

## **STEERING GROUP FOR CONSULTATION ON THE REPLACEMENT FOR ESF**

### **Meeting 1**

16 September 2019

2pm Room Baird B, Atlantic Quay, 150 Broomielaw, Glasgow

### **Minutes**

In attendance:

#### **Members**

Professor David Bell (DB)	University of Stirling (chair)
Professor John Bachtler (JB)	European Policies Research Centre, University of Strathclyde
Rob Clarke (RC)	Highlands and Islands Enterprise
Douglas Colquhoun (DC)	Scottish Enterprise
Anna Fowlie (AF)	Scottish Council for Voluntary Organisations
Cllr Steven Heddle (by phone) (SH)	Conventional of Scottish Local Authorities
Malcolm Leitch (ML)	Scottish Local Authorities Economic Development

#### **Attendees**

Iain Scott (IS) (sub for Professor Russell Griggs) Partnership	South of Scotland Enterprise
Ivan McKee MSP	Minister for Trade, Investment and Innovation
Cathy Cacace (CC)	Scottish Government
Karen McAvenue (KM)	Scottish Government
Robert Buntin (RB)	Scottish Government
Sean Jamieson (SJ)	Scottish Government

Apologies

Russell Griggs	South of Scotland Enterprise
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**Item 01 & 02: Welcome and Introduction**

1. The Minister welcomed all members, thanking them for accepting the invitation to be a member of this Steering Group and made the following points:
  - The Minister thanked the Chair for agreeing to lead the Group and said they viewed this consultation as a really invaluable way of shaping our policy for future funding. The background was that the UK government announced its 'Shared Prosperity Fund (SPF)' back in July 2018, but since then there has been very little further detail given or progress made in the expected consultation of Devolved Administrations. Scottish Ministers had not formally signed up to the UK's Shared Prosperity Fund - the proposal is too vague to do so. The quantum of the proposed Fund appears to be dependent on the outcome of the next UK Spending Review next Autumn – which is very late to establish new arrangements by January 2021.
  - In this vacuum, and the prolonged political uncertainty around UK exit from the EU, Scottish Government had set out its 'red lines' on any replacement for European Structural Funding being that any post EU arrangements must not see any detriment in terms of money or control for Scotland, no gap between programmes and that we must be an equal partner in setting the new arrangements, and not a mere consultee. Scottish Ministers, need to be able to agree a nuanced and evidence-based position of the arrangements for the replacement funding that will be in the best interests of Scotland in future years. Despite the current uncertainties at Westminster, this represents a huge and exciting opportunity.
  - The Finance and Constitution committee report to Parliament is useful but The Minister noted that they would like this consultation to engage as wide a range of views as possible and particularly to draw upon views of the end beneficiaries – the people across Scotland who have received funding for numerous projects in the current and past programmes. There are some suggested themes for the consultation set out in the meeting papers. These are not comprehensive, but may serve as a starting point for further refinement.
  - Lastly The Minister said they expected the Group to work together in a way that minimises any reserved positions and is entirely confidential.
2. The chair thanked the Minister for inviting him to chair this group & initiated round table introductions to allow attendees to introduce themselves & provide a short background.
3. The chair stated they wanted to reiterate the Ministers remarks and asks that everyone leaves their hats at the door, so to speak. Everyone is here for their expertise and not to represent their individual organisation's needs.

**Item 03: Remit of Steering Group/Terms of Reference**

4. The chair stated that overall spending on structural funds in Scotland is relatively low compared with existing Scottish government programmes relating to economic development such as the enterprise bodies and Skills Development Scotland.
5. ~~He~~ They noted that UK Government may come forward with proposals for the SPF, but at this moment the details are unknown. The UK Government may take the view that the funds should be operated at a UK level, with relatively little scope for variation by the devolved governments.
6. One of the members noted that the questions in the paper seem to be largely technical: how do we go about this? How do we select funding, etc.
7. The chair noted choosing the geography at which funds will be delivered will be vital for the consultation.
8. A member added that one of the advantages of having a separate fund as opposed to one that is consumed within existing programmes is additionality and adaptability to regional considerations.
9. A member of the group asked for clarification on funding, are we working on the assumption that there will be a SPF, not a separate fund.
10. Minister confirmed it does go on the basis that Brexit happens and there is a SPF from the UKG.
11. The chair noted there are different ways in which the allocation of funds could be determined, for example Wales are keen to have a UK-wide needs assessment applied to any funds as it is in their interest to do so.
12. A member stated they would like to point out on Scope 3.2, maximum impact depends on where the funds are to focus.
13. The chair added perhaps we should allow the consultation to show different options.
14. Minister further added that it is important the group is staying focused, should align with the National Performance Framework.
15. One members noted that they feels 3.2 is a key question on the maximum impact, however interpretation of this question is key.

