

Clackmannanshire Council Position on the Operational Programme

Clackmannanshire Council is the host of the East of Scotland European Consortium (ESEC) secretariat. It is one of fourteen member authorities of ESEC and has hosted the secretariat since 2003.

The following Clackmannanshire positions complement and endorse those included in the response by the ESEC. Listed below are the headline issues from the draft Operational Programmes for ERDF and ESF in 2007-2013.

- The Council feels that there needs to be a system of partnership peer review in project assessment for both challenge-fund and “commissioned” projects. Also that the technical expertise that exists within the current Programme through Advisory Groups should continue. More detail is required to develop the proposed delivery structure in the Operational Programmes.
- In becoming a single Lowland & Upland Scotland Programme, there is a need to ensure that regional variations are considered.
- The commissioning of projects is still of some concern. For example, the case in priority 1 ERDF, where the principle of partnership as well as additionality are not as explicit as other funding arrangements within the Programme.
- The definition of urban and rural areas needs to be clarified and applied across the Programme priorities.
- A more balanced approach to the focus of the ERDF priorities is sought and should reflect the reality of the Scottish geography and policy climate. Lowland & Upland Scotland does not reflect a rural-urban dichotomy with much of the area better classified as peri-rural. Clackmannanshire along with many areas in the East has a number of areas that do not fall neatly into whether ‘rural’ or ‘urban’ but face the same issues.
- Clackmannanshire agrees with the ESEC response that the focus on RTD in Priority 1 ERDF is too limiting in terms of potential activity and is not contributing fully to achieving the Lisbon goals of growth and jobs.
- Priority 2 ERDF seems to imply that there will be geographic targeting linked to the most deprived 15% of SIMD data zones and Regeneration Outcome Agreements areas. Tightly drawn maps which determine eligible activity will be difficult to implement as it results in overtly bureaucratic burdens for project managers and will not produce coherent areas for project delivery. It is not clear how Community Planning Partnerships will actively work within this priority.

Response to the questions from the Operational Programme

The following section is based on the ESEC response and covers issues wider than Clackmannanshire Council.

- 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?*

The socio-economic factors considered are adequate and thorough.

We agree with the comments from ESEC that much of the analysis is too crude (e.g. at NUTS levels 2 & 3), as this does not accurately reflect the socio-economic background of the regions and localities.

Prime examples can be found on pages 18 and 23. As Aberdeen and Aberdeenshire are in the same NUTS 3 area, it would appear that Aberdeenshire is less rural than it is (indeed at local authority level using this definition it is the most "rural"). Likewise Dundee and Angus are in the same NUTS 3 area which distorts the percentage of worst 15% SIMD wards in Dundee (which at local authority level 27% of the area falls into this category making it the 3rd worst in Scotland). There will be issues with NUTS 3 geographies if the proposed urban and rural priorities are pursued. Statistics are useful to a point, but the background and local knowledge of an area are invaluable in assessing areas in need of intervention.

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

Priority 1 – Enterprise Growth

This priority is the one most at risk of being inflexible in terms of addressing change if the policy climate, enterprise trends or regional growth areas alter within the 2007-13 timeframe. The priority does not seem able to adapt and respond to these key factors. The priorities focus heavily on the key growth sectors, which stem from Scottish Enterprise's Refreshed Smart Successful Scotland (SSS) in November 2004. This is clearly evidenced by the fact that the SSS refreshed document is based on data at best, from November 2004. The priority needs to be flexible enough to be able to include or amend the key growth sector or include the priority industries outlined on page 14 of the ERDF Operation Programme. Other priority industries missing include fishing, distribution, and military services & supply. This type of change is highlighted very clearly by the significant changes in the assisted areas map, particularly in Clackmannanshire. The assisted areas map should complement the 2007-2013 Programme, but is not clear in this priority and indeed within the rest of the programme how this occurs.

Priority 2 – Community Regeneration

The main concerns with this priority are expanded on elsewhere in this response, most specifically in question 1 with regards to crude analysis and in question 3 where the problems associated with too specific an urban focus. We agree with ESEC that the base data, upon which the conclusions have been drawn, is not developed enough. Beyond the SIMD we would expect a much broader range of specific supporting analysis.

