

## CONSULTATION RESPONSE FORM

**Question 1** - The table in part 5 provides an overview of the proposals under each of the EU 2020 headings – Smart, Sustainable and Inclusive – matched against the relevant thematic objective and investment priorities. Do you think the investment priorities are the most appropriate ones for the activity suggested?

Given the short time over the summer 2013 in which the Strategic Development Partnerships met and considered the priorities and interventions that should form the Structural and Investment Funds programme for 2014 – 2020, Fife Council consider that these priorities are in general appropriate. It is however recognised that the proposals are at various stages of development and require further work in order to deliver the outcomes required over the programme period.

It is also recognised that the Partnership Agreement and the Operational Programmes will have more detail in relation to the socio economic analysis that has led to the development of these proposals and will help to identify where changes have to be made in relation to prioritisation between proposals and the subsequent allocation of funding. It will be important that stakeholders are given further opportunities to be involved in these discussions within a wider forum than the Strategic Development Partnerships.

One of the key elements of the prioritisation exercise will be the extent to which **targeting** is developed and implemented. This is highlighted in the consultation document as an intention to focus on the 'niche' areas where ESIF can play a role. While targeting will be required, the approach to this should be carefully developed to ensure that it results in targeted interventions that make a difference to the implementation of the programme and does not put artificial administrative barriers in the way of delivering outcomes.

Another important element of the Programme has to be **innovation**. There is a need to ensure that there is enough flexibility built into the strategic interventions to allow appropriate responses to shocks to the economy as well as technological developments and innovative actions that come through in the first years of the programme.

A final comment before looking at the individual proposals set out in the consultation document is with reference to the **Youth Employment Guarantee Scheme**. There is an ability to use the 10% rule within this scheme to add Fife and Dundee to the scope of delivery as both areas exhibit high levels of youth unemployment. Further discussion on the implementation of the Scheme and the extension to include these areas would be welcomed.

In terms of the proposals set out in part 5 of the consultation document while we agree with the broad thrust of the interventions, Fife Council would make the following comments on their development and implementation:

### **1 Developing Scotland's workforce**

This proposal is predominantly based on employer needs for workforce skills and it is right that this should be led by SDS and SFC. It would be helpful to clarify the target areas in which the pathways are to be developed – if this relates to geographical areas then this should be focused on SIMD areas. One of the areas for investment priority is to strengthen vocational education and training systems and their quality, including through mechanisms for skills anticipation. Consideration should be given to funding for a national skills forecasting unit to deliver workforce planning at the national and regional/local level to allow

the CPP Employability Pipeline partners to deliver the skills required by employers and the local economy.

## **2 Business Competitiveness**

Some clarity is required regarding the definition of high growth companies. The proposal states that the aim is to identify 700-1000 high growth companies as the next generation capable of that level of growth within 5 years –suggesting that they are already high growth. This should be amended to state 700-1000 companies with high growth potential to provide the necessary clarification.

Clarification is also required as to how the approach interacts with different workstreams.

## **3 Innovation**

Local Authorities have an important role in supporting innovation and contributing towards the objective of increasing business R&D investment which should be recognised more specifically in this response. Examples of this support in Fife include the Knowledge Transfer Partnership (KTP) and the Fife Renewables Innovation Centre.

The investment priority does not cover a sufficiently wide business demographic. Clarity is required as to how local economic development/Business Gateway services will have an input to the proposal to ensure that the specific client base can access these funding options.

In Fife, through the KTP, we using the partnership with the University of St Andrews and Fife College to review how we can continue to stimulate and drive growth through innovation. For example, holding open days with the Top 100 businesses to engage with professors on industry expertise and potential product development. We are also reviewing how we collectively provide innovation vouchers (funding opportunity) to local businesses to allow them to "shop" for specialist R&D and innovation support. This type of activity should be encouraged and built upon in the proposal.

## **4 Next Generation Broadband Investment**

This proposal is focused on Highlands and Islands and other rural areas of Scotland, but clarity is not provided on the definition of "rural" in this context. This clarity should be provided quickly to allow partners to develop appropriate activities.

The use of ERDF in this proposal should be targeted at those sites that are furthest from existing next generation broadband infrastructure , therefore building in from the most rural areas rather than out from the exchanges. A programme approach that encourages smaller suppliers to meet the needs of very rural communities through niche solutions is preferred rather than building out the existing network.

## **5 Scotland's 8<sup>th</sup> City – the Smart City**

In September 2012, the Scottish Government announced a national review of town centres to scope out potential solutions to the issues faced by Scotland's town centres and to enable a measured, long-term approach to town centre regeneration by targeting these issues. The review is being developed and implemented in partnership with local authorities, communities and other key sectors. It is intended that the outcome of the review will be action and solution focussed. The findings from the review and the actions identified should form a key element of this proposal as it develops and is implemented. Further clarification should therefore be provided on this proposal to determine the urban areas that would be

eligible for funding through the programme. It is assumed that this will also include large towns such as Kirkcaldy, Dunfermline and Glenrothes.

