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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

Falkirk Council welcomes this opportunity to respond to the Scottish Executive consultation on the Future of European Structural Funds Programmes in Lowlands and Uplands Scotland 2007-13. Falkirk Council has played an active role in the successful delivery of European Structural Fund Programmes both at a local and regional level. We value the contribution the funds have made towards economic, social and environmental development and regeneration in our area. This response will be presented to the Council's Policy & Resources Committee on 16th January 2007 for formal approval. We consider that the socio-economic analysis

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?

broadly reflects the overall situation in Lowlands and Uplands Scotland. Although as the Lowlands and Uplands Scotland area is quite a diverse one, and the analysis is necessarily fairly high level, the diversities within the area are sometimes hidden within the more general analysis. For example, the south-western area contains Glasgow as well as Dumfries and Galloway. The analysis of deprivation is based on the Scottish Index of Multiple Deprivation 2004 (SIMD 2004) but a more recent version has now been published – SIMD 2006. Falkirk Council considers that the SIMD 2006 should be taken into account particularly as the section on targeting (p56) suggests that funding will be concentrated in the worst 15% of areas. The Council also considers that targeting only areas of need will be insufficient to effectively address the Lisbon Agenda for growth and jobs. Funding must also be targeted on areas of development opportunity if the aim, also on stated on page 56 of the draft Operational Programme of making “a more significant impact in Scotland” is to be achieved.

Priority 1: Enterprise Development Whilst Falkirk Council accepts that research and technological development (RTD) should continue to have a role as part of the enterprise development priority, we feel that there is still an over emphasis on RTD. We are concerned that concentrating activity in this way does not reflect the reality of the local business base and does not address the start-up and growth needs of a wider range of businesses. RTD will receive significant resources through the European Union 7th Framework Programme, particularly for the high- tech and high-growth sectors. Therefore, funding through Priority 1 should be used to address a broader range of business and sectoral development and growth requirements, as well as opportunities. We would also propose that this Priority could be split into two, with RTD type activity as a specific priority. This would give greater emphasis to high-growth start-ups, renewable technologies sector and environmental sustainability of enterprise within this programme. This would also ensure support existed for both RTD activity (likely to produce longer term benefits) and the other activities which are needed to keep the economy moving forward in the shorter term. Falkirk Council has previously highlighted that support for enterprise development should still take into account regional variations and we feel that this Priority should be sufficiently flexible to support enterprise development in a wide range of activities and sectors which can contribute to economic growth. Within this Priority, Falkirk Council would also welcome the retention of some meaningful capacity for supporting business infrastructure in order to create and environment supportive to enterprise and entrepreneurship. Whilst we appreciate that with more limited resources support for business infrastructure will be on smaller-scale than in previous programmes we

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?

still consider this to be a key element to enterprise development in developing the local (and regional and national) economies. A further point regarding Priority 1 is that although there is not a specific question or suggestion to geographically target this priority, we feel it necessary to highlight that we would not support targeting of this nature. Any targeting in this priority should be about establishing the right focus to the priority that encapsulates the right sectors for the region.

Priority 2: Community Regeneration As stated in our response to the National Strategic Reference Framework (NSRF) consultation we still consider that there should be flexibility in terms of the geographic targeting applied to this priority. While the use of an indicator based on the 15% most deprived SIMD areas could provide direction, eligible activity should not be limited to these areas. Falkirk Council like many other localities has small areas of deprivation and these are mainly in the form of housing estates with employment and training opportunities usually located outwith these. Therefore the use of tightly drawn maps to deliver projects addressing the needs of these communities is not realistic. It should also be noted that the SIMD for 2006 has highlighted different areas within the worst 15%. The SIMD will also be updated every 2 years which means a degree of flexibility will have to be built into this priority. We consider that this Priority should focus on linking areas of deprivation to areas of opportunity, complementing European Social Fund activity (ESF). This could mean continued support for advisory and signposting services for disadvantaged individuals as well as issues of access. Training and learning centre facilities and support services such as childcare are also important in terms of helping to reduce barriers to opportunity. In terms of social enterprise development we would seek a clearer definition on this and would welcome increased scope for Credit Union development.

