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Date: 5th January 2007

Dear Sir

FUTURE EUROPEAN STRUCTURAL FUNDS PROGRAMMES IN LOWLAND AND UPLAND SCOTLAND 2007 - 2013

Dundee City Council welcomes the opportunity to respond to the Scottish Executive's consultation document and draft Operational Programmes and recognises the context of the Lisbon policy agenda and reduced levels of funding which have influenced both the content and architecture of these Programmes. The respondent information form is attached as requested.

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?

In general terms, the document appears to provide an accurate assessment of the economic development disparities and weaknesses that exist at the Lowland and Upland Scotland (LUPS) region. We would, however, dispute the contention that rural areas have particularly significant issues of worklessness (ERDF OP p.7). In percentage terms, absolute numbers and levels of concentration, urban areas suffer more severely. Table 11, p.24 identifies that employment, unemployment and inactivity rates are all better in rural areas.

We would also underline the fact that the geography at which some data is presented can mask localised problems. Whilst the document recognises that Dundee, Fife, Falkirk and Clackmannanshire have particularly low levels of corporate stock (ERDF OP p.8), it also identifies Eastern Scotland NUTS 3 region as having the most rapid growth in the LUPS area of corporate stock. This growth is not a pan-NUTS 3 regional phenomenon (and arguably, nor could it be) but conditions do exist in some parts of the area which evidently encourage business start-ups and, by contrast, highlight serious market failure in others. The Programme therefore has the opportunity to prevent chronic disparities becoming embedded in the area by ensuring that funds designed to stimulate business are targeted towards those parts of the region that significantly lag behind.

In a similar vein, the SIMD data (ERDF OP p.18) which shows the Angus and Dundee NUTS 2 area as suffering from 17% of data zones in the worst 15% most deprived, distorts the local picture which, according to 2006 SIMD data, shows Dundee to have 29.6% of its data zones in the worst 15%. It is recognised that the Scottish Executive is using standard geographical statistical units; however, this data should be considered within the context of local variations.

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 draft Programme seems appropriate and addresses most of the issues raised within the socio-economic analysis, although there appears to be a miss-match between the amount of eligible activity provided to support the promotion of entrepreneurship and that associated with RTD, given the low propensity for new firm formation in Scotland identified in the analysis.

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

Within the context of the previous answer, the Business Growth priority may benefit from a clearer distinction between support for enterprise start ups and RTD. This would help to protect the budget available for entrepreneurship, from the potentially resource-hungry RTD element. The Executive should encourage eligible organisations to maximise the huge funding potential that exists in the Framework 7 Programme for RTD activities to allow greater allocations to other activities.

The Community Regeneration priority is fairly comprehensive. The reference to social enterprises and the role played in job and wealth creation is welcomed. Given that this role is largely similar to that offered by SMEs to deprived areas (although the service offered by social enterprise is likely to be more community orientated), it would be helpful if the support identified as being offered to SMEs in the Key Activities (pp.55-56) could also make reference to social enterprises.

Comments regarding concentration will be addressed at Q.14.

Dundee lies at the heart of the surrounding city region and as such, economic relationships exist between the city and the surrounding rural areas in Angus, Fife and Perthshire. It is therefore disappointing to see that the Rural Development priority seems to be inexplicably weighted towards the South of Scotland. It is hoped that the Executive will see fit to recognise the larger contiguous rural area that sits within eastern Scotland.

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 and should they be configured differently?

The draft Programme is comprehensive and addresses most of the priority issues evident in Scotland today.

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

An anomaly occurs in the rationale for priority 3 - Access to Lifelong Learning. In the section "Key Programme Challenges" (pp.29-30), subsection 8 identifies the need to increase lifelong learning participation rates among the most disadvantaged groups, who, as we know

from the SIMD data, are concentrated in urban areas. Yet the programme specifically refers to the particular difficulties faced by rural areas in relation to geographical distance from provision. It is accepted that these conditions do present barriers but it is important to ensure that they do not become the dominant factor in the delivery of this Priority. Indeed, Priority 3 could be integrated into Priorities 1 and 2 without detriment to the Programme vision.

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

While understanding the priority placed on enterprise development by the Scottish Executive within the context of the requirement to align 75% of activity to the Lisbon categories, concerns do exist regarding the proposed allocation between priorities 2 and 3. The current split of the remaining budget is allocated on a 57% urban : 43% rural basis, while 73% of the LUPS population is resident in either "large" or "other" urban areas (table 10 p.23 ERDF OP and GROS mid year estimates 2005). Furthermore, the largest proportion of data zones in the worst 15% SIMD fall in urban areas. It seems appropriate that a more equitable allocation is made in order to ensure that the very worst areas can get additional assistance or that greater coverage can be achieved.

