



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

RESPONSE TO SCOTTISH EXECUTIVE CONSULTATION FROM COSLA

1. Introduction

- 1.1 This paper sets out COSLA's response to the Scottish Executive's consultation on the Lowland and Upland Scotland's (LUPS) European Regional Development and European Social Fund Programmes 2007–2013. COSLA has not responded on the Highlands and Islands Programmes but instead commends to the Executive the Highlands and Islands European Partnership response.
- 1.2 The following paragraphs set out COSLA's collective response to the questions. Individual councils and the regional consortia have responded separately in detail to the consultation exercise and, clearly, their views may differ in respect of specific issues of particular local importance.
- 1.3 We would draw particular attention to our comments on the structures that should be adopted to deliver Structural Funds from now on. We believe that were these to be adopted, then they could best resolve many of the issues being consulted on and referred to in this response.
- 1.4 As ever, COSLA would be keen to meet the Minister at an early date to discuss our response with him.

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2. Response to Specific Questions

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 document considers a wide range of socio economic factors but does so in a superficial way that lacks analytical rigour. In particular, the socio-economic analysis based only on NUTS 2 and 3 levels is not refined enough to reflect the socio-economic realities of areas below NUTS 2 and 3. This may result in presenting a distorted picture of the issues and problems requiring to be addressed within local areas. In some cases this does not adequately highlight differences over the large and diverse LUPS area. In particular there is a lack of clarity in terms of how an area is defined as either rural or urban and it is felt that without a clear, acceptable definition, regional imbalances could be widened.

Other concerns raised with regards to socio-economic factors to be considered in assessing LUPS include:

- Exclusive targeting using SIMD data zones, especially in areas with dispersed population and services; statistics are useful to a point, but the background and local knowledge of an area are invaluable in assessing areas in need of intervention.
- Need for focus on business start-up support for micro/small businesses and a desire for flexibility in approach to innovation. There is a concern that the current focus on supporting high-growth enterprises dealing above the £2m mark puts the emphasis on sectors such as pharmaceutical products, precision instruments, computing, electronic equipment and bio-technology making it hard for large sectors like tourism and smaller but economically important sectors (eg, food and drink, life sciences, as well as the smaller scale end of the electronics and creative industries) to be developed.
- The reduction in available funds for the 2007-13 period to approximately £60m per year causes concerns for what the funds can realistically achieve. By way of comparison total GVA for the LUPS area amounted to around £74bn in 2003. It is therefore unlikely that the programmes in themselves will be able to make a measurable impact on the region's aggregate economic performance. It is important that the Scottish Executive takes full account of both the reduction in overall funding and the constraints imposed by Lisbon "earmarking" when planning the next domestic public expenditure round. This point was made by the Scottish Parliament's European and External Affairs Committee report (June 2006) into the Executive's plans for future structural programmes. Specifically the Committee (paragraph 74) drew attention to domestic spending programmes for infrastructure and tourism development. The Executive's response (25 August 2006, paragraph 19) highlighted the fact that nearly half the ERDF for the 2000-2006 period was allocated to projects under these two headings. The impact of the new structural fund regime will therefore be more than marginal for these activities.

Later in this response, we will set out a suggested model for distributing Structural Funds, which we believe best brings together the key stakeholders with a knowledge of socio-economic factors locally and regionally, who will be best placed to assess the strengths, weaknesses and opportunities for the LUPS area.

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?

Priority 1 Enterprise Growth - This is the main priority to focus on high growth enterprises and start-ups as well as a strong focus on RTD. To achieve this, the spend will be split between a challenge fund element and a proportion going to Scottish Enterprise to run strategic programmes. We are concerned about what this will mean in practice. It appears that around half of the funding will go to

Scottish Enterprise. This could see up to £60m going to Scottish Enterprise. While not opposing an allocation of funds to Scottish Enterprise, we believe that this must be done as part of a holistic approach to funds distribution. Again we refer to our model later.