Priority 3: Rural Development No comment

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

We are concerned that ERDF Priorities 2 and 3 are now clearly classed under the broad headings of “urban” and “rural” and in the absence of a clear definition, this would seem to miss out peri-rural areas which still have the legacy of social and economic disadvantages associated with the decline of traditional industries. A more balanced approach to the focus of the ERDF priorities should be applied which reflects the reality of the Scottish geography and economic policy.

Priority 1 – Progressing People into Work We welcome the inclusion of those with multiple barriers to the scope of this priority. A constraint of the current Objective 3 programme is the requirement to identify beneficiaries within a single group which is not always practical in terms of project delivery. The inclusion of young people not in employment, education or training (NEET) as a key target group is welcomed by Falkirk Council. 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?

line with the proposal that joint awards with Priority 2 ERDF could be supported, through local partnerships such as Community Planning Partnership (CPP), we would seek some clarification as to the extent of the geographical targeting. We believe that there may be significant disadvantages to geographical targeting, the problems becoming more acute when at micro-level, boundaries have no relationship to the labour market. This would result in the prevention of development in areas of opportunity (as referenced in Question 1). In addition, we would seek further consultation in relation to aligning allocation of Structural Funds with domestic strategies and existing funding. The reference made to allocations via CPPs being “targeted geographically on a selection of areas” suggests the focus of the funding would be on areas which receive additional Scottish Executive funds for Workforce Plus and NEET Hotspot areas. These areas are predominantly within Clyde Valley, Dundee and Clackmannanshire whereas there are other areas of significant need in Lowlands and Uplands Scotland. Priority 2 – Progressing through Employment Overall we are satisfied with the broad aims of this priority. We would ask for further guidance in relation to the Supporting Entrepreneurship section, which refers to the target groups as being Entrepreneurs and New Managers with particular support for under-represented groups in the labour market. This is a diverse range of target groups, which whilst offering opportunity in terms of priority scope may dilute the impact of the limited funds available. As stated in our comments on ERDF Priority 2 we would welcome a more specific definition of what is meant by a social enterprise. There are currently many differing opinions about the definition of a social enterprise and it is important that there is clarity within the programme in terms of what groups will be eligible for support. Whilst we recognise the need for support to be given in the formation of self-sustaining social enterprises funding of demonstration and pump-priming projects may achieve limited long term impacts and result in further sustainability issues. This would not be a good use of the limited resources available over the next 7-year programme period. In relation to the relatively small amount of funding available within Priority 2, we would urge the allocation of this funding to be made on an annual basis. If only fixed 3-year allocations are made this may result in reactive applications being made rather than projects being developed which are responsive to local need. In addition 3-year allocations can in some cases lead to inflexibility both in terms of projects evolving, changing and sourcing match funding from other external funds such as the Big Lottery Fund.

Priority 3: Access to Lifelong Learning There is a need for Priority 3 to be more strongly differentiated from Priorities 1 & 2. Whilst recognising the aims of Priority 3, it is not clear why it stands alone and could not be subsumed into the Priorities 1 & 2. There currently

