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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**

Question 1: Are there any additional socio-economic

The socio-economic analysis, which appears to be principally based on NUTS 2 and 3 levels, is not sufficiently refined to reflect the socio-economic realities of areas below NUTS 2 and 3. The economic analysis relating to ERDF Priority 2 (community regeneration) also appears to be based solely on the Scottish Index of Multiple Deprivation. Simply using top-line aggregated SIMD and other indicators and NUTS 3 level rankings can mask real issues that need to be tackled within local areas. For example, in

factors to be considered – and which Structural Funds can address – in assessing the strengths, weaknesses and opportunities of Lowlands & Uplands Scotland?

Edinburgh there remain areas of the city where disproportionately high levels of long-term unemployment and deep-seated problems persist and large numbers of disadvantaged individuals which is not reflected in the top level SIMD rankings. The 2006 SIMD shows that Edinburgh has 63 data zones which are ranked in the worst 15% in Scotland (accounting for the third highest share of any local authority - 6.5%). Yet in terms of local concentration Edinburgh ranks 11th compared to other council areas, with the 51, 504 people who live in these 63 data zones representing 11.5% of the total population in the city.

***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 broader economic growth aspects of the Lisbon agenda are not adequately integrated into the draft Operational Programmes. Competitiveness is interpreted too narrowly and no mention is made of the competitiveness challenges facing Scotland's city regions as outlined in the Scottish Executive's City Vision policy document. This limits the opportunities for the programme to fully tap into the economic potential of the LUPS area and maximise added value from the Structural Funds. ERDF Priority 1 identifies key growth sectors for prioritisation. We would urge that this should not be an exclusive list of priority industries and recommend avoiding an overly prescriptive approach. The programme needs to be flexible enough to adapt to changing circumstances in order to maximise economic opportunities for the area – for example an unanticipated downturn in a key industry. Despite the European Commission's requirement to give particular attention in the new programmes to the urban dimension in supporting the Lisbon growth and jobs goals, the critical contribution of urban metropolises towards Scotland's competitiveness in global/ international terms is not recognised in the draft programmes. Instead of adopting a broad approach to urban issues, as defined in the European Commission's 'Cohesion Policy and Cities' paper, it is disappointing that the LUPS programmes take a much narrower perspective, focusing exclusively on the regeneration of deprived urban communities. In contrast to the proposed ERDF rural development priority, which highlights critical infrastructural deficiencies in rural areas, the draft programme ignores the wider infrastructural challenges facing non rural areas. The Council would like to see a more balanced representation of the urban dimension within the programmes.

Whilst recognising the requirement to earmark funding for Lisbon type activities in view of limited funds, the focus on RTD in Priority 1 appears too narrow and risks limiting the scope of potential activity in support of competitiveness and broader Lisbon goals. To fully exploit sources of regional competitiveness requires innovation and enterprise support to be thought of in its broadest sense and a realistic interpretation of what

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

might qualify as Lisbon compatible activities that can promote competitive city-regions and jobs and growth. The Council would wish the programme to include scope to support value added business development in both knowledge-based and other less glamorous industries, which often form the backbone of local economies. It should also offer the possibility to support inward investment activity by local authorities to enable Scotland's cities to improve their capacity to participate in an increasingly competitive global marketplace. This would be in line with the European Commission's Lisbon earmarked list which identifies a broader range of eligible activities than those suggested in the operational programme, specifying, for example: 'advanced support services for firms, other investment in firms, and other measures to stimulate research and innovation and entrepreneurship in SMEs'. The Council is concerned that around 40% of the 48% allocation for Priority 1 ERDF appears to have been earmarked for Scottish Enterprise to deliver strategic projects of regional wide significance. This would leave very little resources and limited opportunities for local authorities and other local partners to deliver enterprise and innovation support to address local emerging needs and fully exploit sources of regional competitiveness. The Council would wish to have some access to "enterprise based" resources to deliver key projects in this area of activity. The ringfencing of the bulk of funding for central government initiatives further risks stifling innovation by reducing the scope for innovative non-mainstream projects arising from local skills and knowledge. It also unnecessarily restricts creative approaches by other economic development actors to foster and promote R&D activity.

*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?*

The draft text gives the impression that funding under ESF Priority 1 will be exclusively targeted on the 15% most deprived data zones identified in the Scottish Index of Multiple Deprivation. The Council does not support the degree of spatial targeting proposed for this priority, which should be focused on the needs of disadvantaged individuals and not on geography (see also question 5 below). The Council does, however, welcome the recognition by the programme document of the critical issue of employability and the need to tackle the high levels of inactivity in the LUPS area. The scale of those who are on inactive benefits is a major challenge facing Edinburgh. Demand is expected to grow for employment services and expertise to support the estimated 9,200 Incapacity Benefit claimants in the city, of which it is estimated that 5,000 are seeking work. ESF support is essential to deliver services to meet this growing need yet the proposed area-based approach to targeting of funds under the employability priority appears to be at odds with the above objective. This restrictive geographical targeting would deny the Council and local partners the means of addressing the employability challenges facing