Additionally, we are concerned that if the policy climate, enterprise trends and regional growth areas change within the 2007-13 timeframe, the priority does not seem able to adapt and respond to these key factors. This can be evidenced by the fact that the Smart Successful Scotland 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. This type of change is highlighted very clearly by the significant changes in the assisted areas map. The assisted areas map should complement the 2007-2013 programme, but it is not clear in this priority and indeed within the rest of the programme how this occurs.

Priority 2 Community Regeneration – There is some concern around the focus of this priority on the 15% most deprived SIMD data zones. Whilst identifying and targeting beneficiaries in a datazone should be an important factor, it is often difficult to target project support on such a small area. As mentioned in response to Question 1 clarity on which areas are defined as urban v rural would be helpful in relation to Priority 2.

Priority 3 Rural Development - The main focus of this priority is to address issues of declining population, ageing, transport, access to higher and further education, out migration and over reliance on key low paid sectors (agriculture and forestry). As mentioned in both Question 1 and above in relation to Priority 2, the need for clarity about which areas are rural and which urban is necessary for Priority 3 as well. There is a degree of confusion as to whether larger towns serving wider rural areas, for example, fit into this priority. Many of COSLA's members have areas that could be defined as semi-urban or semi-rural. It is felt that a clear definition would be beneficial to all concerned.

Overall, the priorities do address many of the strengths, weaknesses and opportunities of the region. However, it is felt that many strengths are missed out. Tourism is Scotland's biggest industry and must develop further in future. Whilst there is some reference to it within the priorities, this could be more heavily focussed/targeted as this would provide a long-term legacy for the programme. Tourism has been the focus of activities in the past and there are still problems within the industry that both ERDF and ESF could tackle in combination, such as training, facilities etc. Additionally, as mentioned in response to Question 1, the focus on high-growth and new enterprises in certain sectors overlooks smaller clusters of RTD and innovation throughout Scotland.

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

There is a need for flexibility to allow councils to apply solutions that work on a local level. The model adopted needs to reflect the differing needs and opportunities that exist across the region. As this potentially could have a significant effect on the sub-regional impact of the funds, it is suggested that this issue requires more detailed discussion with key stakeholders to ensure that any targeting of funds complements other domestic funding targeting priorities. Our model helps to address this.

The use of SIMD could be as much a barrier as an aid in targeting those most in need with suitable projects. Targeting funding at disadvantaged areas is important, but it is also critical to recognise that disadvantaged individuals do not necessarily reside in the 15% most deprived neighbourhoods. For rural areas, a rural indicator to supplement the SIMD could be one solution to this problem. Additionally many COSLA members feel flexibility, as mentioned above, is also needed in regards to support for innovation, rather than focusing on specific sectors.

COSLA would also like to see a larger focus on digital inclusion. Digital inclusion activities should be used as a means of promoting enhanced participation in economic life by the most deprived groups. There is a significant potential role for ICT in promoting local democracy, assisting teleworking,

providing access to financial services, providing vulnerable and isolated people with access to communication and support networks, and involving those vulnerable to exclusion in the creative process of developing their own ICT content such as web sites and ensuring a digital divide does not form between different geographical areas or different socio-economic groups.

The Scottish Household Survey revealed that 31% of households in the most deprived SIMD quintile have home internet access, compared with 67% in the least deprived.

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?

Again, as stated above there is a feeling among many COSLA members that the use of SIMD data zones for targeting of projects under Priority 1 may limit the ability of some regions to address unemployment that is not spatially concentrated.

Additionally, COSLA feels that two target groups - beneficiaries with learning disabilities, and migrant workers - have been unnecessarily excluded from ESF Priority 1 (as well as from Priority 2 for people with learning disabilities).

People with learning disabilities face multiple barriers to entering sustainable employment. Many local authorities have been successful in leading beneficiaries with learning disabilities into employment with ESF support. These projects have clearly demonstrated additionality and added value in the past. ESF support has enabled innovative projects to get off the ground and increased the number of beneficiaries and activities undertaken. COSLA would like to continue to build upon this work, and to offer opportunities to those with learning disabilities who are currently outside employment.

