultees' approval that both challenge funding and a certain level of commissioned activity will happen under Priority 3, in the guise of "spatial targeting."</p>
	<ul style="list-style-type: none"> • Primary concern caused by the way the Operational Programme documents were produced, which is a major departure from the development of past programmes. • In the past, programmes were developed on a much broader, inclusive basis which included all of the sectors and major organisations with an interest in social and economic regeneration. • Programme planning teams had the advantages of immediate access to, and interaction with, the ex-ante evaluation process, as the chosen consultants provided input for the Plan team. • Programmes were therefore situated within a socio-economic analysis informed by operational experience and influenced by practical considerations of what had worked or otherwise. • Although time consuming, this process was INCLUSIVE to the point of engaging the commitment of ALL concerned up-front. Awareness of programmes' aims was high and the sponsorship could "hit the ground running" with no need for cosmetic consultation exercises. • For these 2007/13 Operational Programmes, which were produced "in-house" by the Managing Authority, all of the above advantages were lost. • The socio-economic baselines in the O.P.s were researched in terms of two individual funding programmes, the genesis of which can be traced back through the NSRF to the CSG. So there is a limited socio-economic justification to cater for the themes that the programmes were to address in any case. • Any significant factors in the Scottish economy which may be raised by the ex-ante evaluations are reserved, with no ex-ante conclusions available until the revised programmes are published. • The organisations in Scotland with both an ongoing interest in, and experience of economic regeneration have been effectively marginalised in the development of these programmes. • The credibility of the Managing Authority when advocating and insisting upon effective partnership working is seriously weakened by its failure to engage with partners in the development process. • This leads to the question of the status of this current consultation. Outlines of programme documents were produced early in 2006, and stakeholders were invited to submit views. Although submissions were acknowledged, no further contact was made by the

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

Managing Authority, and no further discussions ensued.

- With regard to this current on-line consultation, the questions are for the most part self serving; individuals are invited to attend consultation meetings and the rationale as to why certain organisations were invited was never explained.
- The obvious conclusion for the average realist would be that the current process will have little or no influence on the Operational Programmes, and amounts to little more than tokenism.
- The question therefore arises – What status does this consultation exercise have in terms of making a material difference to the Operational Programme drafts?
- In Leeds on 17 November 2006, Danuta Hübner (E.C. Commissioner for Regional Policy) made the following statement: “It is increasingly evident that effective strategies for regional development cannot be devised and imposed in a top down fashion. It is at the regional and local level that we find the essential knowledge and expertise for identifying problems and appropriate solutions. Partnership of all relevant players in the process of putting together a regional economic development programme, fosters consensus building and helps to tailor investment strategies to the needs of the region”.
- The manner in which these Operational Programmes were produced does not reflect the commissioner’s view, which is a matter for regret.
- What ought to have happened would have involved a full, inclusive and professionally supported socio-economic analysis of the LUP’s area, which together with provisional “lessons learned” perceptions from the current programmes, would have provided a full context in which the programmes for both ERDF and ESF could have been situated. This would have indicated clearly which areas and themes would have attracted the weight of each programme, and where synergy between the programmes on an operational basis would have been desirable. Such an approach would also have clarified the intended impact of both funds.
- The Programmes’ structure would also have benefited from an overview of the entire area’s socio-economic needs.
- This process would have clarified for all stakeholders the issues which should attract funding from a significantly reduced quantum, and which other issues would have to be rejected.
- This “bottom up” approach would have ensured a consensus amongst stakeholders, and a matching up of the needs of the region in terms of competitiveness to both E.U. and national strategies.
- The structure of the programmes would have been improved through the process of arriving at a consensus to present to the E.C. Omissions of important considerations would have been avoided, and errors reduced.
- The fact that the O.P.s do present a range of key priorities which, broadly, would have been identified by a bottom up approach in any case is not the point. Comprehensive analysis and the exhaustive refinement of all the components of the Priorities would have produced more robust and deliverable

programmes. • Several points which would have been dealt with by the “bottom up” approach are listed below. • WoSCoP disagrees with a specific Priority for rural areas in the ERDF programme. Priority 3 means that resources will be ring-fenced for a geographical area, with Priority 3 also drawing on Priority 1 for business support issues. This produces the impression that the rural tail is wagging the LUPs dog. Within the scope of Priorities 1 and 2, the semi-rural and rural needs could have been accommodated and commensurately prioritised, so that all areas could have been targeted appropriately for reasonable support from limited resources from the vertical themes of business and communities development. • The question of how the ERDF programme copes with the horizontal theme of environmental sustainability could have been resolved. WoSCoP’s views on the importance of this theme are fully set out in the response to Question 9. • One further horizontal theme suggests itself. The European Commission (Employment and Social Affairs) has recently published a Green Paper – “Promoting a European Framework for corporate social responsibility”. It is WoSCoP’s view that the adoption of “corporate social responsibility” by all of the organisations involved in the delivery of the programmes would reinforce and enhance the aims and objectives of the programmes. The inclusion of this concept as a horizontal theme would ensure that the promotion of “corporate social responsibility” would be acknowledged and taken forward by the organisations involved in Scotland’s economic regeneration. • Although there are no questions dealing with the outline delivery arrangements, WoSCoP does have concerns in this area. • The decision to award IDB status to Scottish Enterprise in ERDF Priority 1 raises concern. Business start-up and survival rates have remained stagnant in Scotland over such a long period that this Priority requires to be opened up for competition. Innovative approaches by new partnerships must be encouraged. It is indisputable that Scottish Enterprise would be a major player, but involvement of organisations outwith the enterprise network is essential to bring new ideas and approaches to this Priority. How universities and research organisations are to be engaged in the programme, and links established with SMEs is another concern. Although only a proportion of the Priority’s funding will be directly transferred to the IDB, the amounts involved, and the areas of the Priority which will be affected have to be made transparent. • The decision not to have spatial targeting in Priority 1 is puzzling. Already prosperous areas have a more developed culture and display more activity in terms of business development. The resources of this Priority should be targeted on less well performing areas which need to “catch up” with the Scottish and U.K. performance levels. • In ERDF, WoSCoP supports the intention to target spatially and to pilot CPPs as IDBs.

The only doubtful factor is the lack of Structural Funds experience on the part of the new CPPs, which will have a tough agenda progressing their core remits. • Since CPPs will have to deliver their services locally, WoSCoP would suggest that the solution would be an insistence on partnership working. The experience with the former S.I.Ps demonstrated that local partnerships can deliver. The advantages inherent in the CPP structure must be utilised, but workable operational arrangements must be made on the ground. • A review of the CPP pilot exercise is indicated for mid-programme. WoSCoP thinks that this is too late, and if the CPPs and their partnerships are functioning well, the IDB status could be rolled out more quickly, or indeed abandoned if the experience is proving problematic. • This raises the question of evaluation (Chapter 7). WoSCoP understands that since the consultation was issued in October, matters have moved on to a system of On Going Evaluation “Council Regulation (EC) No 1083/2006 provides for a shift from a concept of mid-term evaluation driven by regulatory imperatives towards a more flexible, demand-driven approach to evaluation during the programming period (‘on-going evaluation’). On-going evaluation is defined as being: “A process taking the form of a series of evaluation exercises. Its main purposes is to follow on a continuous basis the implementation and delivery of an operational programme and changes in its external environment, in order to better understand and analyse outputs and results achieved and progress towards longer-term impacts, as well as to recommend, if necessary, remedial actions.” WoSCoP would suggest that an update on the evaluation system be supplied in a revised chapter 7, and that this approach should be borne in mind with reference to matters surrounding the delivery of the programmes.

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