16. The chair asked the members if the National Performance Framework (NPF) is a good framework for the consultation. It lists a set of objectives but does not say how they can be balanced against each other.
17. A member then stated the absence of a coherent regional policy approach underlying the SPF is striking, and that this is a serious issue with the current funding configuration. The consultation provides an opportunity to explore something that is more community focused and community-led bottom up funding. There is considerable experience in Europe of this approach.
18. Chair noted this will allow us to focus on the question of what should the scope be. NPF is useful but only takes us so far. Should this be led by a more bottom up approach?
19. A member argued that we must be cautious that communities have a fair and open access to funding. This will ensure that less organised and resourced communities will not be disadvantaged compared with others.
20. A Scottish Government colleague provided further detail on the overall work of the group. The way we have set this out is to have any recommendations to the Minister by Easter. The Steering Group will meet before 31 October and then the frequency is up to members. The consultation period will run for 14 weeks, closing around 11 February 2020. Normally consultations would run for 12 weeks but this one will incorporate Christmas & New Year, hence 14 weeks. Upcoming meetings will be determined by Chair/members dependant on needs. The Future Funding team will appoint a consultant to work along with the group, ensuring wording of the consultation is correct etc. We will have a secretariat function in place, a team of 4.
21. A member asked for it to be noted there were a couple of typos within some of the papers and also for recognition that the time frames are tight.

### **The Steering Group approved the Remit and Terms of Reference**

**\*Minister left the meeting at this point\***

#### **Item 04: Background to the consultation**

1. A member suggested that perhaps a context paper should be included for the consultation questions, in order to avoid making the assumption that everyone else is up to speed with ESF/ERDF. Would also be beneficial to include some of the SG red lines on this (e.g. No detriment to Scotland etc.) Not suggesting we write a manual for people taking part in the consultation but useful to give some further information.
2. Another member further added it may be worth having a reminder of NPF in consultation to highlight it is not all about economic growth.

3. They also asked if there is anything about the impact of what has already been delivered out there that could be useful.
4. Chair suggested this would be something for the Future Funding Team to look at once in post.
5. Scottish Government colleagues explained that as they are not yet in post they are unaware of anything already existing but is one of the first things they will look at once in post. Would imagine there are papers & documents from other areas that may be helpful.
6. Steering group member noted that although we want to take on board lessons from the past, we also need to be aware this is an opportunity to do things differently.
7. The chair further added this is where the introductory paper needs to have things laid out clearly.
8. Member noted that perhaps this is an opportunity to not only do things differently, but also to do different things.
9. Another member agreed with this statement but added we need to be clear on what the purpose of funding is.
10. Chair added there may be certain conditions applied to funds, depending on how the money is allocated from UKG. For example, how they relate to the industrial strategy.
11. Member further added we need to be mindful of restraints that may be placed on funds from UKG, this is information that is currently unknown.
12. A Scottish Government colleague asked if within the context paper the group would want to set out a vision for this as it will potentially determine the sort of answers you get.
13. One of the members feels the objective set out in Paper 2.2 (first bullet) is a good approach in terms of wording.
14. Another member suggested the wording is done in such a way so as to be understandable to the general public, who don't necessarily have understand the Structural Funds.
15. The chair further added this is why the first 100 words within the consultation will be important.
16. Member expressed the need to spell out the pros and cons of the approach to funding. Perhaps we can get away from a risk-adverse approach, maybe a multi-annual framework approach. Furthermore, the need for additionally should be emphasised.

