

CONSULTATION RESPONSE FORM

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

There is a need for greater detail, beyond the overview which will be provided by the Partnership Agreement Monitoring Committee, as to how multi fund integration beyond the European and Structural Investment Funds will be delivered. In particular some reference is required to the EU Cross Border and other territorial cooperation programmes for which all or parts of Scotland are eligible, and how actions under these programmes will complement and add value to the Scottish themed funds.

Given the important role they play in tackling regional economic disparities within Scotland, it would also be appropriate to refer to the investments and interventions which will be supported through Regional Aid 2014-20.

There should be specific mention of the arrangements which will reflect the transitional status which has been secured for the Highlands & Islands and the requirement for separate reporting of spend and outputs. (See under "Governance" response within Question 10 below.)

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

These themes reflect the requirements of the CSF, EU 2020 and key national economic strategies. They also reflect key local economic development and regeneration priorities.

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

The inclusion of sustainable transport in the list of priorities could prove beneficial, particularly in light of the role transport can play in encouraging economic development.

There is also a case for infrastructure to remain an 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?

They can play a part, given the level of funding available. In order to make headway, it is essential to be clear on which activities will receive support for delivery at national, regional or local levels, and also where spatial targeting will apply.

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

Local government has experience of working in complex partnerships and are keen to work with partners to deliver pipelines within, and across, the three funds.

- Local authorities provide critical support to local business, unavailable from other sources, putting business growth at the heart of the agenda for their area.

A partnership approach to the competitiveness funds, including local, regional and national bodies, will enable a more effective fit between the programme parameters and the needs of local business. This can be achieved more effectively at the local level than through a broad, nationally based initiative. Drawing on our local experience, there are at least 150 businesses in North Ayrshire that we would regard as having growth potential, in addition to the 38 Scottish Enterprise account managed businesses on our mainland. North Ayrshire Council in conjunction with North Ayrshire Economic Development and Regeneration Board have undertaken a review of business support and concluded that existing businesses with growth potential require further dedicated and targeted support to help them realise their growth aspirations.

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important role in achieving their current, and in facilitating their future, business growth aspirations. (North Ayrshire Council "Straight Talking Session" with local business, June 2013).

Following on from the success of our local Business Growth programme and our recent successful ERDF joint local authority bid in respect of Ayrshire Business Gateway Plus, part of our preparation for the new programmes has included discussion between Ayrshire's Economic Development Managers as to whether we can combine efforts to target support at businesses with growth potential in our areas in the 2014-20 period. In these discussions it has become clear that, whether delivered directly or in partnership with others, the availability of ERDF funds will be a critical factor to support our joint approach to supporting local business growth. Similar discussions are taking place across Scotland.

- Local authorities have an important role to play in addressing the low carbon agenda.

Overall a key focus for local authorities could be in the provision of the infrastructure and access issues in order to stimulate development opportunities and investment by renewable energy developers and supply chain businesses. For example, locations and activities that are outlined in the National Renewable Infrastructure Plan.

Other areas where local authorities can play an important contribution towards achieving the objectives of the 2014-20 programmes include: the development of low carbon urban and rural community development plans (plans of this nature could be hosted by local authorities with appropriate fit and contribution to national and EU 2020 priorities/targets); renewable energy research and development plus pilot implementation of renewable energy technologies (eg district heating schemes); and eco-innovation, particularly if this is to include sustainable transport issues (key focus for local authorities).

- Local government and the CPPs are best placed to coordinate strategic delivery of social inclusion and local development interventions.

A number of CPPs are successfully delivering skills pipeline and youth employment initiatives. EU support has provided essential funding and added an important strategic dimension to this work. There is potential for the CPP model to be refined and enhanced to become the main mechanism for funds allocated under the social inclusion theme. In some cases adjacent CPPs may wish to come together for this purpose, as has happened in the current programme, however this process should not be forced.

Consideration should be given to using a needs based formula to derive the budget available. Each partnership could then prepare a business plan based on local priorities which in turn would be backed by evidence. This would give flexibility across all Scotland regarding the stages in the pipeline on which to focus activity and ensure a minimum level of spend in each area within Scotland. The plan would have to demonstrate cross sectoral partnership working at both strategic and operational levels. The needs based element would ensure that activities reflected the intensity of social inclusion problems rather than simply being a reflection where organisational capacity was located.

