

CONSULTATION RESPONSE FORM

Question 1 – Are there other areas you think the Partnership Agreement should address?

The focus on skills, business development, local employment, research commercialisation, infrastructure and access to finance appear relatively comprehensive and should help to meet the development needs of Scotland.

Given the discussions that have been on going for some time regarding the development of LEADER LAGs and Fisheries FLAGS and the need to develop Local Development Strategies it is disappointing that the delivery and governance of this is not reflected better within the Partnership Agreement as the developments and consultation of both then appear to be out of sync. Likewise there is no recognition in the Partnership Agreement of the proposal for delivery of elements of the SRDP programme as outlined in the SRDP consultation. There appears to be a lack of integration in these two consultations.

Question 2 – Do you think these thematic objectives will best address Scotland's short-term and long-term challenges?

The three thematic objectives identified generally reflect the development needs of Scotland and Angus. It is important to ensure that EU funds are used in the best way to address identified needs, provide added value and address issues of inequalities across Scotland.

Business Competitiveness, Innovation and Jobs

We welcome the focus on key sectors such as renewable energy and food and drink is also supported, which are critical to the economic growth and sustainability of Angus businesses and which contribute to a sustainable economy in Scotland.

We welcome the opportunity to develop new partnerships with research partners to improve business investment and commercialisation opportunities and welcome the opportunity to tackle these issues through regional and/or national approaches. Angus has traditionally suffered from a difficulty in attracting investment that bring high wage opportunities and as result outward migration and skills/knowledge drain is an issue. Taking a more strategic approach to business competitiveness combined with complementary skills development could help reverse this trend.

Low Carbon, Resource Efficiency and the Environment

Recognition of the role in reducing energy and resource consumption, in addition to developing the renewable energy sector is welcomed. This should not only provide environmental benefits in terms of reducing carbon dioxide emissions and pollution, but also help Scotland's SMEs to become more efficient and profitable, increasing their competitiveness.

Local Development and Social Inclusion

Pockets of deprivation identified in the consultation document continue to exist not only in urban areas but also in rural areas and small towns. As these can be small areas and not always concentrated they are often missed in terms of identifying areas of need or within Scottish Index of Multiple Deprivation statistics. These areas suffer from similar issues as larger urban areas e.g. barriers to employment such as lack of childcare, transport and access to services. We welcome the proposed objectives which are aligned with the cross cutting themes of the Angus Community Planning Partnership i.e.

- Tackling poverty and health disadvantage
- overcoming barriers to social inclusion
- improved digital connectivity and broadband – which are critical to ensuring digital inclusion and supporting local business in Angus. tackling youth and long term unemployment – this is a key priority in Angus and therefore we welcome the opportunity to address our local needs through the strategic skills pipeline approach to linking the employability/social inclusion agenda and labour market needs. It is essential that skills needs and gaps are addressed at a local level and we hope that through the new proposed delivery models there is an opportunity to enhance partnership working across agencies particularly those not necessarily engaged in local community planning partnership activity. The three themes currently suggest some possible overlap or conflict with skills development being a priority in all three themes. There would need to be a mechanism to allow for an overall skills pipeline approach to bring those furthest from the labour market into sustainable employment. Under the current ESF programme there is a proven track record of success by some CPPs implementing this approach and ensuring that the training and skills provided is meeting a local need and adapted to local circumstances. National agencies and Third Sector skills delivery agencies should be encouraged to link in to this local partnership approach to ensure there is no duplication and that available funds are best utilised.

Question 3 – Do you think there are any other thematic objectives which should be addressed?

We would like to ensure the inclusion of tourism business support as an eligible activity to allow us to build on the achievements under this programme through our collaborative East of Scotland Rural Tourism Business Support with an opportunity to develop this further with no geographical restrictions. We would also welcome the inclusion of town centre regeneration activity under Local Development and Social Inclusion. This is an area of demand and need if we are to sustain our communities and towns and through this programme innovative solutions could be explored.

Question 4 – Do you think the Scottish Themed Funds will address Scotland's key challenges?

The themes proposed activities as set out in the consultation document would appear to address Scotland's key challenges. These may require some refinement and clarification of eligible activity under each theme to ensure there is no duplication or ambiguity regarding eligible activity with a clear delineation between themes. The notion of bringing together different EU funds however is more challenging and it is important to ensure that this focus is not overshadowed by burdensome delivery mechanisms and administrative structures.

Question 5 - How do you think the governance and delivery arrangements will impact on your sector?

Clearly partnership is a key factor in the success of the governance and delivery arrangements however these have to be genuine, meaningful and fit for purpose. The Strategic Delivery Partnerships (SDPs) will only be restricted to a limited number of partners and there needs to be consideration of developing transparent and open communication channels to ensure that the views of those agencies not involved in the SDP are heard. This is particularly difficult for Local Authorities and CPPs.