Migrant workers will play a key role in enhancing Scotland's economic competitiveness in the coming years. The 2004 and 2007 enlargements of the European Union have helped to address Scotland's problem of declining population. Migrant workers, like the proposed target groups for ESF Priority 1, face multiple barriers to entering employment, notably language and recognition of qualifications. If Scotland wishes to achieve maximum benefit from incoming migrants, it is important that migrant workers are fully integrated into society through the social inclusion and employment initiatives facilitated through the ESF programme.

There is also an issue around moving the long term unemployed into employment. We need to ensure value for money when targeting limited resources. Given the limited amount of funding in the 2007-13 round, with regards to the long term unemployed, funding needs to be targeted to projects with real likelihood of success, and roll out these examples of successful approaches more widely.

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

There is a general consensus among COSLA members that there is a need for flexibility in the targeting of resources. As mentioned above this could involve the use of different indicators for different areas within LUPS. Spatial targeting is appropriate for some, but not all areas in the region and therefore it is felt that targeting of funds should focus on approaches that address deprivation within a local context, therefore allowing partnerships in local authority areas with more dispersed or masked populations of deprivation to address the priorities set out under the ESF programme.

Additionally, Priority 3 could potentially be rolled into priorities 1 and 2, again to provide greater flexibility and potential for innovation on a local level.

Again, we believe that our model, bringing as it does all the key stakeholders together, can provide the coherence, concentration and consistency required to really add value to the limited funding available.

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

COSLA recognises the constraints caused by Lisbon “earmarking” but nevertheless believes that the proportion of overall resources to be allocated to Priority 1 is too high. We request clarification of the rationale used in resource allocation decisions. Allocating 48% to this priority does not leave much funding for the other two priorities to have a significant contribution within the programme. Also, the lack of clarity on the proposed balance within each priority is of concern - specifically with regards to the percentage earmarked for Scottish Enterprise and the pilot Community Planning Partnerships, the definition of rural v urban and the need to address shortcomings in the current SIMD indicators as mentioned previously.

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

The general consensus among COSLA members is that the balance is about right. There are concerns about the potential effect of the matching of these priorities with specific ERDF streams. Given the relationship between ERDF Priority 2 and ESF Priority 1 and arguably ERDF Priority 1 and ESF Priority 2, it does seem that Priority 3 - Access to Lifelong Learning - sits somewhat uneasily on its own, almost linked to ERDF Priority 3 by default. There may be some merit in this priority being subsumed in ESF 1 and 2 rather than a remaining a separate priority. Some members consider that the allocation of resources to Priority 3 is high, given that this was undersubscribed in the previous programme, whereas Priorities 1 and 2 were oversubscribed and the need for intervention greater.

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

The draft does provide comprehensive coverage of domestic policy and is certainly sufficient. The question is whether the focus is too closely aligned with domestic policy to allow for sufficient additionality from a European perspective. There are attempts to identify ERDF and ESF eligible elements but this often seems muddled and limited in outcome.

COSLA is also disappointed to note that only Scottish Executive strategies are mentioned in the text of the document. Some headline reference should be made to regional and local strategies promoted by other sectors such as local government. It is through these more localised frameworks that much of the actual activity foreseen in Scottish level strategies actually takes place. These programmes are instruments of regional policy and as such should have a primary focus on the needs and opportunities presented in the region to which they apply.

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 well integrated, albeit superficially, into the operational programme through it being a cross-cutting theme. However, it is understood that the Operational Programme needs to make reference and action towards both the Lisbon and Gothenburg Agendas. It is felt that the programme is very active on the Lisbon Agenda but some COSLA members see this as being to the detriment of the Gothenburg Agenda, which it appears is somewhat swamped by the heavy emphasis on development. We are not sure why the programmes refer to environmental sustainability and not sustainable development in its broadest sense, as is the case with the current programmes. Applying sustainable development as a cross-cutting theme would also be more in line with the Gothenburg Agenda.

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

The principle of equal opportunities fits very well into the Operational Programmes through its inclusion as a cross-cutting theme. However, the restriction of ESF activity to a limited number of target groups has led to the exclusion of some disadvantaged groups who previously benefited from ESF interventions.

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

The proposal that complementarity with other EU funding streams will be ensured through an annual meeting of the relevant management authorities is inadequate, since this would effectively involve the Scottish Executive talking to itself. It would also be inconsistent with the tasks of the Programme Monitoring Committee.