Priority 3 – Rural Development

As with priority 2, our main concerns with this priority are expanded elsewhere in this response, most specifically again in question 1 with regards to crude analysis, and in question 3 and 15 regarding the problems defining rurality. The rural socio-economic analysis supporting this measure highlights some of main barriers to rural development. The issue of population decline is significant, but highlights one of the contradictions of the priority. That being, the areas identified as rural are losing people to small towns, exacerbating the issue particularly relevant in the East of Scotland of peri-rurality. This blurs the line between priority 2 and 3 where people and places are not supported by either priority. In Clackmannanshire this is of concern with 20% of the County now recognised as rural.

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

Priority 1 – Enterprise Growth

There is a hefty focus on RTD in Priority 1 ERDF which is too limiting in terms of potential activity and is not contributing fully to achieving the wider Lisbon goals of growth and jobs. It is not clear the rationale for combining RTD with the high growth start-ups and environmental technologies “measures”, other than perhaps to ease in the financial management of the programme. The objective of enterprise growth is something quite different and separate from RTD and innovation. We would advocate that this priority should be split into two, with RTD type activity as a specific priority. This would give greater emphasis to the high-growth start-ups, renewables technologies/sector and environmental sustainability of enterprise within this programme. To encourage and manage growth and jobs, this priority would need to be broader to include enterprise development for our traditional or less glamorous industries, which often form the backbone of local economies. Clackmannanshire feels that this can be achieved by focusing on specific themes which have a cross-sectoral impact and requires innovation to be thought of in its broadest sense.

Priority 2 – Community Regeneration

We have some concern over the ‘urban-rural dichotomy’ that is also highlighted in ESEC’s response. We understand that the guidelines require a specific “urban” focus, yet it is too rigidly applied. This priority must not exclude the smaller towns, as if it does it

may be excluding some of the areas of most need and where a real impact could arguably be more easily made. Use of the SIMD shows this quite clearly in Clackmannanshire.

The current policy climate in Scotland is now focusing on the city-region agenda rather than a strictly urban or rural agenda. This is contrary to other programmes such as the North Sea Programme that manages to incorporate an urban and rural dimension by outlining eligible activity where urban and rural areas can work in partnership.

Priority 3 – Rural Development

The points made above are equally valid in this priority. Indeed there may be more scope for such activity in this priority, given that the proposed level of geographical targeting in this priority is hopefully not as concentrated as what has been proposed for priority 2. There is a concern over the lack of strategic depth in this priority, and an over emphasis on the south of Scotland over other rural areas in the LUS Programme.

It is clear that this priority should be about focusing on how rural areas can tap into the economic activity taking place in the main areas of growth. For diversification in rural areas to be successful they should be changing the way that existing businesses operate. Therefore project activity is likely to be small scale and focused on SME's given the business base in rural areas. For these reasons, this activity is rightly in this priority rather than priority 1 which we gather has been mooted.

If the Scottish Executive are determined to proceed with a priority for community regeneration in urban areas, it may be wise to consider building in an element of community regeneration/development into the rural priority as well.

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

Priority 1 – Progressing into Employment

This priority has a good coverage and is well supported statistically. The one area of weakness is ensuring that regional coverage is consistent. As with the ESEC response we feel a stronger thematic focus to the priority over the proposed spatial targeting is recognised, to achieve a more joined-up and sustainable approach. This is expanded upon in question 14.

Priority 2 – Progressing through Employment

This priority has a good coverage and is well supported statistically. It should be noted that the priority needs to complement priority 1 ESF and should not be seen as something exclusive.

Priority 3: Access to Lifelong Learning

It not clear why this is a separate priority and not a horizontal theme. This priority should be an extension of the first two priorities rather than a priority in its own right. This would be a more coherent approach to post school learning. The eligible activities could easily be subsumed into priorities 1 and 2.