National agencies can more easily represent their views and representative bodies of stakeholder groups are also very capable of representing the interests of their members however a collective voice of 32 LAs and/or 32 CPPs is more difficult. Moreover there is a question as to individual membership of national bodies which may also be represented on CPPs anyway. Representing the view of one sole agency will differ greatly from representing the views of multiple local authorities and or CPPs compounded with difficulties of urban/rural interests. Angus Council would encourage an approach that does not exclude rural areas, particularly "less rural" areas which are often overlooked due to proximity to larger towns and cities.

It may be more beneficial to look at existing regional consortia arrangements in terms of representation where Local Authorities have already committed to a regional approach and collective views and priorities e.g. East of Scotland European Consortium (ESEC) with an existing proven track record in collaborative and partnerships working.

The key issue is the need to commit to match and/or being a lead partner. Whilst Local Authorities such as Angus have a track record of leading on partnership bids such as the ERDF funded Rural Tourism Business Support project, this would appear to involve a greater legal and financial responsibility in future and they may be disadvantaged compared to national agencies who can assume this role given their larger national status.

Local Authorities have already demonstrated the capacity and skills to lead on bids in the present programmes, acting as lead partner for Community Planning, multi-partner and multi-agency projects and is likely to continue to do so. The Rural Tourism Business Support project in the East of Scotland led by Angus Council has also demonstrated that true partnership working can deliver tangible benefit and economies of scale.

This partnership approach may be more of a challenge to agencies which have tended to act in isolation in the present programmes. It is important that partnership is a key component of the operations agreed by the SDPs – single agency projects should not become the norm, justified on the grounds of administrative simplicity as these raise questions over the additionality of EU funds and undermine the partnership approach.

However, the compliance, audit and administrative burden has proven to be immense, time consuming and in many cases undertaken as an in kind costs to the LA. Without a guarantee of improvements to this process, assuming a lead partner role may not be an attractive option to many LAs.

The issue of providing co-finance at the outset of the programme for pre identified projects and for the whole period of the programme is a clear concern for Local Authorities. The experience of the EFF Axis 4 Programme in this current programming period alone was challenging and has resulted in difficulties spending relatively small allocations therefore upscaling this will be a major challenge. This is a wholly different approach to budgeting in a period when significant savings will be required and does not allow for any political changes within the term of the programme. There are also issues regarding committing to national priorities with no visible benefit in ones' own local authority area. There may be an expectation that Local Authorities allocate funds to the SDPs without being represented individually in the partnerships making decisions on the allocation of funding, or without having guarantees that the funds will be allocated to their geographical area. This would be difficult in terms of compliance with Local Authorities' financial regulations and politically, with funds from the Scottish Government and Council tax for local activities being transferred to a central partnership.

From the consultation the future delivery and governance arrangements for Local Action Groups (LAGs) tasked with delivering EAFRD and E(M)FF funds to facilitate bottom-up, community-led local development is unclear. Currently Local Authorities play a critical role in providing administrative, management and financial support to many LAGs and FLAGs. It is unclear how this 'LEADER' model of delivering funds will fit into a relatively top-down management and delivery structure unless LAGs are seen as Delivery Agents with Scottish Government as Lead Partner but with the autonomy to manage their own budget and oversee actual delivery to community-led projects.

This approach could also be replicated for CPP-led strategic skills pipeline projects, with a lead organisation such as a Local Authority acting as the Delivery Agent on behalf of its associated CPP. The CPP itself would then be given control or autonomy of how to spend its allocation of funds, provided that these meet with the fund rules. The lead Delivery Agent would be tasked with ensuring compliance with the fund and programme rules, as at present.

In terms of transparency and accountability, there are some risks with the approach proposed which need to be addressed. For example, there could be a project commissioned by the Scottish Government (SDP), delivered by the Scottish Government (DA), approved by the Scottish Government (PAMC) and monitored by the Scottish Government (Managing Authority). There are likely to be the same stakeholders acting at all levels of the decision making process, hence mechanisms need to be put in place to ensure that conflicts of interest are addressed. Also, the selection processes for Delivery Agents need to be open and competitive (or 'in house' delivery by Lead Partners fully justifiable) and comply with either competitive bidding or procurement processes. There may be difficulties in explaining why one method (in house, competitive bid or procurement) has been chosen over another which could lead to administrative difficulties.

Question 6 – How do you think the governance and delivery arrangements will impact on your organisation?

Angus Council has already demonstrated its ability to work in partnership and lead on and participate in regional level ERDF projects, delivering a £2.8m LEADER programme successfully on behalf of the Rural Tayside Local Action Group, the Angus EFF FLAG and more recently delivering the Employer Recruitment Incentive through the Angus Employability Partnership. Our partnership approach is therefore well developed and fit for purpose within the proposed new delivery and governance proposals. The priorities of Angus Council and the Scottish Government are already very closely aligned in terms of economic development focused on priority economic sectors; demographic challenges; social inclusion and preventative measures.