The monitoring of complementarity with other EU funding programmes should instead be carried out at partnership level. A regional dimension could usefully be built into this system. In addition to the rural development and fisheries programmes, the model could be extended to cover the transnational cooperation programme with Ireland (relevant to the South and West of Scotland) and also the Seventh Framework Programme. The flow chart included at question 16 illustrates this proposal.

The scope of ERDF Priority 1 – Enterprise Development has a clear focus on innovative, high-technology industries to help support the Lisbon goals. As such, ERDF Priority 1 has the potential to complement the Seventh Framework Programme for Research and Technological Development (FP7). However, it is important that ERDF Priority 1 does not become a ‘mini-FP7’, with a significant proportion (48%) of already scarce ERDF funding effectively duplicating the Framework Programme.

It is understandable that ERDF Priority 1 has been directed towards these industries in order to meet the Commission’s Lisbon earmarking requirement of 75% of activity. However, innovation is not only about new technologies – it can equally apply to using existing technologies in new and innovative ways. Given that FP7 is focussed on technological research and its commercialisation, ERDF Priority 1 could complement the FP7 goals by focussing on using existing technologies/knowledge in new and innovative ways.

ERDF Priority 1 could also complement FP7 by equipping businesses and entrepreneurs with the knowledge, skills and partners to effectively participate in FP7 and its technology platforms. Provided that issues over match-funding one European fund with finance from another were carefully considered and resolved, support for involving small businesses and other stakeholders in trans-European research projects could be a good example of complementarity between ERDF and FP7.

Some members have also expressed concern about the complementarity between the SRDP, including Leader and the proposed rural focus in this programme and are not convinced that these programmes have been developed closely enough. We are unclear as to the proposals to allow developmental stage funding through one programme and follow on funding from another fund, as this somewhat contradicts discussions regarding follow on funding. There may also be difficulties if rural area and/or Local Action Group (LAG) area definitions are different.

Finally more details need to be given as to how the various Territorial Cooperation Programmes, EU Lifelong Learning Programmes, as well as JESSICA, JEREMIE and Regions for Economic Change can be integrated into the Programmes. Again further discussion with regional partners is requested.

Question 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 that has evolved in Scotland has many advantages including that of being widely understood. It is also admired in the EU as an example of good practice. We believe that essentially all Structural Funds should be subject to some form of challenge funding in that it should be distributed through the structures detailed below. This would ensure all key stakeholders were involved in an equitable distribution of the limited funds available.

COSLA believes that fine tuning rather than radical overhaul is required. In developing the appraisal systems for the challenge fund process more emphasis should be made on the fit between the applications and relevant local and regional strategies and plans. This is required to address the fact that the programme will cover (at least in ERDF terms) a much wider geographical area.

Continuing on a theme from above, we are concerned about the focus on 'larger' projects, and would like this language clarified as we fear this type of targeting might hamper the ability to implement projects of an appropriate size to tackle deprivation on a local basis.

COSLA believes that the challenge-fund approach is already effective in delivering outcomes, given that projects are assessed qualitatively. It is also much easier in many cases to demonstrate additionality through challenge-fund projects, rather than from allocating 'pots' of funding to agencies to deliver their own objectives. For instance, Scottish Enterprise is apparently to be allocated a significant proportion of ERDF Priority 1 for 'Enterprise Development'. As 'Enterprise Development' is a core goal of Scottish Enterprise as an organisation, it will be very difficult to prove that all activity undertaken with ERDF is clearly additional to national funding, particularly if sub-projects are commissioned by Scottish Enterprise with little/no input from the Intermediary Administrative Body.

We acknowledge however that the applications process could be simplified and streamlined to make it more user friendly for applicant organisations.

COSLA would like further information as to what efficiency savings would result from moving to a completely new system.

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?

COSLA supports the role of Community Planning Partnerships (CPPs) as a key strategic body locally with a role in delivery. There must be mechanisms to ensure that local needs and priorities are reflected in decision making. COSLA sees CPPs as one such mechanism.