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

Priority 1 – Progressing into Employment

The targeting of this priority using only SIMD data shows a lack of understanding and continues the false perception that unemployment is a particularly urban priority. This is not the case and a clearer method should be sought to address how rural and peri-rural areas will be able to access this priority. Our position, like that of ESEC, on this is fully outlined in question 14, which includes some ideas on how this can be achieved.

Priority 2 – Progressing through Employment

There are no particular issues to raise in this priority.

Priority 3: Access to Lifelong Learning

Within the English Programme this priority is subsumed into the other two priorities and there is no reason that Scotland should not do the same. The rationale for its retention is not as strong as a unified horizontal theme across all priorities.

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

Clackmannanshire would like to see the balance reflecting priorities 2 & 3 even if some of the suggested changes to priority 1 are included. It is clear that this is the strongest way of providing 'local' solutions without the rigidity of priority 1. That said it is clear the largest recipient of funding should be this priority. This view is reflected amongst colleagues across the East of Scotland.

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

As mentioned above in question 5, if priority 3 is subsumed into a strong horizontal theme then the split between Priorities 1 and 2 will be more balanced.

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

It seems that only Scottish Executive strategies are mentioned. It is clear for a truly balanced Programme that some reference should be made to regional and local strategies.

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

There seems to be an issue with semantics and the use of the term 'sustainability'. The principle of environmental sustainability is well integrated, though it is not clear why this has been targeted specifically and not 'sustainable development' in its broadest sense.

The East of Scotland European Partnership has integrated and developed sustainable development as a principle during the 2000-2006 programme. This seems a retrogressive approach by comparison.

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

There are no issues as it is a well-established principle and partners have already had considerable experience of integrating equal opportunities as a horizontal theme.

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

The majority of the response below is taken directly from the ESEC submission and reflects the views of Clackmannanshire Council.

ESEC have previously highlighted the need to strengthen linkages between **ERDF** and **ESF** funded interventions in the consultation response to the NSRF, and at the Stakeholder event in January. To some extent this already happens, but not regularly or consistently enough. Having single programmes for the LUS area, with common management should make it easier to synchronise effort and create seamless, integrated projects. The proposed mechanism for an ad hoc sub-committee who report to the Programme Monitoring Committee and write an annual report on ERDF-ESF coordination is also a positive step towards achieving this. We would however have expected to have a bit more information on the "flexibility rule" at this stage to enable partners to formulate opinion on it. On a minor note, the 3rd paragraph on page 64 has a type-error referring to Priority 3 when it is Priority 2.

Ensuring complementarity between other **EU funding streams** is vitally important given the reduced available funding, and the desire of partners to make the most effective use of what funds are available. Specifically:

- On the **Territorial Cooperation** section (pg 65) we have some comments on the text rather than fundamental issues on the proposed complementarity. Firstly, the eligible areas of the **Northern Periphery** programme in the LUS area are Moray and Dumfries & Galloway, which should also be mentioned, in addition to the Highlands & Islands. The **North Sea** programme is briefly mentioned, though the **Atlantic area** and **North West Europe** programmes are not. The various ERDF priorities where there is some cross-over is mentioned for the North Sea Programme, though this section could perhaps benefit from outlining the territorial cooperation priorities where the Executive envisage the most cross-over and updated to reflect recent changes to the North Sea programme priorities. For instance: North Sea Priority 1 - Building on our Capacity for Innovation and ERDF Priority 1 – Enterprise Growth; and Priority 4 - Promoting Sustainable and Competitive Communities with ERDF Priority 2 – Community Regeneration and Priority 3 – Rural Development.
- On the **EAFRD** section (pg 66) reference is made to the fact that the Executive plan to have an annual meeting of the three Managing Authorities, presumably referring to SEERAD and SESFD as the managing authorities for ERDF, SRDP and EFF in Scotland. This essentially requires the Scottish Executive to oversee this task inter-departmentally, whereas the Programme Monitoring Committee has a role in over-seeing the complementarity of ESF-ERDF programmes. There should be partnership involvement in monitoring complementarity of all other EU funding programmes, including SRDP, EFF in Scotland, the territorial cooperation programmes, JESSICA, JEREMIE and Framework 7 (which is not mentioned at all in this section). With regards to the SRDP there is an opportunity to build in a regional partnership review mechanism, given the proposed RPACs in that programme.
- On the **EFF** section in both ERDF and ESF programmes (pg 67), we would question the sentence that states that the “main parts of the LUPS area where EFF support is available is in the coastal zones of the Borders region”. As far as the information we have on the EFF in Scotland, the only element of geographical zoning proposed is between Convergence and Competitiveness regions. In terms of the LUS programme area, we would have thought that the North East of Scotland coastal fisheries communities would be one of the major areas where the EFF would be targeted.
- On **JESSICA** and **JEREMIE** we would have expected slightly more details on how the Executive envisage utilising these resources, this is especially the case with regard to JEREMIE which is the furthest developed. Indeed information on the implementation phase of JEREMIE is now available from the EIB. These

