

**Future European Structural Funds Programmes
in Lowlands & Uplands Scotland 2007-2013 - Draft Operational Programmes**

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?

The socio-economic analysis broadly reflects the current situation across the Lowland and Upland Scotland programme area although there is concern that it does not take into account some of the local issues that do not come through in statistics at the NUTS 2 and 3 level.

It must be noted that the relationship between disadvantage and geography is a complex one, and therefore that the allocation of structural funds on a tightly defined geographic basis is not always appropriate. There is a need to build in flexibility to take into account local knowledge and circumstance in order to make the most of the limited funds that will be available.

It should be recognised that seasonal workers are a significant element of the Scottish workforce and therefore require to be included in the categories for support. Additionally, if the Executive's aim of assisting people to move to higher level jobs is to be achieved, then it will also require that the integration of migrant workers is addressed along with the issue of an ageing workforce.

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

While the proposed priorities as a whole provide a comprehensive approach to developing and sustaining the region, there is concern about particular elements in each of the priorities.

The enterprise development area appears weak in the proposals. The benefits from RTD and enterprise development would be maximised if they were separated into two measures within the priority, allowing for support for the more traditional industries as well as those arising from new RTD activity. While the focus on revenue activity is required, particularly in order to meet the Lisbon objectives, appropriate capital investment will also be necessary. This could be addressed through projects being specifically linked to priority 2 so that there is an opportunity to support capital projects in regeneration areas.

Retaining explicit and separate urban and rural priorities is not felt to be constructive in the current climate of city-regions. There is a need to ensure that the definitions used of both urban and rural areas are not to the detriment of large areas of the region. There is also a danger in priorities 2 and 3 becoming too focused on small geographies through spatial targeting when there is a need for flexibility to address the problems of areas beyond just where those who are multiply disadvantaged reside. There is a case to fund activities that address the barriers to social and economic participation by those people in the most deprived areas but are not necessarily located in the datazones themselves (e.g. investment in child/dependant care, transport, healthcare provision, debt advice and credit unions, work with employers on the diversity agenda).

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

The comments made above in response to question 2 are equally valid in relation to the ability of the proposed priorities to show appropriate coherence and concentration.

In addition, there appears to be a lack of complementarity with other European funding programmes which are currently being developed. For example, the percentage allocation of funding under Priority 1 does not appear to have taken into account the increase in other funds available for RTD, particularly Framework 7 programme. The focus of structural funds should be to concentrate on activities which complement activities funded from other sources and not to offer an alternative source of funding. There should also be a greater link to the Scottish Rural Development Programme and in particular to the LEADER element to support local rural development.

Within this Lowland and Upland Scotland Programme it would also be beneficial if there was better correlation between ERDF Priority 2 and ESF Priority 1, building on some of the activity in the previous programmes.

The rationale for a separate South of Scotland IDB is also not clear, given the similarities to other rural areas of Scotland supported by the current LEADER+ Programme. With reference to the comments made in response to question 2 above regarding geographical targeting, it would also be a disadvantage to see rigid geographical targeting for priority 3 which is unreflective of the fact that there are pockets of rural problems throughout Lowland and Upland 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 proposed priorities for ESF should also recognise that not all beneficiaries supported will progress into full time employment. There is a need to consider the "distance travelled" within the outputs for priority 1 as opposed to real jobs as many will benefit from soft skills and as a result be closer to the workforce after intervention has taken place. While it is recognised that structured training courses are important to employability so are actions around health, debt, family management issues etc and interventions addressing these also need to be covered. We should also recognise volunteering as a positive outcome. It is imperative that JobCentre Plus is engaged in the process to a greater extent if the priority is to be successful.

Currently local authorities and voluntary sector projects support activities for those with learning difficulties under the ESF Programme. While there remains a need for this type of activity it is unclear how this could be supported in the current proposals.

In addition there is a clear need to act on the demand side of the employment equation rather than just the supply side through recognising the need to increase opportunities for disadvantaged groups. The Social Economy is an important element of this which needs to be developed, but work with other employers on diversity, work organisation etc is also important.