There should be scope to use this investment at a city-region level for towns such as Dunfermline that are strong economic supporters of the city regions. Investment in developing Smart live traffic, public transport, tourism information is an obvious element but there is also scope to connect the centres of excellence such as universities to the wider area, in particular, SMEs that have not previously benefitted from connecting into the knowledge capital of larger urban areas. There may also be scope to develop improved mobile working solutions for workers by promoting shared workspace which maximises use of digital infrastructure and minimises use of travel to work or travel for work. There is real potential to connect up the wider city catchments in this way.

## **6 Financial Engineering Instruments**

It is suggested in this proposal that Scottish Enterprise and Local Authorities should provide the leadership for a programme of Financial Engineering instruments. It should be taken into account that businesses will need a range of mechanisms to enable them to innovate and become competitive, therefore the mix of grants and loans needs to be able to work together to deliver change in this area. Focus should not necessarily be in only one area of intervention.

Confirmation is required that the "Scottish Local Authority funds" will be ring-fenced within any Government Scottish Development Bank to support local business needs.

In relation to the proposal for expansion to finance funding both through Scottish Investment Bank and Local Authority Loan Funds, an application is currently being developed for a £30 million Scotland-wide fund based on existing WSIF/ESIF programmes. This new fund would provide more support for gap funding for "low carbon, innovation and product development", which is to be welcomed. However, it may require an increase the level of Local Authority match funding to make this happen and it is not currently clear whether all authorities involved will be in a position to provide this increased level of funding.

## **7 Low Carbon Travel and Transport**

It is not clear as to how the National Smart Ticketing Scheme would deliver economic growth. There are clear links to the proposal "Scotland's 8th City – the Smart City" through potential projects such as Digital Towns where digital technology can support the town centre economies – for example to help people find services and retail offers on smartphones and also enabling live tracking of public transport or find available parking spaces and pay for them with chip cards.

## **8 Low Carbon Infrastructure Transition Development Fund**

This programme should be delivered by Scottish Government in conjunction with local partners and with the Local Authorities specifically identified as lead organisations. The focus on the developing the capacity of Scottish based supply chain companies to diversify onto low carbon infrastructure is to be welcomed as an integral element of this proposal.

Funding should be available for district heating schemes and coastal infrastructure for renewable energy such as quayside land projects – both have significant potential to contribute to sustainable economic growth. An element of funding to enable site servicing would also prove advantageous to attract and support investment from private sector companies in this growing sector. As the lead for delivering economic growth, Local Authorities should be the primary deliverers in this area to address the journey towards zero

waste.

## **10 Enhanced Employability Pipelines and Youth Employment Scotland**

As the local authorities have a lead role within the CPPs it is appropriate for the local authorities to become the lead organisation within the CPP to deliver on this programme for employability pipelines. The employability partnership within Fife (Opportunities Fife) comprises membership of the Council, College, Skills Development Scotland, DWP JobCentre Plus, NHS along with the voluntary and private sectors. The partnership has recently reviewed its employability pipeline and is focusing its efforts and resources more on positive job outcomes to bring about an increase in the number of people getting jobs, particularly in the SIMD areas. This review would inform the development of the local pipeline and similar exercises should be required in each area to ensure that local needs are being met.

There should be clear links between the employability pipelines and the workforce development proposals led by Skills Development Scotland with the inclusion of the regional colleges to ensure a broader age range than that covered by SDS alone.

An extension of the Youth Employment Scheme warrants an evaluation of the experience to date in order that it can be demonstrated that it is the most effective intervention in providing new jobs created by the Youth Employer Recruitment Incentive. For young people to obtain and sustain employment there is a need to focus on high quality pre-recruitment activity that is based on the needs of employers. Anecdotal feedback from employers on the Youth Employment Scheme in Fife suggests that they view this as being over-bureaucratic. Examples of best practice in Fife include the Single Point of Contact for Employers model and the success of the Fife Youth Jobs Contract.

## **11 Poverty and Social Inclusion**

Whilst acknowledging that this proposal is still under development, it will be important to make a clear distinction in definitions between the inclusion and the employability strands, with the latter focused on positive job outcomes through the employability pipelines. The Inclusion theme could reflect more on the social aspect of deprivation for example, access to services. Social interventions to support employability (such as child care) should sit within the social inclusion priority programme.

Local Authorities, through CPPs, are ideally places to work across agencies and with the third sector to support the delivery of this poverty and social inclusion proposal. This intervention could have significant positive outcomes for equalities and inclusion work such as supported employment activities. One option may be to support Public Social partnership models through this proposal.

## **12 Scottish Regeneration Capital Grant Fund**

Priority should be given to physical infrastructure for business and economic development including land and business parks as well as speculative business premises, where it can be demonstrated that the market is unable to deliver on a commercial basis. The core aims of the programme should be reflected in clear criteria issued for potential delivery agents.

Further guidance is sought on how this proposal will complement and work with the Scottish Governments Regeneration Capital Grants and ensure that it is not duplicating or replacing such investment.

## **13 Green Infrastructure**

It is not clear how this programme will contribute to sustainable economic growth as there are no individual proposals provided alongside the indicators. It is not felt that SNH would be the appropriate lead agency for this programme given that the focus is on the economic impact of green infrastructure. There should be a refocusing of this programme towards sustainable economic growth with the emphasis being on economic infrastructure being “greened”.