initiatives are vital to consider and to develop early on, as a means of bolstering the funding available to Scotland. JEREMIE complements the activity of Priority 1 ERDF and should be utilised for supporting start-ups and micro-enterprises, through technical assistance, grants, as well as non-grant instruments such as loans, equity, venture capital or guarantees. As the ERDF draft programme establishes, Scotland is fortunate enough to have some relevant experience in this field, through the Scottish Co-investment Fund. However, Clackmannanshire Council like ESEC is keen that the partnership retains ownership over this type of activity, and whilst clearly Scottish Enterprise have an interest and role in developing a JEREMIE Fund-holder Agreement for the LUS area, they are not the sole organisation dealing with business start-ups. It is imperative that a Funding Agreement is established for the LUS area, but is also imperative that this is done through the wider partnership.

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

The current challenge-fund approach has worked well and has delivered. Therefore the only real challenge is to make this work in a larger LUS Programme. This needs to develop a built-in regional dimension when pulling together the appraisal system for challenge-funded projects. An assessment could then be made on a range of strategic fits, regional and local strategies as well as the national strategies. For further information see the suggested ESEC delivery model outlined at the end of our response that Clackmannanshire endorses.

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?

Clackmannanshire and ESEC both accept that community planning should be treated as an integral part of the Structural Funds planning and prioritisation process post 2006. We recognise that smaller budgets and a perceived need to reduce the bureaucratic burden mean that administrative processes need to be pared back and simplified, but there must be mechanisms to ensure that local needs and priorities are reflected in the decision-making.

Community Planning Partnerships (CPP's) bring together key agencies, colleges, voluntary bodies and the private sector, and the partnerships – though still evolving – have the capacity to play a key role by setting a framework within which grass roots organisations can develop local solutions to the strategic challenges set out in the NSRF.

From the priority workshop the Executive ran on the 1st December, it appears that this concept will initially be piloted by a 'handful' of CPPs till 2010. Given the various stages of development of the CPPs in Scotland, it is right and proper that this be piloted initially, though it is not acceptable that other community regeneration activity cannot take place

in the interim period. The registering of interest to deliver such a pilot project should be open and transparent to all who can make their case. Likewise, the appointment of the pilots should also be considered in an open and transparent way. This should be the role of the Programme Monitoring Committee.

Having said that, ESEC and Clackmannanshire are equally pleased that alternative local partnerships will be considered in Priority 2 ERDF/Priority 1 ESF, as not all Community Planning Partnerships will be in the position to take on this role, despite need to undertake this type of activity. It may be that other forms of local development partnerships such as local economic forums may be more appropriate to deliver on community regeneration.

The value of bottom-up approaches, working with local and community partnerships to identify challenges, develop solutions and implement programmes, is well-established. We would argue strongly for a balanced approach that links strategic direction with community needs. The key to making this successful is to aim for a system that can achieve freedom and flexibility within the programme framework (see question 14 below for further details).

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

On the whole Clackmannanshire agrees with the ESEC response for this question.