	<p>disadvantaged individuals who do not reside in the targeted areas. The Council supports the general aims of Priorities 1 and 2 and welcomes the emphasis on targeting intensive support towards the 'hardest-to-help' individuals and groups who face multiple barriers in progressing towards sustainable employment. In our experience clients do not readily fit into any one specific category of target group and interventions have been particularly effective where long-term unemployed individuals have benefited from training initiatives in mixed and diverse groupings that have helped them to challenge attitudes and behaviours. Also welcome are: the recognition of the importance of supporting soft outcomes and movement towards the labour market rather than immediate job outcomes; the suggestion that the programme will be flexible in supporting a broad range of possible eligible activities; and the proposal to devote more resources towards initial prevention of worklessness and aftercare support.</p>
<p>Question 5: Do the proposed priorities for the 2007-2013 ESF programme in Lowlands &amp; Uplands Scotland show appropriate coherence and concentration?</p>	<p>The Council agrees that a strategic approach to tackling employability challenges is essential via coordination of local partner organisations and services across sectors in order to address the totality of challenges facing individuals experiencing multiple barriers to progressing into sustainable employment. In Edinburgh this approach has been very successfully demonstrated by the city-wide Joined up for Jobs joint employability strategy of the City of Edinburgh Council, Capital City Partnership, Scottish Enterprise Edinburgh and Lothian, Jobcentre Plus, Edinburgh Chamber of Commerce and Careers Scotland. JU4J has been recognised by the Department of Work and Pensions as a good practice model, as reflected in the recent selection of Edinburgh as one of the first Pathfinder cities in the UK to develop new Cities Strategies to reduce urban unemployment. ESF funding under Objective 3, Article 6 and EQUAL has been vital in supporting innovative employment partnership work in Edinburgh and enabling Joined Up for Jobs partner agencies to deliver flexible, intensive customised services to the 'hardest to help' client groups who need a long time to move even one step closer to sustainable employment. Many have been recognised as successful good practice interventions and have been cited in the Scottish Executive's 'Workforce Plus' Employability Framework. However the proposal to target Priority 1 funding to the most deprived 15% of SIMD data zones and ROA areas is a major concern. This would deny funding to disadvantaged people in other deprived areas: in Edinburgh 62% of income deprived people and 68% of unemployed people live outside the 15% most deprived areas identified by the Scottish Index of Multiple Deprivation. Rigid geographical targeting would limit the ability of local partners to harness resources and services to develop the most effective localised approach. In the case of services for homeless clients, for example, the partners may be city centre based, but services are delivered to</p>

	<p>clients wherever they may be located. Although homelessness is thought to be generated mainly in the most deprived areas of the city, homeless people seldom have ties with any particular communities and problems cannot be resolved on a geographical basis. This priority should fundamentally be about the needs of individuals, not constrained by artificial boundaries and restrictive criteria that do not relate to the reality of the labour market and ignore the fact that deprivation is dispersed throughout the LUPS area. There should be an element of challenge funding available in Priority 1 for priority groups located outwith the target SIMD datazones. Also of concern is the emphasis placed by the draft programme on supporting pilot, innovative projects and the suggestion that continuation projects would no longer be supported. The Council would observe that loss of continued ESF funding may lead to effective and successful projects facing funding gaps that are met by cuts in essential services to vulnerable clients, rather than because they have succeeded in becoming self-sustaining or securing mainstream support. The Council also questions the rationale for including a separate, third priority specifically devoted to lifelong learning and considers that resources would be distributed more effectively by integrating the lifelong learning actions into the other two priorities (similar to the English ESF programme). The lifelong learning priority in the previous 2000-2006 ESF programme had difficulty in meeting its spending targets and had to be established as a rolling programme to encourage take-up. This contrasted with the much higher demand and need that was demonstrated under Priorities 1, 2 and 4 of the previous Objective 3 programme.</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>As stated above the Council considers that a disproportionate amount of funding has been ring-fenced for direct commissioning of large strategic Scottish Enterprise projects, which would leave limited funds available to support local innovative projects by other partners including local authorities. We would also request clarification of the methodology used to determine resource allocation between the three priorities.</p>
<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>The allocation of resources (22%) to Priority 3 - Lifelong Learning) seems to be disproportionately high, given that this priority was undersubscribed in the previous Objective 3 programme, whereas Priorities 1 and 2 were oversubscribed and the need for intervention greater. As already stated in question 6 we would request clarification of the methodology used to determine resource allocation between the three priorities.</p>
	<p>The Council agrees on the value of improved alignment with Scottish Executive priorities as long as programmes take account of local and regional needs. It is disappointing to note that the programmes focus</p>

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

primarily on Scottish Executive strategies, with scant reference to regional or local government strategies. It is important to acknowledge the contribution of local strategies, community planning and local partnerships in identifying specific issues and possible solutions in order to maximise the impact of scarce resources and identify where Structural Funds can provide real added value.

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

The Council questions why the environmental sustainability measures appear to be focused primarily on rural areas when transport and infrastructure issues are equally of major significance for congested cities and urban areas where the greatest environmental impact is experienced. It is disappointing that the programmes do not seem to offer scope to support projects that explicitly contribute to environmental goals across the wider LUPs programme area – ie beyond just rural areas or deprived urban communities.