**Action 1.1: Team to draft a Context/Background paper to go out with the consultation**

**Item 05: Suggested themes**

1. Chair thought it was important that the consultation should emphasise the multi-annual framework within which the current funding arrangements operate.
2. A member asked whether this should be one fund or should it be a number of funds that are delivered according to different criteria.
3. The chair suggested that the consultation might consider whether new funds could be integrated within existing Scottish Government spending programs.
4. Member responded that perhaps we need to find a niche for this funding.
5. Two members both expressed the need to avoid closed questions, keeping them as open as possible to get the best out of the consultation.
6. Another member made a request that wording within the consultation did not suggest that access to funds is only on a large scale (recognising that for some organisations £500 can be a significant amount) and if anything is going to be referred to as regions, let's not create new regions as it can be confusing to the public.
7. Member asked whether part of the remit be a recommendation on implementation.
8. Steering group member added they feels the absence of a mention for partnership working in the document was an omission. The consultation should be open to partnership working.
9. Scottish Government colleague asked members if they felt anything could be learnt from City Deals.
10. A member added that giving as many options to potential ways of administering the funds while remaining open is important.
11. Another member suggested that perhaps Q5 & Q6 could perhaps be merged together.
12. The chair added that those questions are about process.
13. Member expressed the last three are about process/implementation and those can tend to be the ones that alienate people the most.
14. Member added that people shouldn't feel they need to answer all questions if they don't want to.

15. Chair summarised and stated we need to have some good open ended questions within the list. They didn't think there is an issue with process questions being there providing they are not all consuming. They asked whether members felt there had been significant omissions.
16. One member suggested that the point that another member made about partnership is worth considering.
17. Member added that within Q10 evaluation hadn't been mentioned but that was essentially its focus.
18. Chair further added that evaluation has to be seen as essential.
19. Member argued that given the scope of the consultation, the focus should be more about what the funds are for and not about how it is administered etc. (that is for another phase). Their suggestion was that the consultation should focus on high-level issues first and then deal with process subsequently.
20. Chair asked so are we saying it is really a two stage process, which might run sequentially.
21. Three members were all of the same view it should be a high level approach at the moment with finer details being examined later.
22. Chair argued for the need now to gather contextual information and to make a start on the first set of questions.
23. Member asked what sort of length of time is going to be available for the process part.
24. Scottish Government colleague explained the time frame of replacement funding being operational is by January 2021 but recognise that due to lack of information or action by UKG this may have to be pushed back.
25. Member asked what the role of the consultant will be.
26. Scottish Government colleague advised the consultant will come on board to work with members to ensure that the wording in the consultation is appropriate and also to work with team on analysis of the consultation.
27. Two members both indicated they are happy to have both consultations running at the same time providing the main focus is on strategic issues with a little bit of process in the background.
28. Scottish Government colleague stated we will of course have the written consultation, but do members have any thoughts on supplementary events.
29. Two members both said they would recommend having these sort of events focusing very much on high level rather than process issues.

30. Member noted that there has been no mention on the future of ETC, would it come from SPF or somewhere else.
31. Another member stated they have heard rumours surrounding EMFF and that it would come from SPF, so need to not ignore this potential.
32. A member of the group stated we should recognise there may be similar conversations going on elsewhere in government, perhaps UKG, relating to other funds but we can leave that with SG colleagues to find out.
33. A member further added we should ensure we are not excluding people who are not experts in ERDF/ESF from submitting their views on the consultation.

**Action 1.2: Team to revise the initial set of consultation, focussing on the purpose of future funding rather than how it might be administered, for consideration at next meeting**

**Item 07: AOB & Date of next meeting**

1. The chair explained the group need to have at least one meeting prior to consultation, suggesting between 20-25 October to allow time for submission to Minister.
2. A member advised they will already been in Glasgow on 25 October to meet with COSLA so their preferred date would be 24 October, happy to dial in though if this date does not suit other members.
3. The chair closed the meeting by thanking members for their attendance and input, advising that Future Funding team will be in touch to arrange date of next meeting.

**ESFSAD  
Future funding team  
September 2019**