In **Priority 2: Community Regeneration** it is proposed that activity should be targeted at the most deprived 15% of data zones as defined by the Scottish Index of Multiple Deprivation (SIMD). Deprivation is more concentrated in urban areas which presumably is partly why SIMD was thought of for this priority. SIMD is currently used in this way to define activity in Regeneration Outcome Agreement (ROA) Areas in Scotland. Using such tightly drawn maps (micro data zones) to determine eligible activity will be very difficult to implement and is of major concern to ESEC. By focussing on the worst 15% of SIMD wards, it will not produce coherent areas for project delivery (micro archipelagos of eligibility) and will result in an overtly bureaucratic system for project managers to implement. Experience of ROA areas suggests that such small geographical units can also make spending funds very difficult.

We accept that there will be a need to target the funds geographically in this priority, given the limited amounts of funding available, for it to have any impact. Targeting funding at disadvantaged areas is essential, however it should be up to the local communities and people on the ground to establish where those priority areas should be, given they know their areas best. In this priority it is suggested that Community Planning Partnerships or other local partnerships should have a role as a delivery body. It would seem to make sense that rather than applying by strict criteria such as 15% worst SIMD data zones it should be up to the local partnerships, in applying for funding, to

demonstrate the areas where they would target funding if successful. The case should be made for those areas against the priority criteria and socio-economic background outlined in the finalised Operational Programme. It would then be up to the approving authority to establish whether the funds requested were reasonable or not, and whether the project was of the right calibre. Fundamentally, projects should be approved based on the quality of the project and not necessarily location in the strictest sense. After all, project activity near, adjacent or between deprived areas can contribute significantly to deprived areas, if it aids regeneration and creates opportunities for the areas with statistically the worst socio-economic indicators.

The draft ESF Operational Programme proposes that in **Priority 1 - Progressing People into Work** - has an “area based approach”, where funding will “target packages of localised support”. It is also been proposed that joint awards with Priority 2 ERDF could be supported, through local partnerships such as Community Planning Partnerships. Given the extent of proposed geographical targeting in Priority 2 ERDF, it is safe to assume for that joint activity at least, will mean that this priority is proposed to identify areas to be targeted using SIMD.

The parts of this priority that will have joint activity with Priority 2 ERDF, should identify target areas in the same way that we suggested in Priority 2 above. However, the delivery model outlined at the most recent October Structural Funds Forum, indicated that this priority is proposed to be delivered through IDBs. This suggests that by default many of the IDBs will be the CPPs or other local partnerships from Priority 2.

This priority must not exclude rural and peri-rural areas from accessing funds for this type of activity. It also suggests that if rural and peri-rural areas are to access this priority they would have to form an IDB which in the East of Scotland is not the most practical given that problems with unemployment and worklessness in rural areas are very much dispersed throughout the region. The type of partnership that should be encouraged in our rural areas (as opposed to a geographic coalition) is between the various sectors and agencies (thematic).

Deprivation is not the function of geography, though geography sometimes reinforces deprivation. This is especially the case in rural areas where if unemployed, job opportunities can be limited by geographical proximity and accessibility. This priority fundamentally should be about individuals and their opportunities, not artificial boundaries that do not relate to the reality of the labour market and cannot take account of the fact that deprivation is dispersed throughout Scotland, not just concentrated in large urban areas. By focusing the priorities correctly by themes or target group, an element on natural selection of areas occurs without added bureaucracy of identifying whether a client comes from the right side of an artificial boundary. There should be an element of challenge-funding available in this priority for rural areas, complementing the work in Priority 3 ERDF.

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

Clackmannanshire endorses the views of ESEC in responding to this question.

There are two separate interrelated issues relating to spatial targeting for this priority; the appointment of the South of Scotland as an Intermediate Delivery Body (IDB) and how “rural” will be classified.

It is proposed that a portion of the funds under this priority would be allocated on a commissioning basis for rural areas in the **Scottish Borders** and **Dumfries & Galloway**. Like ESEC, Clackmannanshire finds it difficult to understand at this juncture, given that there has been no set criteria promoted for this mechanism, why this has been proposed in the programme. Whilst the underlying aims and objectives of the South of Scotland competitiveness strategy is both commendable and ambitious for the region, essentially ring-fencing funding for this area places other rural areas at a serious disadvantage. During the public consultation on the current programme for 2000-2006, the then North East 5b programme tried to argue for funding to be ring-fenced for their area. The Scottish Executive at that time dismissed their plea as putting other parts of the region at a disadvantage. The lack of transparency on how this came to be proposed is a cause of serious concern. Furthermore, at the priority workshop for this priority on the 22nd November, we were informed that no other IDB would be considered before 2010 at the mid-term review. This is absolutely unacceptable to the East of Scotland where many parts of the region face the same type of barriers and issues in rural areas as the South of Scotland. Creating a South of Scotland IDB, establishes an un-level playing field in the programme.