Proposals to introduce Intermediary Delivery Bodies (IDBs), including local partnerships are a welcome addition to the preliminary programme proposals set out in the Draft National Strategic Reference Framework (NSRF) for Scotland. It is important that a local dimension to the implementation of Structural Funds in Scotland is maintained. In the absence of locally-accountable PMEs, IDBs have potential to ensure that the local dimension in implementing national strategies is taken into consideration.

This local dimension should also be respected with regards to the composition of IDBs. The scale and capacity of Community Planning Partnerships, for example, varies across Scotland. We are therefore pleased that alternative local partnerships will be considered in Priority 2 ERDF/Priority 1 ESF. It may be that other forms of local development partnerships may be more appropriate to deliver on community regeneration in some parts of the region.

Moreover, partnerships between neighbouring areas/local authorities with similar priorities should be actively encouraged. In this way, thematic partnerships can address common issues in a more cohesive, strategic way than local authority area bound partnerships. Local partnerships within local authority boundaries should not be dismissed however, as some issues are best tackled at this level.

In short, a degree of flexibility and openness to innovation is desirable when considering the type/role of IDBs in the 2007-2013 period.

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

Targeting funding at disadvantaged areas is important, but it is also critical to recognise that disadvantaged individuals do not necessarily reside in the 15% most deprived neighbourhoods. It should be up to the local communities and people on the ground to identify where need is greatest, given they know their areas best. In this priority it is suggested that Community Planning Partnerships or other local partnerships should have role as a delivery body. It would seem to make sense that rather than applying by rigidly defined criteria such as 15% worst SIMD data zones, it should be up to the local partnerships, in applying for funding, to demonstrate how 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 is of the right calibre. Fundamentally, projects should be approved based on the quality of the project 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.

Many COSLA members believe that, in assessing areas for spatial targeting, a rural indicator to supplement the Scottish Index of Multiple Deprivation needs to be developed. Data zones are artificial units with no inherent economic meaning. Many are in fact little more than small housing estates. In addition they are small units (with a typical population of only a few hundred). Within a given council area, the worst 15% datazones may be widely dispersed across the authority. This makes the development of regeneration or labour market projects problematic.

Another option could be to use the SIMD analysis to arrive at an overall level of population coverage under this priority for each local authority concerned (presumably excluding those authorities or parts thereof that are considered "rural"). This would be equivalent to the proportion of the authority's population resident in the 15% most deprived data zones. Within this limit, Community Planning Partnerships would then have the opportunity to define their own coherent spatial priorities and so be able to bring together the areas of need with localised areas of opportunity. However, further discussion would be required with stakeholders before developing such an option.

Another point with respect to Priority 1 ESF is to maintain some degree of flexibility so that not all participants in supported activities need be residents of the designated areas (15% most deprived data zones or whatever alternative zoning regime may be put in place). Having this leeway would achieve a wider range of training and related provision and deliver some economies of scale. There could also be an argument for some form of thematic targeting especially with reference to ESF Priority 1.

COSLA is also concerned that essential groups are missed out of these covered by the Priorities. People who are facing multiple barriers, such as those with learning difficulties or the disabled, are not covered. These groups currently receive much support through ESF and COSLA is surprised that these groups are not included.

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

Again, as mentioned several times above, more clarity is needed on the definition of a rural area for the purposes of spatial targeting under Priority 3. There is also a feeling among some COSLA members that an element of funding for rural community regeneration needs to be included either within Priority 3 or as part of Priority 2.

One suggestion to improve statistical inequalities between rural and urban areas is to group indicators, such as population density, SIMD geographic access and telecommunications, manufacturing base and percentage of economically active populations. This could be done using a similar methodology to that in determining the Assisted Areas map. However, any definition of this sort must be consulted on with input from all stakeholders.

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

In emphasising the points above we would like to draw attention to the clumsiness in the structure of the ERDF programme with the geographical targeting of Priorities 2 and 3. To work effectively there needs to be a flexibility to allow recognition of where urban and rural areas start to merge without missing out on support, in particular clarity where the small towns fit, in those communities of between 3,000 and 10,000.