As highlighted previously the challenges of seasonal workers and social enterprise

need to be taken into greater consideration if long-term sustainability is to be achieved. Individuals need entitlement to training if they are to be able to move from job to job and progress up the employment ladder. An employer-led programme might focus more on the needs of the employer rather than those of the individual, and does not recognise that in some cases individuals might want to gain skills for new or different jobs. We feel that support under Priority 2 should be concentrated on smaller SME's as larger ones can access alternative funding.

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?

Reference should be made to previous comments regarding concern over geographical targeting/concentration of funds. In particular it is felt that within an ESF programme the focus should be on the needs of the individual regardless of where they stay.

We remain unsure of the rationale for a separate priority 3. It would seem more logical to incorporate this activity into priorities 1 and 2 as appropriate, ensuring that the activities support link closely with other activities being supported through the programme.

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

It is felt that Priority 2 (Community Regeneration) should receive a higher percentage of the available funds than proposed, reflecting the position in the previous programmes where it has been difficult to spend all of the allocation to business development priorities and to build on the positive work undertaken in the Community Economic Development priorities and more recently the Regeneration Outcome Agreements. This could be achieved by reallocating some of the monies currently proposed for priorities 1 and 3.

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

It is felt that the balance of funding should favour priority 2, with a slightly higher percentage of funds allocated to it than to Priority 1. This could be achieved by allocating the proposed priority 3 monies to priority 2 and reflecting the activity proposed for priority 3 in the remaining priorities, as suggested in the response to question 5 above.

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

There is some concern that the focus is on Scottish Executive strategies and there is no mention of how local strategies can fit into this process. This is a seven-year programme and from previous experience if the programme is too rigidly aligned to current domestic policies, which can change frequently, it can quickly become outdated and out of step with developments. During the process of the Annual Implementation

Review and the Mid-Term Evaluation there are opportunities to reassess the programme's fit with domestic policy and strategy, there remains however a need to build in a degree of flexibility to allow the programme to respond to unforeseen circumstances.

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

The principle of environmental sustainability is fine, but it is not clear as to how this will be implemented in practice. This concept should be widened to sustainable development in its broader sense, which does not in fact appear to be embedded enough in the programme. This is one of the core elements of the Lisbon agenda and will feature to a greater extent in future domestic policies and so must be better integrated into the proposed programme.

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

Again the principle is fine, but it is not clear how it will be implemented in the programmes. Applicants and partners have considerable experience in integrating equal opportunities into their activities so implementation does not cause great concern.

There remains the question of why only these two of the horizontal themes are being integrated into the Programmes? What of the other 3 horizontal themes that were integrated in the previous programmes?

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

With reference to the responses above it is felt that there is very little complementarity evident in the proposed programme. This is true of how links will be established between ERDF and ESF activities and there exists even more of a gap in terms of links to other programmes or funding streams. Better links to the Rural Development Programme (particularly the LEADER element) and INTEREG programme should be developed. There is currently little or no mention of how such links can be established and little advice offered as to the role of partners in this process.

An alternative approach would be to allow pilot projects to access nationally managed EU funds (Structural Funds) so that in future they could benefit from transnational (EU mainstream funding). Such an approach could also help to address follow-on funding for projects, including better links to domestic funding programmes.

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

It is felt that the challenge fund approach developed in the previous programming period has worked well, although there is always room for continued improvement. The key attribute that should not be lost is the need to build local priorities and knowledge into the appraisal and management procedures to ensure that the local needs continue

to be met. It is also important to recognise the benefits to involving local partnerships and stakeholders in the process. This results in more efficient projects.

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?

It is important that Community Planning Partnerships are able to play a role in setting the policy agenda at the local level as well as in the delivery of parts of the proposed programmes. There should be an open and transparent mechanism developed to ensure that the Community Planning Partnerships selected to operate a pilot are experienced and capable of what that role will demand of them. Given the various stages of development of the Community Planning Partnerships it will be important to take into account the experience of other partnerships in the local area and how they are now linked to the Community Planning networks and processes. This will include consideration of their track record in effective delivery, experience in budget management and the ability to demonstrate clear additionality that achieves strategic outcomes.

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

While it is recognised that there is a need to concentrate the funds for community regeneration we feel that this needs to be a combination of spatial and thematic targeting.