It should be considered that this strategy was developed with the intention of lobbying for a separate programme for the South of Scotland, whereas authorities in the East of Scotland understood that with less funding available there was a need to simplify and reduce the administrative cost of delivering Programmes. There are numerous local strategies from local authorities in the East that, given the same opportunity could have equally developed strategies on a cross-authority basis, if needed or appropriate. There needs to be an equal footing in this priority, with criteria set, and all partners given the opportunity to develop strategic plans for project activity, or none at all. This should be reviewed by the normal channels for project appraisal.

Without knowing the details of the remit and indicative funding the South of Scotland are intended to have, it is unlikely at this stage, that this proposal could get wider partnership buy-in, certainly not from the East of Scotland.

The other issue relates to the **definition of “rural”** of which there are copious different methods of defining rurality, all to some extent have limitations. Through the priority workshops it emerged that using the Scottish Executive's 6-fold classification was the favoured method.

ESEC has done some analysis using this definition and have attached our briefing note for further information. We understand that there is yet to be substantial discussion on how any definition could be applied, but our initial analysis highlights a number of concerns.

Applying the core definition of urban and rural indicates that 60% of rural settlements in the Lowland and Upland Programme are located in the East of Scotland and that 65% of the East of Scotland settlements can be classed as rural. However in population terms only 11% of the population from the East live in rural settlements, with the majority (63%) living in urban areas. This is not surprising given the area has four cities and some of Scotland's major towns. However, being a rural area per se should be a basis for eligibility in this priority, but based on the need for intervention.

The concern is for those areas that fall between both core definitions, which affects small towns. In Lowland and Upland Scotland terms, it represents some 139 small towns (826,170 population). Over half of these small towns are located in the east. The issue is that small towns come in a variety of functions. In the East of Scotland it includes a variety of commuter towns (e.g. Inverkeithing, Tullibody), market towns (e.g. Haddington), fishing towns (e.g. Stonehaven) that have an important relationship with the rural hinterland and ex-coalfield towns (e.g. Fauldhouse & Tranent) which although in rural locations have "urban" social problems. This is backed up by a study commissioned by ESEP on Small Towns in the East of Scotland, where it was concluded that small towns in the East of Scotland are difficult to define because of their variety of function, demographics and socio-economic make-up. Given the reliance of many rural areas on small towns, a definition which excludes those small towns would as a consequence exclude and disadvantage some of the areas of most need.

We suggest a similar arrangement as we suggested for priority 2 with local applicants defining rurality (within reason) and demonstrating the need for intervention against the priorities of the programme. Clearly there are difficulties in applying a definition of rural areas, which is made complicated by the fact that many small towns are essential to rural development and others where they could benefit from being included in the Community Regeneration priority. Depending on the final amounts for rural development in the Scottish Rural Development Programme 2007-2013, it may be appropriate to consider a rural community regeneration/development aspect to this priority. The idea of developing strategic region-wide projects is in principle a good way of achieving increased value-added, but selection of projects must be done in a transparent, accountable way and based on what the project can aim to achieve in terms of results and outputs.

The other option, if the use of indicators to determine a rural area cannot be avoided, is to group indicators, such as population density, SIMD geographic Access & Telecommunications, manufacturing base and percentage of economically active populations. Using a similar methodology as utilised in determining the Assisted Areas map, would most likely be the fairest method. However, any definition of this sort must be consulted on locally and throughout the partnership.

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

As with many of the other questions in the consultation we endorse the ESEC response which is included below.

