

## CONSULTATION RESPONSE FORM

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

The information made available on the content of the Scottish chapter of the UK Partnership Agreement (PA) is extremely limited which makes it difficult to comment on what should be included or excluded. However on the basis of a draft copy of earlier this year the Council would recommend including the following areas:

- specific mention of all models of delivery whether they require to be included in the PA or not. The proposed model for governance and delivery set out at page 15 of the consultation allows scope for flexibility of delivery at the level of Delivery Partnership and Delivery Agent. This being the case it is imperative that all options remain available to partners, especially as the details of the various models remain to be determined and therefore their applicability to the Highlands & Islands (or Scotland as a whole) remains unclear;
- specific mention is made of Transition regions and funding and the need for separate reporting of activity outputs and spend;
- how governance will take account of the need for separate reporting of Transition funding;
- that the PA highlights the need to relate priorities and delivery to regional development opportunities and delivery structures;
- The need for greater detail as to how multi fund integration beyond the European and Structural Investment Funds (ESI's) will be delivered beyond an overview by any Programme Monitoring Committee(s).

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

The Council supports the priorities proposed in the consultation and agree that they address both the development opportunities and development needs of the region that can be addressed via the ESI funds which are aimed at delivering socio-economic development.

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

Highland Council would like to see the inclusion of sustainable transport in the list of priorities. The Council wishes to promote sustainable transport from the role transport can play in:

- encouraging economic development in remote, peripheral and geographically challenged regions such as Highlands the wider Highlands & Islands (SME Competitiveness);
- driving resource efficiency by developing transport links that are comparatively energy efficient e.g. rail rather than road, bus rather than car etc. and capitalise on the use of green energy (Environmental protection and resource efficiency)
- tackling social inclusion and accessibility to employment, vocational training and services (Labour Market Mobility, Social Inclusion and Skills & Lifelong Learning)

Whilst not a separate thematic priority, the Council wishes to see infrastructure remain and eligible activity where it is directly related to economic activity (economic infrastructure)

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

The proposed Scottish Themed Funds encompass the proposed priorities and have the capacity to address Scotland’s key challenges. However the effectiveness of the “Themed Funds” will very much depend on what is delivered, by whom and in what manner. The Government, in seeking to engage with lead partners and highlighting the need to identify match funding in advance recognises the imperative to work with regional stakeholders. It is hoped that the delivery model set out at page 15 allows for flexibility in delivery arrangements reflecting both regional structures and circumstances.

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

The delivery structure at page 15 clearly identifies local government as a potential lead partner in the proposed Delivery Partnerships. This is welcomed by the Council. However much remains to be clarified concerning Delivery Partnerships and as such the impact on local government remains unclear.

The expectation that local government identify match funding in advance may cause issues for long term planning and provision of project funding. Currently the Highland Council has a confirmed two year capital programme with an indicative programme up to five and 10 years. Revenue budget planning is on a three year cycle. In assessing the potential availability of this source of match funding the Council will engage with the Scottish Government via the proposal for Shadow Delivery Partnerships.

The Council also has concerns over the proposed requirement that Lead Partners and Delivery Agents assume legal and financial responsibility for delegated monies. This could have major implications for pro-active engagement of local government in the future delivery of ESI programmes as it introduces a considerable degree of uncertainty and risk. This uncertainty could be allayed and managed by inclusive negotiation with stakeholders on the drafting of the National Rules which govern the delivery of EU regional programmes. The approval of the National Rules by the European Commission prior to programme launch with a commitment to no change could deliver conditions whereby local government could commit to assuming certain legal and financial responsibilities for the delivery of delegated funds from the ESI programmes.

These matters need to be further explored and again the proposed shadow Delivery Partnerships would be a vehicle for this debate.

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

As stated at Q5 above the Council looks forward to engaging with Government regarding the future delivery of Structural fund programmes. In addition it should be noted that the Highland Community Planning Partnership is undergoing a review of its structures so that it is fit for delivering the Single Outcome Agreement. It would make sense for the Delivery Partnership to be part of the community planning structure for the future.

**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 following have been identified and are currently the subject of debate in the Highlands & Islands Technical Assistance Lessons Learned project:

- a fully developed, tested and operational administration system (i.e. Eurosyst) to be place prior to the launch of operational programme;
- operational programme and project guidance to be tested and in place prior to the launch of operational programmes;
- National Rules (for all ESI programmes) to developed, road tested and approved by the European Commission prior to programme launch;
- for the process of approval of the National Rules above by the Commission to be used to determine for the lifetime of the ESI programmes the monitoring, evaluation and audit requirements;
- guidelines for unit cost methodologies acceptable to national Managing Authority and the European Commission and national and European audit bodies to be in place before the start of any programme.

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

In its community planning role the Council currently leads and coordinates partnership action on youth employment and the current helpful practice of the community planning partnership (Highland Works) bidding for and running a programme for youth employment should be enabled in the new programmes. This involves statutory, third sector and private sector bodies working together to create new opportunities for young people in Highland by considering the pipeline of training and employment opportunities from school age onwards and developing skills in sectors that are developing in the region.

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

These have been addressed in Question 5,6 & 7 above many of which focus on the need for certainty and stability in the rules of engagement from the launch of programmes and for the lifetime of programmes. Such certainty and stability is required across the following:

- application form completion and information required;
- Standardised application form to assist “hiding the wiring” for applicants and for programme administrators;
- data to be collected to facilitate claim and project reporting
- cost eligibility and non-eligibility;
- evidence require to prove defrayment;
- audit requirements;
- procurement rules; and
- National Rules

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

The consultation paper raises many questions which require further exploration with the Scottish Government and the Highland Council looks forward to discussing these via the proposed shadow Delivery Partnerships. These include:

- the precise scope of eligible activities proposed for the three Scottish Thematic Funds;
- how EU Fund integration and integration of activity will be delivered;
- how duplication of funding activity will be avoided;
- how the Transition funding for the Highlands & Islands will be delivered, governed and administered as a separate entity from the funding regime for the rest of Scotland;
- the composition of the Programme Monitoring Committee either at a pan Scottish or Highlands & Islands level;
- the role and remit of the Programme Monitoring Committee beyond that set out in the Regulations;
- the role, remit and composition of the proposed Delivery Partnerships;
- the relationship between Delivery Partnerships and Delivery Agents;
- the scope for differing delivery models within the Delivery Partnership/Agent relationship; and
- how regional differences in development opportunities, delivery models and mechanisms can be accommodated.