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

No comments

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

No comments

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

The new programmes need to be sensitive to the different needs of the different areas within the programme area, recognising that there is no single Lowland Scotland economy. Programmes will need to take account of regional and sub-regional variations, ensuring that there is scope for locally-led decision making and that projects are assessed on the basis of fit with local and regional strategies as well as national strategies.

Question 13: What would be the most effective

Local authorities as the statutory lead organisations for community planning have an important co-ordinating role in facilitating partnership activity and ensuring that funds are spent to best effect in their locality. It should also be noted that they have the expertise and scale to do this and are constants in a period of flux when many other public organisational structures in Scotland are changing. The Council welcomes the opportunity for community planning and other alternative local partnerships based on EQUAL models to be considered as delivery bodies for Priority 2 ERDF and Priority 1 ESF. The new programmes must incorporate mechanisms to ensure that local needs and priorities are reflected in decision making. Delegation of funds to a local authority, community planning or other appropriate partnership might offer an opportunity for programmes to be managed and targeted at opportunity and need in a coordinated way to meet local needs, and for different funds to be pooled together strategically by local partnerships. For example, the Council-led Joined

approach to using Community Planning Partnerships and other local partnerships for the delivery of elements of the programmes?

Up for Jobs partnership is recognised in the European Employment Strategy as a model of good practice for joined up city working. The Council also has positive experience of participating actively in the EQUAL Access Development Partnership (Employability theme A) which demonstrated the value of collaboration across diverse sectors to create effective multi agency pathways of support for disadvantaged clients. It is important that funds are awarded to partnership organisations that have the capacity, expertise, accountability and local knowledge to distribute funds fairly. The process for selection of pilot community planning and other partnership projects should be open and transparent to all who can meet the necessary criteria. Whilst the Council appreciates the need for initial piloting of the use of community planning partnerships as delivery bodies for Priority 1 ESF and Priority 2 ERDF funds, assurance is sought that other neighbourhood regeneration activity will additionally be supported during the pilot period via alternative partnerships or challenge funding.

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

As already stated above the Council does not support the extent of spatial targeting proposed for these 2 priorities. Although there is a need for continued assistance to support small areas of high deprivation, the Council considers that it is important to avoid setting artificial boundaries and drawing lines too tightly on maps. In the current programmes this approach has resulted in inequity through the 'postcode lottery' whereby beneficiaries may be deemed ineligible for assistance because they reside on the 'wrong' side of a street. It also presents practical difficulties in terms of cumbersome administration and implementing projects on the ground. Indeed in the example of Craigmillar there was no scope to meet the high demand for training support requested by beneficiaries outwith the eligible target area and this despite the economic opportunities presented within the adjacent area. As noted above this restrictive targeting would deny funding to the city's many vulnerable client groups (including homeless, Incapacity Benefit claimants, long term unemployed, young people not in employment, education or training, etc). In Edinburgh 62% of income deprived people and 68% of unemployed people live outside the 15% most deprived areas identified by the Scottish Index of Multiple Deprivation. The Council appreciates the thinking behind trying to strengthen linkages between Priority 1 ESF and Priority 2 ESF. However, it has real concerns that needy areas and vulnerable individuals could be excluded from ESF assistance if they are tied to a selective number of community planning partnerships and ROAs. The proposed delivery model seems overly complex and restrictive which may exclude both need and opportunity. The Council seeks clarification of how excluded individuals in neighbourhoods outwith the target areas will be able to access support under this priority. Greater flexibility in

	<p>local targeting of funds based on knowledge of local needs is requested so that resources may be used where they can achieve the greatest impact and assist the most vulnerable clients and communities to access economic opportunities, whether or not they live in the poorest areas. Decisions on local targeting of funding should be taken by local and regional partners, who are best placed to understand local economic needs, realities and strengths of their areas. It is suggested that prioritisation should be done at a local level on a case by case basis, using quality submission criteria.</p>
<p>Question 15: What are your views on spatial targeting for rural development under ERDF Priority 3?</p>	<p>The Council considers that the polarisation between urban and rural areas in the programmes is inappropriate and causes confusion over what activities may supported in different localities. We would prefer a better balance between urban and rural dimensions which recognises the city-region agenda and the interrelationship between cities, towns and their rural hinterlands.</p>
<p><i>Question 16: Do you have any additional comments on the draft Structural Funds Operational Programmes for Lowlands &amp; Uplands Scotland?</i></p>	<p>The Council accepts that in a scenario of diminished resources difficult decisions concerning prioritisation of resources will have to be made. It would advocate that strategic investment of EU funds should be directed where they can make the most difference in terms of economic need and economic opportunity, focusing on areas with job and growth potential to ensure maximum impact on regional and national economic performance. The Council has concerns about the emphasis on funding a limited number of large strategic national projects. If project size thresholds are set too high this could exclude smaller dynamic pilot projects developed at the local level, which can also produce innovative and effective outcomes.</p>

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