A major area where the Executive has omitted in the questions hitherto, relates to the role of **Scottish Enterprise** as an IDB. It has been indicated by the Scottish Executive that around 40% of the 48% figure that has been suggested for priority 1, is earmarked for Scottish Enterprise to deliver strategic projects of regional wide significance. This amounts to approximately €64m, and means that a significant proportion of the total amount (19%) available to the two programmes is already set aside.

We have some concerns with the commissioning of projects in general, but this is especially the case with this priority, where the principle of partnership (lack of partnership in project structure and lack of wider partnership control) as well as additionality are not as explicit as other funding arrangements within the Programme. Whilst acknowledging and welcoming the necessary involvement of Scottish Enterprise in this priority, the bi-lateral type of commissioning in this priority does not involve a wider partnership in the same ways the other IDBs do. There must certainly be a role for the Programme Monitoring Committee in the appraisal of all commissioned projects as a means of including the partnership.

The recent financial difficulties that Scottish Enterprise faced, undermined (albeit some only temporarily) a number of European funded projects where Scottish Enterprise were partners. Every effort should be made to encourage Scottish Enterprise to deliver genuine partnership projects across the area. One method of achieving this is to put a caveat on the challenge-funded stream in this priority, which would stipulate that Scottish Enterprise should not be a lead applicant. This will not only ensure genuine partnership, but will assist the audit process and transparency. This will also give partners a greater sense of security, given some of their experiences through the recent financial difficulties.

Another point regarding **Priority 1 ERDF** is that, although there is no specific question or suggestion to geographically target this priority, we feel it necessary to put in writing that we would not support targeting of this nature which we know has been mooted by some. The labour market for the type of proposed activity is Lowland & Upland Scotland and therefore geographical targeting would not make sense in this priority. Targeting in this priority should be about establishing the right focus to the priority that encapsulates the right target sectors for the region. Any method of geographical targeting in this priority most likely would not highlight the areas of opportunities, which Scotland must develop to contribute to the Lisbon Agenda. However, care must be taken by the IAB and PMC to ensure that approved projects are genuinely addressing market failure.