**Question 2** – Section 6 sets out the linkages between Structural, Rural and Fisheries Funds as well as linkages to other EU Funding Programmes. We would welcome stakeholder comments on these linkages in order to help us develop this thinking further

It is considered that the proposal for a one-stop shop approach outlined in paragraph 18 is a sensible approach and in fact would be essential given the potential for confusion across the funds. However it is not clear from the proposals in the consultation document or the information being provided more generally in relation to the development of all of the funding programmes how or whether this is actually being achieved.

The establishment of a PAMC which covers all 4 funds is a positive move, but in itself does not bring about integration of the funds. In rural areas LEADER Local Action Groups are already working on Local Development Strategies which are due to be submitted in their first draft at the end of March 2014, these will provide locally based socio-economic information to inform the use of LEADER monies under the EAFRD but it is difficult to see how this will be linked sufficiently with the further development of the proposals for the use of ERDF and ESF as outlined in this consultation. This is particularly relevant in some themes which cut across the funds such as broadband and business support initiatives.

Fife Council would like to see greater integration in the delivery structures locally. While there appears to have been some alignment between the rural and fisheries programmes – at this stage it is not even clear how that will operate on the ground.

The plans for a single portal for information as set out in the consultation document is to be welcomed in trying to address some of the concerns above, but more needs to be done at the implementation level to ensure that the most is made of complementarity between the funds.

**Question 3** - Do you think the new proposals will have a positive or negative impact on the protected characteristics and wider issues of inclusion and participation?

The impact should be positive given the focus on outcomes and targeting of support where assistance is most required, particularly in the issues of inclusion and participation.

The proposals outlined do not provide any specific reference to the protected characteristics so it is difficult to comment other than generally in relation to the impact. From experience,

we know that the CPP-led Employability Pipelines have included interventions to support individuals across the protected characteristics and will continue to do so. The development of the proposal on poverty and social inclusion should also make a positive impact in this area. However it is unclear how any of the other proposals intend to impact in this area.

There is substantial scope for the equalities agenda and the support of the protected characteristics to be delivered through the poverty and social inclusion proposal as outlined in part 5 of the consultation document.

**Question 4** - If you think there will be a negative impact on the protected characteristics or inclusion and participation please provide suggestions as to what could be done differently to diminish this impact.

As above it is difficult to comment on the impact or to provide any suggestions to improve the impact without any detail on which to base a response.

**Question 5** - Please provide your views for improving the process for design, procurement, delivery, monitoring and evaluation to strengthen delivery of sustainable development.

As with the questions on addressing the horizontal theme of equal opportunities, there is not enough information provided in the consultation document on which to base a view. The information provided is focussed on environmental sustainability which is only one part, albeit an important one, of sustainable development.

In relation to the specific areas mentioned in this question, the involvement of SDPs in the prioritisation and design of supported activities should allow for more emphasis to be given to sustainable development activities and to question where they are not being considered. Likewise larger scale interventions and the increased use of procurement should lead to sustainable development being more prominent.

However, delivering and monitoring this will place more of a burden on the lead partners. A lack of clarity in terms of the role of lead partner is a concern in the current stages of development and it is hoped that the expectations that will be placed on these partners will not be overly administrative or bureaucratic as has been the case for applicants in the past.

**Question 6** – Do you have any further comments on the proposals outlined in this document?

As mentioned above, there is a need for clarification on the **role of lead body** in order for these organisations to consider and prepare for the role. There also appears to be an assumption that most delivery relationships will be on a procurement basis rather than a

partnership, However this may not always be the case. There is likely to at least be a hybrid approach taken in some areas – particularly if there are fewer lead bodies commissioned.

In terms of the **CPP Employability Pipeline proposal**, there is a need to agree quickly the scale at which this will be delivered so that implementation arrangements can be put in place. Given that the Pipelines have been operating and developing over the last 6 years, there is merit in continuing to implement at the level of individual CPPs. If there is a requirement for groups of CPPs to come together to deliver the Pipelines then there is a feeling that this would be artificial and brought about from a desire for administrative simplicity rather than any real benefit beneficiaries. In fact operating on a larger scale is likely to add a level of management/bureaucracy as individual CPPs will still operate at their own partnership level and have to report progress to their partnership body.

The consultation document makes specific mention of a **new IT system** being started, and work was undertaken in 2013 to evaluate the CRMS systems used by CPPs to track and refer between partners in relation to the Employability Pipelines which has fed into that development to some extent. The preferred option seems to be for local CRS to link to the new IT system through an xml schema and if this is to be the case then lead bodies and other partners need to be involved in the development of the IT system at an early stage to ensure that compatibility is possible from the beginning of programme implementation. Substantial work has gone into the existing CRMS systems and expertise exists to support the IT development. In Fife, our CRMS – Fife On-line Referral and Tracking System – is already working with the Scottish Government on the development of a xml scheme in the area of Housing. Lessons could be learned from this project to assist for the ESIF system currently under development.