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

The allocation seems reasonable.

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

The draft Operational Programmes cover a broad and relevant range of domestic policy. It is encouraging to see an improved level of coherence between the various instruments of policy and Dundee City Council trusts that this will be translated into a shared understanding within the Scottish Executive, of the need to coordinate and streamline administrative requirements for delivery bodies.

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

Much has been learned over the last 2 Programming periods about the integration and mainstreaming of both environmental and equal opportunities issues and the future programmes look able to build upon that.

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

See answer to Q.9

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

No Comment

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

The Challenge fund system has been developed over the last 20 years in Scotland and in each new programme, changes have been made with a view of improving the system. These have largely been successful and should be built upon. The new system could be

structured to facilitate a closer working relationship between the project implementation organisations and the new Intermediate Administrative Body (IAB) to encourage effective monitoring and evaluation, and build upon the constructive work that has taken place so far, certainly in Eastern Scotland. This could be done through regular visits by case officers who could not only provide input to the process, but would get a clear understanding and awareness of issues and obstacles as they occur. This could contribute to greater efficiency in the operation of the programmes.

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?

Community Planning Partnerships will vary in approach and stages of development across Scotland. In Dundee, this process has been evolving over many years and has resulted in the development of shared agendas and plans are emerging for greater integration of service delivery. Given the breadth of policy which is addressed by the new Programmes (see answer to Q.8), the Dundee Partnership welcomes the opportunity to closely engage in the delivery of the Structural Funds which it sees as key to addressing a range of challenges currently in focus.

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

Spatial targeting seems to have become inevitable within the context of much reduced resources. Previous experience of targeting at low levels, such as ward or post code, has led to false demarcation through areas, which notwithstanding administrative boundaries, share common issues and identities. Furthermore, the ability to deliver eligible activities in tightly bounded areas becomes extremely difficult as, often, opportunities which could have a beneficial impact on those areas are located elsewhere or clients from less favoured groups reside outwith. Now is the opportunity to ensure greater complementarity between the ERDF & ESF Programmes by using common areas of eligibility focussed on wider areas, beyond those dominated by housing, thus ensuring that the objective of attracting and sustaining SME activity, for example (ERDF OP p.54), can be realised.

Dundee has 173 out of a total of 179 data zones in the worst 20% SIMD (2006). Given these circumstances we would suggest that agglomerations of data zones and areas of opportunity are targeted and would propose that, in some circumstances, local authority areas would be the appropriate level for this.

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

No comment

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

One of the key, and widely recognised attributes of the Scottish Programming system, has been the principle and application of partnership at all levels of the process. It is encouraging to see that this has been recognised by the Scottish Executive in both draft Programmes. The proposal to extend that approach to delivery through the Community Planning Partnerships or alternative mechanisms is also welcomed and serves to improve transparency and accountability. It is unfortunate that this principle appears not being adopted in the delivery of Priority 1 ERDF. While it is accepted that Scottish Enterprise, as

the government's agency for economic development, should have a central role, the role of other actors is omitted which seems incongruous with the partnership approach. The current draft programme does not address this satisfactorily and clarification of how this process will be managed and scrutinised would be welcomed.

The challenge fund aspect of Priority 1 also seems vague in terms of the delivery. The idea of challenge funding should be to open up access to funding for projects developed outwith agreed programmed action plans or pre-selection processes. However, the programme (ERDF OP p. 73 para. 2) points to "region-wide significance" as being a key criterion for approval. This would seem to place control of this element firmly back with Scottish Enterprise which dilutes the rationale for any Challenge Fund. A means of differentiating the approach and of empowering local partnerships would be to require a locally-led partnership approach (including the local enterprise companies) to challenge fund viable projects, where bottom-up actions set within the context of local, as well as national strategies, could be given an opportunity to be implemented. This, of course, would depend upon the willingness of Scottish Enterprise to shift course slightly in terms of its centralisation policy, but it would provide an opportunity for greater innovation.

I hope that these comments provide useful input to this process and look forward to reading the Ministerial report in February.

Yours faithfully

Douglas A A Grimmond
Director of Economic Development

Name:

Postal Address:

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