	<p>seems to be scope for duplication across the Priorities. Lifelong Learning is a cross cutting theme which underpins activities outlined in the other ESF Priorities. If Priority 3 remains in its own right further consideration should be given to a distinct focus, for example projects could focus on capacity building and accessibility in organisations rather than taking part in delivery of services themselves. Projects should also show how they fit with other services to form a package of support rather than merely an introduction. In relation to the delivery of the funds again we would urge that consideration be given to the availability of annual funding in addition to fixed 3 year allocations. We have concerns about how this would be practical in terms of fitting projects into the funding timescale as outlined in our comments on ESF Priority 2.</p>
<p>Question 5: Do the proposed priorities for the 2007-2013 ESF programme in Lowlands & Uplands Scotland show appropriate coherence and concentration?</p>	<p>We consider that the proposed priorities do show appropriate coherence and concentration, however as previously stated we do not consider it necessary to have a completely separate priority for Lifelong Learning. There is no clear rationale for retaining ESF Priority 3 when lifelong learning could almost be treated as a horizontal theme. Having a separate priority only serves to take away funding from the 2 priorities with the highest demand. We would request that the Scottish Executive reconsider the rationale for Priority 3 particular in view of the reduced levels of funding available.</p>
<p><i>Question 6: What are your views on the proposed balance of funding between priorities for the future ERDF programme in Lowlands & Uplands Scotland?</i></p>	<p>Whilst we acknowledge that the proposed ERDF allocations take account of the requirement for “Lisbon earmarking” we consider that the balance of funding between the Priorities, for example Priorities 2 and 3 is not an accurate reflection of the population density. At present it is proposed that Priority 2, Community Regeneration will receive £9 million annually (28% of the funding) which we feel does not reflect either the population density or the challenges faced by the proposed areas. We feel that the proposed annual allocation of £15 million to Priority 1, Enterprise Development is a sensible level of funding. We note from page 13 of the Operational Programme that for ERDF Priorities 1 and 2 selected Intermediate Delivery Bodies (IDBs) will receive some funding directly to deliver specific projects. Whilst we acknowledge the need to pilot new ways to deliver the funds we consider that only a small proportion of the funds should be made available to untested methods of delivery.</p>
<p>Question 7: What are your views on the proposed balance of funding between priorities for the future ESF</p>	<p>Falkirk Council considers that the proposed balance of funding between the ESF priorities is fair overall and we would agree that the majority of the ESF funding should be allocated to Priority 1, Progressing into Employment. However as with ERDF Priorities 1 and 2, it is also proposed that funding for ESF Priority 1 will be allocated to an IDB. Whilst we welcome moves to align the structural funds with local strategies and</p>

programme in Lowlands & Uplands Scotland?

priorities we would seek further clarification on the selection process and timescale for pilot areas. As previously stated we do not see any clear rationale within the proposed ESF Priorities for having a separate Lifelong Learning priority. At present 21% of the funds will be allocated to Priority 3 and we would suggest that this might only serve to divert funding away from areas of highest need.

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

In general we agree that the proposed priorities focus on the right areas in Scottish domestic policy. We welcome the ability to align the priorities of the Structural Funds with our own local strategies. We acknowledge that this will enable the delivery of projects which add value and have sustainable impact within a local context. We can see the merit in being able to draw on a number of funding streams including those available from the Scottish Executive and Structural Funds to form a sustainable project plan. We would, however, highlight that it is important that with the reduction in the amount of Structural Funds available that duplication does not happen. It is vital that projects part funded through Structural Funds are truly additional and are about enhancing domestic priorities by providing earlier interventions, added value or extending the scope of mainstream funding. In relation to geographical targeting if the focus is only the areas which currently receive additional Scottish Executive Funding under initiatives such as NEET and Workforce Plus, there is the potential for over targeting of some areas whilst other areas of need will miss out.

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

Falkirk Council considers that the principle of environmental sustainability is well integrated into the Operational Programmes. However, we are not sure why this has been targeted specifically on environmental sustainability as opposed to sustainable development in its broadest sense.

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

Falkirk Council has, over the years, been at the forefront of the development of national initiatives to promote and address equality issues and therefore fully supports the principle of equal opportunities being integrated into the Operational Programme. We believe that equal opportunities is a cross-cutting theme which should be integral to project development.

Question 11: What are your views on how the Operational Programmes will ensure complementarity

Ensuring complementarity between the funds is vitally important given the reduction in funding and the desire of partners to make the most effective use of what funds are available. We have previously highlighted the need to strengthen linkages between ERDF and ESF and welcome the approach being taken in terms of combining ERDF Priority 2 and ESF Priority 1. This will hopefully improve the integration of EU-funded activities. In addition, having a single programme for the Lowlands and Uplands Scotland area should make it easier to synchronise effort and create more integrated projects. In terms of other EU funding programmes we