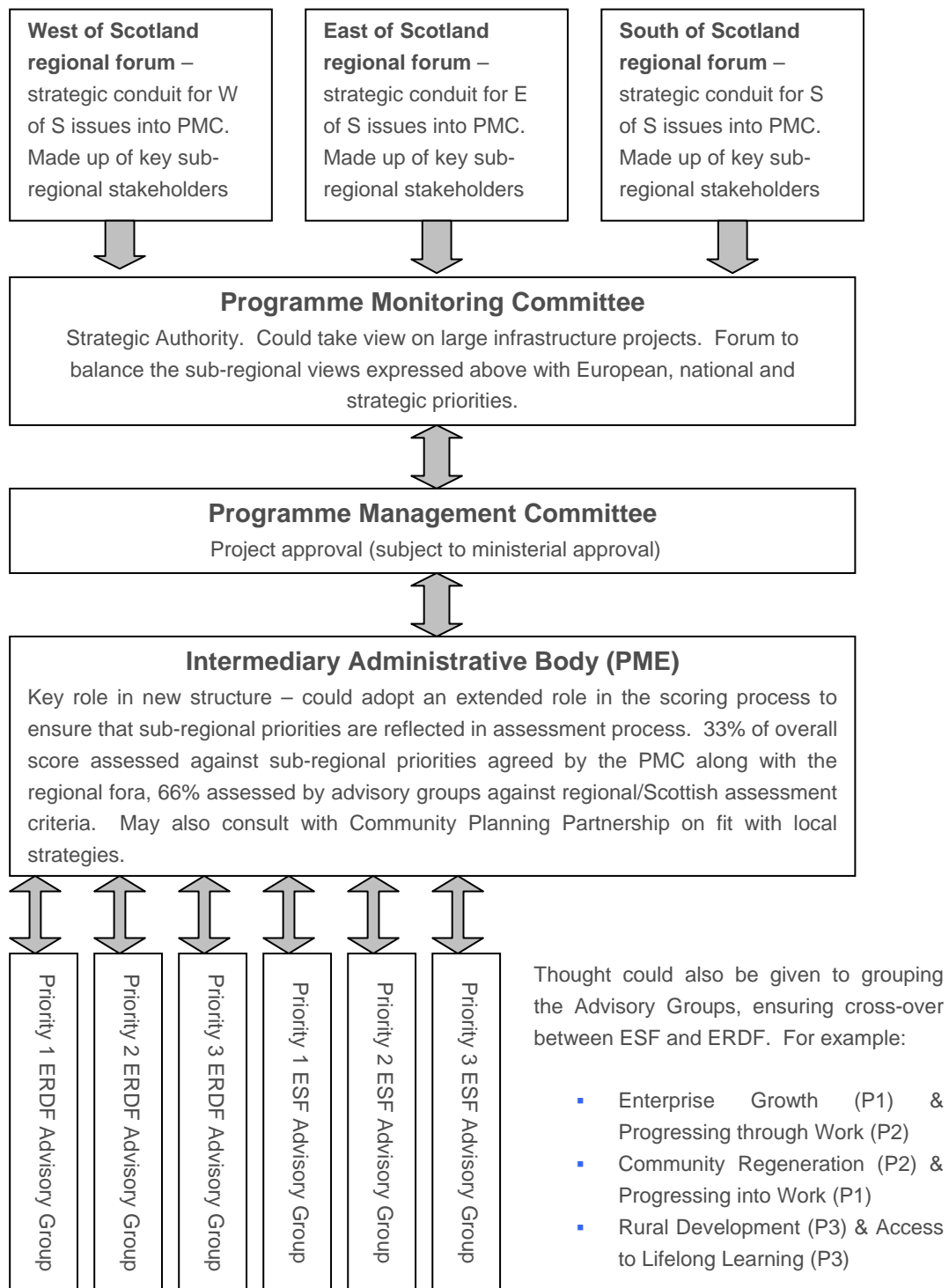
Finally, at a meeting of COSLA with Allan Wilson MSP, COSLA committed to developing an **alternative delivery model** to the one that was being suggested by the Executive at the time. Through the European Joint Board which includes representation from COSLA and the four regional consortia including ESEC, local government has developed a model which we believe would enhance the structure proposed in the programmes by helping build in a stronger regional-dimension into the programme and continue with the technical expertise gained from the advisory groups. There is potentially an opportunity to rationalise the number of Advisory Groups, which could also help in the coordination of ESF and ERDF. The model is outlined below. We would welcome the opportunity to develop and discuss this model with the Scottish Executive and other partners.

Jane Adamson & Grant Eals

Policy Officer (Economic Development), Corporate Funding Officer

Suggested Delivery Model

The following alternative delivery model was developed by local government as an alternative to the proposed model which only has a Programme Monitoring Committee. It was agreed by the ESEC Policy Board on the 27.11.06



**FUTURE EUROPEAN STRUCTURAL FUNDS PROGRAMMES IN LOWLANDS & UPLANDS
SCOTLAND 2007-2013**

RESPONDENT INFORMATION FORM

Please complete the details below and return it with your response. This will help ensure we handle your response appropriately. Thank you for your help.

Name: **Clackmannanshire Council**

Postal Address: **Greenfield, Tullibody Road, Alloa, FK10 2AD**

1. Are you responding: (please tick one box)
- (a) as an **individual** *go to Q2a/b and then Q4*
- (b) **on behalf of** a group/organisation *go to Q3 and then Q4*

Individuals

- 2a. Do you agree to your response being made available to the public (in Scottish Executive library and/or on the Scottish Executive website)?

Yes (go to 2b below)

No, not at all We will treat your response as confidential

- 2b. Where confidentiality is not requested, we will make your response available to the public on the following basis (please tick one of the following boxes)

Yes, make my response, name and address all available

Yes, make my response available, but not my name or address

Yes, make my response and name available, but not my address

On behalf of groups or organisations:

3. The name and address of your organisation will *be* made available to the public (in the Scottish Executive library and/or on the Scottish Executive website). Are you also content for your response to be made available?

Yes

No We will treat your response as confidential

Sharing responses/future engagement

4. We will share your response internally with other Scottish Executive policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Executive to contact you again in the future in relation to this consultation response?

Yes

No