However there are questions regarding the ability to influence and participate at the SDP level to ensure commissioned projects meet the needs of Angus as well as national priorities given the difficulties raised above regarding LA /CPP participation. There is a risk that activities with a local geographical focus will not be funded due to a view that they are not 'strategic' enough. However, if the programmes' outputs are to be achieved, there is a need to fund 'on-the-ground' activity facilitated by Local Authorities in partnership with other stakeholders.

Ensuring adequate representation of Local Government on the SDPs can be allayed most of these concerns and assist in identifying and obtaining financial support from Angus Council for projects. Such representation should however come from LAs that have practical European project delivery experience as well as a strong strategic overview of priorities rather than through a representative body such as CoSLA.

As previously mentioned the lack of information in this consultation on the proposed LAG/FLAG delivery is not helpful in terms of trying to plan for future programme delivery.

Question 7 – Are there any unidentified governance or delivery arrangements that could aid simplification of the future programmes and ensure that the Structural Funds complement each other?

The use of delivery models such as Integrated Territorial Investments, Joint Action Plans and Community-Led Local Development have not been included in the Partnership Agreement consultation. It is understood that these will be explored in more detail in the Operational Programmes for the individual European funds in question. The use of these delivery models, which generally allocate funds to a given geographical area or activity for strategic, joined up investments should certainly be explored. These would allow activity to be delivered strategically in functional geographical areas (e.g. travel to work for employability) or at a sector wide level (e.g. food and drink in rural Scotland). The flexibility offered in these models through the use of lump sums or flat rate costs could help alleviate audit and compliance issues. As many of these options advocate a multi-fund approach, their inclusion in the Partnership Agreement may be helpful.

Some of the proposals within the SRDP consultation do not seem to be integrated and/or complementary to the ongoing discussions regarding the Partnership Agreement and delivery of the EU funds in Scotland with too many areas of possible overlap still and indeed delivery models which seem to be working in isolation to other activity. We would request that further consideration of delivery be considered to ensure alignment with the delivery of all EU funds in Scotland.

Question 8 – What other delivery options do you think would be feasible for delivering youth employment initiatives?

Youth employment issues exist Scotland-wide, hence it is important that funding to address these is made available for all other areas of Scotland from mainstream ESF funds. As previously highlighted there is overlap between Themes 1 and 3 in terms of provision for employability and skills development. This creates a tendency for duplication, given organisations who operate nationally (i.e. SDS and SCVO) the opportunity to operate in isolation to CPP-led, multi-agency skills pipeline projects. Given that the YEI will be geographically restricted to the South West of Scotland and targeted on unemployed young people, it would appear more appropriate for it to be delivered under '3' social inclusion and local development. Furthermore, given that the third sector is represented on CPPs (as is SDS), support for this activity would be more appropriately channelled through the CPPs which should represent all key stakeholders and agencies.

It is recognised that many third sector agencies feel disengaged from the CPP projects due to some CPPs commissioning services rather than using the partnership model used in areas including Angus. This emphasises the need to address administrative, audit and compliance issues to allow the partnership model of delivery to work effectively, minimising duplication of provision.

Question 9 – What other measures could be taken to reduce the audit and control pressures?

One of the biggest barriers to identifying Lead Partners in the SDPs will be audit and compliance. It may be difficult to identify organisations to act as Lead Partner and those who do are less likely to be willing to work in partnership with other organisations if they are in effect underwriting activities outwith their control. This may lead to an approach of commissioning or in house delivery of activity by single organisations, with questionable added value and opportunities to reduce duplication through partnership working lost. As such, addressing audit and compliance issues is of fundamental importance.

Of particular interest to Angus Council is the opportunity to move away from output to outcome-based monitoring, facilitated through the use of lump sums, flat rate costs and unit costs. The present system of providing a paper trail from invoice to bank statement for all items of expenditure is inefficient and costly, given the staff resource required to provide this information and the data collation and retention risk. There is a risk to organisations that output-based costing could result in them not recovering sufficient funds to cover their costs, through no fault of their own. For example, employability projects cannot guarantee jobs for every participant as these are subject to labour market and other conditions. If projects were to be paid per job outcome, some may not therefore be able to recover their costs which are a particular concern for smaller organisations. While not directly an audit and compliance issue, a lack of advance payments and delays in receiving grants has discouraged or prevented smaller organisations from participating in the programmes and should be revisited. It may be realistic to introduce these payments if funds are co-financed and/or matched at SDP level, albeit with a control risk.

In light of difficulties in the LEADER Programme it is important to ensure that any SSI if required maintains flexibility and cohesion with EU regulations. i.e. is not more prescriptive and defined in Scottish context and therefore not subject to additional audit scrutiny. Involving auditors at the outset should improve this in the next programme period and ensure alignment of the EU regulations, partnership agreement and operational plans and any technical guidance issued.

Question 10 – Do you have any further comments on the proposals?