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?

Yes, in the main the investment priorities align with the activities set out in the proposals sections. However, the Council is of the understanding that the details of the activities proposed for each of the Strategic Interventions (SI's) remain to be finalised. In light of this there may be a need to revisit the Investment Priorities to take account of any changes that emerge from this process.

In light of the acknowledgement at paragraph 19 of the likelihood of an ITI being put in place to cover development s in the Highlands & Islands there is a requirement for the Government to ensure that the lead organisations for the SI's actively engage with the Highlands & Islands to ensure that activity in the region aligns with the objectives of the ITI and that delivery is designed to ensure maximum impact in the Transition region.

For the Council, an integrated approach to programme delivery is of great importance. Integration is key to avoiding duplication and ensuring maximum impact from the funds available. If this is to be delivered it is vital that Investment Priorities and Strategic Interventions align e.g. developing the workforce and business competitiveness.

Please note there is no Investment Priority set out for Proposal 6 - Financial Engineering Instruments.

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

As above, the Highland Council would wish to see an integrated approach to the selection of activities that will be supported across the ESI Funds. There needs to be clear demarcation between activities supported to avoid duplication. For example, business support measures – Food & Drink and Small Rural Business Scheme to be supported via the EAFRD should, if such integration is to be effective, be delivered via SI 2 Business Competitiveness.

Given the rural nature of the beneficiaries, further debate is required to determine whether the roll out of rural broadband in the Highlands &Islands should be funded in the majority from the ERDG or EAFRD.

The SRDP consultation states that rural skills will continue to be supported via the

Knowledge Transfer & Innovation Fund. The Council would support the provision of rural skills via SI 1 – Developing Scotland's Workforce and SI 10 - Enhanced Employability Pipelines funded by the ESF.

The Council would also support the integration of the research and innovation activities with SI 3 – Innovation.

The priorities of the Agri-Environment-Climate priority of the EAFRD would appear to align with the priorities of SI 13 – Green Infrastructure and the Council would urge a closer integration between these two priorities to enhance the public perception of the natural environment for the provision of public environmental goods, tourism and leisure activities. The natural environment of the Highlands is a major asset, with tourism being a major employment sector and a combination of the resources of the ERDF, the EAFRD and possibly the European Territorial Co-operation Funds (ETC) would assist conserve and develop this development opportunity.

There is the potential for duplication of activity in the delivery of LEADER if it is to support:

- support for rural businesses (including community enterprises),
- food & drink;
- green transport initiatives;
- tourism; and
- environmental management.

There is a need to ensure clear demarcation in the activities that will be supported by the ESI funds and LEADER.

Regarding integration with ETC programmes the Council would suggest the addition of:

- energy/carbon planning
- local energy grids
- community energy generation
- low carbon communities
- climate change adaptation

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 consultation document at part 7 highlights the Government's desire to ensure a focus on equalities and makes specific reference to a number of the protected characteristics. However, the Council has concerns that unless the delivery of the ESIF makes specific reference to the protected characteristics in their entirety there could be disproportionate impacts on a number of the protected characteristics. The use of equality impact assessments (EQIA's) at programme and SI level is a means of avoiding this.

The Council would strongly urge the Government to adopt the use of EQIA's to assess SI's for support and as an integral tool in monitoring the implementation of

the SI's. The proposal for a greater focus on monitoring of outputs and outcomes as opposed to financial reporting should facilitate this.

The consultation document state that SI1 – Poverty and Social Inclusion remains to be developed so there is the opportunity here to prioritise actions which address social inclusion and combatting poverty.

Whilst the Council fully supports measures to tackle social inclusion and poverty the Council urges the Government to use the ESI funds to address their intended purpose, i.e. that of supporting longer term structural change (para 9). This requires a focus on measures that tackle the causes of poverty and provides a route out of poverty:

- advice provision;
- access to finance;
- enhancing skills levels;
- employability;
- developing workforce skills; and
- provision of jobs.

The ESIF should not be used to fund welfare measures.

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.

See Q3 above

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

The further development of the Strategic Interventions (SI's) provides the opportunity for expert advice to be sought in how this can build on past experience. However the Council is of the opinion that the consideration should be given to the following measures:

- sustainability should be an intrinsic part of the project delivery process, with a strong focus in the initial design aspect to ensure that from the outset the project is designed sustainably. Key sustainability performance indicators should be identified for each project such as: GHG emissions; water consumption; waste; energy use; soil quality; water quality; biodiversity etc. These should be included in the procurement process and monitored throughout the delivery of the project;
- weighting against sustainable development needs to be established as part of project design and the tendering process, to ensure that this is a weighted factor in terms of selecting an appropriate tender, and that tender selection is not simply a matter of cost;
- risks to sustainability should be quantified as part of the project design and

delivery process, detailed on the project risk register with appropriate risk management;

- where appropriate, the lifecycle carbon impact of works should be calculated for key commodity areas;
- procurement to give priority to local sourcing to minimise associated carbon emissions where appropriate;
- priority be given to the use of local, low environmental impact, and re-cycled materials;
- project delivery in smaller lots to take account of sparsity of population/beneficiaries enabling localised sustainable development;
- project evaluation to take account of the above measures and for these factors to be monitored during project delivery.

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

The Highland Council welcomes the acknowledgement by the Government of the use of an Integrated territorial Investment (ITI) as a vehicle for the delivery of and decision making around the the ESI funds in the Highlands & Islands. The Council, along with its partners in the development of this ITI view this as a means of providing integrated oversight as to the activities that will be supported to assist the further development of the region. To this end the Council urges the Government to ensure that the development opportunities of the Highlands & Islands are pro-actively taken into account in the development of strategic interventions and that this be done by ensuring regional representation on the SI partnerships.

The Council has previously commented to Government on the subject of simplification and wishes to re-affirm its desire to see the delivery of the ESI funds simplified. Much can be gleaned from the range of lessons learned projects that have been funded from Technical Assistance and the Council would like to be assured that the findings of projects such as Technical Assistance Lesson Learned (TALL) and delivered by the Highlands & Islands European Partnership (HIEP) will used to inform future delivery.