Regeneration Outcome Agreements are mostly focused on the most multiply deprived 15% of datazones identified by the SIMD. Whilst a convergence with this approach would reinforce benefits for these spatial communities we need to recognise too the needs of individuals and communities outside those specific geographies and there is merit in ERDF and ESF priorities promoting a more flexible approach.

An important point too is that spending should take place for the benefit of those most in need but not necessarily always within the spatial communities in which they reside. Restricting priority 2 to 15% SIMD areas for example could result in a programme which will be overly bureaucratic to manage – our ROA experience bears that out – and most importantly is unlikely to promote the best spatial targeting for SME development and growth.

Our own experience within Fife is that ROA eligible areas provide a geographic approach that is too restrictive, resulting in very small areas – often in an ‘archipelago’ arrangement - which do not offer coherent areas for activity. More attractive is an approach which uses the most multiply-deprived SIMD-defined geographies as a starting point but builds on them to more coherent areas to be targeted. These would be areas that form more natural communities and across which planning and delivery would be more effective than for ‘fractured communities’ that datazone approaches can promote. This would still ensure a complementarity with the Regeneration Outcome Agreements that are in place, but should only be undertaken in collaboration with local partners who are best placed to understand their local areas and the needs to be addressed.

In relation to the targeting of the ESF priority 2, while there needs to be some complementarity with the ERDF priority, it should not be exclusively so. As stated above in the response to question 5, it is felt that within an ESF programme the focus should be on the needs of the individual regardless of where they stay.

Whatever targeting is agreed, there is a need to be able to review the areas to ensure that the programmes are meeting the needs of project beneficiaries and achieves the programmes outcomes. This can be achieved either through the Annual Implementation Review Process or the Mid-Term Evaluation and would continue to ensure that domestic policies and European funding are in line.

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

The main issue here is a lack of clarity within the Scottish Executive (or within the EU) as to what exactly classifies as "rural", instead of the current situation of Leader+ using one definition and other programmes using another. It is important to have a standard definition that can be used to ensure consistency.

However, it is not enough to be classed as rural to attract funding. While many of the issues facing rural areas impact equally across the area, they impact on inhabitants of the area in different ways, with some more able to overcome the issues than others. Whilst there are unique, recognisable challenges faced by rural areas, in reality there also needs to be a thematic approach to many of the socio-economic factors. Such a thematic approach may overcome the need for spatial targeting in all rural activities. It is also important, as with the targeting of community regeneration activities above, to consult with the local stakeholders to ensure that the needs of the area are appropriately recognised.

There is also some concern about the identification of the South of Scotland as an IDB for the delivery of ERDF priority 3. As yet there has been limited information published regarding the application and assessment process for the establishment of IDBs so it is unclear as to the basis on which the South of Scotland IDB has been selected and appointed. This approach gives preferential treatment to the South of Scotland and therefore places other rural areas at a disadvantage.

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

The key additional concern we have relates to the appraisal process. The use of peer-group assessment through an advisory group process in the previous programme was regarded as one of its greatest strengths and we are keen to see this approach maintained in the new programme. This should be an integral part of the appraisal process for both the challenge funding parts of the programme as well as the IDBs once established. Such an approach ensures openness and transparency as well as allaying concerns around the lack of additionality that may arise in some activities. Operationally, any IDB should only be able to access additional challenge-fund elements if the project is driven by partnership and the IDB is not the lead applicant.

There is also a general concern that focusing on larger, longer-term projects throughout the programme may not be the best use of limited resources. Equally,

restricting some priorities to bi-annual application rounds may not be the best approach to enable projects to gain appropriate match-funding. We would welcome the use of a two-stage application process (similar to the Big Lottery), whereby an initial outline proposal form is completed and a much fuller application only submitted by a much smaller number of projects. This would have the advantage of reducing bureaucracy and the burden of failed applications on applicants in a programme where substantially less funding is available.

It is recognised that exit strategies will be more important in this programme than ever before, but alongside this is a concern that continuing to focus on funding pilot projects may cause future funding difficulties.

There is also a general impression that in most priorities there should be more thematic than geographical targeting and that the more local the decision-making can be, the more successful in achieving outcomes the project will be.