<p>between Structural Funds and other EU funding streams?</p>	<p>would have expected more information on how the Executive plan on utilising resources through the JESSICA and JEREMIE programmes. JEREMIE complements the activity of ERDF Priority 1 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 or venture capital or guarantees. It is imperative that any JEREMIE Funding Agreement established for the Lowlands and Uplands Scotland area is done through the wider partnership and not solely through Scottish Enterprise.</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>	<p>In terms of the challenge-fund approach we would recommend that a 2-tier application process be introduced whereby an outline proposal be submitted for consideration prior to development and submission of a full application. This would assist in ensuring that projects are achieving outcomes appropriate to the programme objectives and reduce the burden on applicants whose proposals do not fit with priorities. To ensure that there is adequate perspective from a range of thematic areas, we would support the input of Advisory Group participation in the assessment of applications. A multi-annual approach to funding would be welcomed, although this should not be for a set number of years. Projects should be funded on a basis of their ability to demonstrate progression in terms of delivery of outcomes. Projects should also outline strategies for evaluation and exit from Structural Fund support.</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>	<p>Falkirk Council considers that community planning should be treated as an integral part of the Structural Funds planning and prioritisation process post 2006. Integrating community planning into the process will help to ensure greater complementarity between domestic sources of funding and the Structural Funds. CPPs bring together key agencies from the public, private and voluntary sector. The partnerships, though still evolving, have the capacity to play a key role by setting a framework to develop local solutions which contribute to the strategic challenges set out in the National Strategic Reference Framework (NSRF). CPPs are already empowered to manage, distribute and monitor a range of Scottish Executive funds including the Community Regeneration Fund, Workforce Plus and NEET Strategy Funding . From the ERDF Priority 2 workshop the Scottish Executive ran on 1 December 2006 it would appear that this concept will initially be piloted with a “handful” of CPPs up until 2010. Falkirk Council acknowledges that a pilot phase is a sensible proposal given given the various stages of development of the CPPs in Lowlands and Uplands Scotland However, we would, at this stage, seek further clarification on the timescale and process for appointing the pilot CPPs and would hope that this will be carried out in an open and transparent way.</p>

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

In relation to ERDF Priority 2, Community Regeneration we have highlighted some of our concerns in response to question 2. The draft Operational Programme indicates that there will be geographic targeting linked to the most deprived 15% of SIMD data zones and Regeneration Outcome Agreements (ROAs). Whilst Falkirk Council accepts that an element of geographic targeting is required within this priority, we feel that the use of tightly drawn maps which determine eligible activity will be difficult to implement as it results in overly bureaucratic burdens for project managers and will not produce coherent areas for project delivery. Furthermore there has to be an ability to address regeneration issues where small concentrations of deprivation exist, as these can make a positive contribution to the region's wider economic performance. If this activity is better integrated with ESF it can improve labour supply issues. Another issue with tightly targeting SIMD areas is that it would by and large only identify residential areas of need and not economic areas of opportunity. We consider that CPPs and other local partnerships should have a defined role within this Priority in terms of identifying areas of need at a local level. This would help to ensure that Structural Fund projects were complementing existing strategies and adding value in the truest sense. Fundamentally, projects should be approved based on the quality of the project not necessarily location. After all, project activity near, adjacent or between deprived areas can contribute significantly to the regeneration of deprived areas. The draft Operational Programme for ESF Priority 1 Progressing People into Work has "an area-based approach", where funding will "target packages of localised support". It is also proposed that joint awards with Priority 2 ERDF could be supported through local partnerships such as CPPs. As we have previously highlighted in our response to question 4, we would seek clarification as to the extent of the geographical targeting. We believe that there may be significant disadvantages to geographical targeting, the problems becoming more acute when at micro-level boundaries have no relationship to the labour market. This would result in the prevention of development in areas of opportunity. 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. This Priority should fundamentally be about individuals and their opportunities, not artificial boundaries that do not relate to the reality of the labour market. By focusing the priorities correctly by themes or target group, an element of natural selection of areas occurs without the added bureaucracy of identifying whether a client comes from the right side of an artificial boundary.

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?

An alternative delivery model for the funds was agreed by the Policy Board of the East of Scotland European Consortium (ESEC) on 27 November 2006. Through the European Joint Board which include representation from COSLA and the four regional consortia, local government has developed a model which we believe would enhance the deliver structure proposed in the programmes. The model has a stronger regional dimension and will make greater use of the technical expertise gained from the current advisory groups. There is potentially an opportunity to rationalise the number of Advisory Groups, which could also help with the coordination of ESF and ERDF. Through Falkirk Council's membership of ESEC we would welcome the opportunity to develop and discuss this model with partners.

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