The proposal to “commission” projects from Scottish Enterprise under Priority 1 ERDF represents a major change in programme management and views from stakeholders should have been explicitly sought as one of the consultation questions. COSLA remains unconvinced as to the merits of this approach and the arguments put forward in its favour in the consultation document rely on assertion more than evidence. For example, it is not clear how the quality of financial control would be of a higher quality in a commissioned project as opposed to a challenge fund project. Both types of project would in any case have to comply with the same monitoring and audit arrangements to satisfy the structural funds regulations. In any event any “commissioning” of projects under this priority from Scottish Enterprise should be undertaken on a time limited, pilot basis and be subject to review by the wider partnership.

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 absolutely must 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.

Programme Management

Although the consultation does not explicitly solicit views on how the programme should be managed below the level of the Monitoring Committee, COSLA considers that it is relevant to raise this matter at this time.

COSLA believes that we must build on the considerable positives of what has gone before. Below we set out our suggested model, which has been developed together with the European Consortia following an initial decision by COSLA Leaders last autumn. Regrettably the Deputy Minister for Enterprise and Lifelong Learning has not yet been able to meet with us to discuss this model, but we look forward to doing so soon.

For the Lowlands and Uplands area, we would suggest a single Programme Monitoring Committee (PMoC). Crucially, this body would be responsible ultimately for considering the distribution of all structural funds allocated to the Lowlands and Uplands area. This would include consideration of the monies that the Executive currently seems intent on distributing through commissioning, eg to Scottish Enterprise. This does not mean that Scottish Enterprise would get no money in future, just that it would be through this model that it was decided how much and for what use. In other words, it would be allocated accountably and monitored alongside other spend.

The PMoC would allocate funding to each priority based on this consultation on the future programmes and other relevant information. It would also have strategic oversight of the programmes' implementation. The relevant Minister would chair it. There would be elected member representation from the three existing European programme areas. Other key stakeholders such as Scottish Enterprise, the Universities, and the FE and Voluntary Sectors would also be represented.

Below this would sit a Programme Management Committee (PMaC) with responsibility for approving projects within the limits set and on the basis of advice from the Intermediate Administration Body, and regional fora. Money would be allocated on the basis of thematic priorities and the quality of the project, and innovation would be encouraged.

All LUPS structural funding would be distributed through this framework – in other words, Scottish Enterprise, community planning partnerships or similar, individual or groups of authorities, FE Colleges, the SCVO, mini-programmes etc, would all bid into a central pot and could bid under any of the priorities. This PMaC would also have ultimate responsibility for ensuring that projects were monitored and delivered on time. Again Local Government would be represented on this body alongside other key stakeholders.

Providing technical support and guidance would be three regional fora, reflecting the existing programme areas. This would assist geographical targeting and ensure that opportunities and needs across the country were identified and taken into account in the distribution of funds. Consideration could also be given to providing them with some responsibility in terms of monitoring local projects.

The main advantage of the above is that it ensures all key stakeholders have a real role in deciding how all of the LUPS area structural funds are allocated and how the balance between opportunity and need, and rural and urban is achieved.

We would stress that Local Government will also have a key role to play in bidding for the available funding, whether individually or as part of a larger grouping. This reflects the fact that local authorities already have considerable experience as practitioners in delivering projects, and as partners steering the programmes through the existing Monitoring and Management Committees, as well as members of the Advisory Groups.

Clearly there is much detail to be worked up, but we believe this builds effectively on what went before, and ensures accountability and flexibility, while assuring the added value of structural funding in future. The model:

- retains the expertise of stakeholders in project appraisal;
- builds on a widely understood and respected mechanism within Scotland and an excellent example of good practice at EU level;
- ensures that projects being put forward for support are genuinely embedded in local strategies; and
- provides a mechanism for coordinating structural fund activity with other EU funding streams at an appropriate spatial level;

Following agreement by COSLA Leaders, the East of Scotland European Consortium produced a flow chart of how such a framework might work. This was the subject of further discussion and work and attached is the latest version developed by the West of Scotland European Consortium.

COSLA would welcome the opportunity to develop and “fine tune” this model in discussion with the Minister and other partners.

Alternative Structural Fund Delivery Model