For reasons such as the above, all three Strategic Delivery Partnerships would benefit from local authority presence and participation. To facilitate horizontal access across the themes, and to incorporate the range of structures and approaches which exist in Scotland, this representation should be regionalised (based on the European regional partnerships). It will be important that local authority presence on the Partnership Agreement Management Committee is equally strong and able to reflect diverse circumstances and approaches.

We do, however, have concerns as to whether the proposed governance and delivery arrangements are practical. Local authority financial resources are not held centrally but are instead allocated to the thirty two local authorities, with each local authority having a distinct legal personality. Clarity is required on the legal, financial and audit roles which will have to be undertaken by Strategic Delivery Partnership. Local authorities, and others, may well find it difficult to fulfil the proposed responsibilities which appear in the consultation document. (A lead partner can only really be held accountable for

funds when their organisation is directly delivering, or directly contracting, activities. It would simply add to bureaucracy to introduce a lead partner to act as an intermediary between a Delivery Agent and the Managing Authority.)

We will be happy to engage with Scottish Government to discuss these issues further.

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

Local authorities such as North Ayrshire have experience of delivering complex programmes working with a range of partners, using a range of delivery mechanisms, and have taken on lead partner role when it has been appropriate to develop and deliver programmes on a wider geographical basis (eg at pan Ayrshire level).

We await with interest the Scottish Government's response to the points made elsewhere in this response concerning the value of building and developing on operational arrangements whose effectiveness is recognised, and also on the requirement for clarity on legal implications involved in undertaking lead partner roles under the system described in the consultation paper.

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?

North Ayrshire Council is involved in two technical assistance projects which are looking at unit cost methodologies and on drawing lessons from the operation of the current Highlands & Islands programmes. These, and other technical assistance projects currently underway, should hopefully provide helpful comment re the above when they report back.

Meanwhile there are two key points that need stressed:

- Systems need to be in place, fully developed and tested, prior to the launch of operational programmes.
- Similar comments apply in respect of National Rules and project guidance. These should be determined for the lifetime of the programmes to simplify monitoring, evaluation and audit requirements.

Meanwhile it would be helpful if the degree of overlap that currently exists between the themes could be cleared up.

It is also recommended that, where existing approaches have been seen to work, these are built on rather than replaced by a new set of structures. There is much to commend an evolutionary approach which builds on existing mechanisms such as the Community Planning Partnerships, LEADER Local Action Groups, Business Gateway or the recently launched Youth Employment Scotland programme.

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

As indicated in above responses, use should be made of structures which work. Measures to boost youth employment should be integrated into the CPP led strategic employability pipelines. Dealing with long standing youth employability problems requires a multi-sectoral, holistic approach that covers both demand and supply side interventions. Such interventions also have to be viewed in the local labour market context. This is an approach best led by Community Planning Partnerships, and must include significant input from the third sector.

With its focus on engagement with young people, starting before they leave school, it is recommended that this initiative is tied to the social inclusion theme fund.

The new EU initiative represents a major opportunity for South West Scotland, the target area identified by the European Commission. To ensure programmes resources are utilised to best affect, a needs based formula could be used to derive the budget available and each partnership would then prepare in effect a business plan based on local priorities which in turn would be backed by evidence.

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

See answer to Question 7 above.

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

GOVERNANCE

Having secured Transition status, there is a strong argument for separate programming arrangements for the Highlands and Islands. ERDF and ESF allocations to the region will have to be accounted for separately in any case. Having distinct Operational Programmes in the Highlands and Islands would allow for separate, more flexible, priorities to address the development opportunities and investment priorities which reflect the challenges posed by this uniquely peripheral, insular and sparsely populated region. It would also allow fuller account to be taken of the different provisions the European Commission deem appropriate for the region, eg the potential for higher co-financing rates and higher match funding (from government), and the different requirements in respect of the changes being required in respect of regional development/social fund balance (with the rest of Scotland facing a larger shift towards the latter).

TARGETTING

Spatial targeting will be required in order to achieve impact and, reflecting the Scottish Government Economic Strategy commitment to achieving equity as a key driver of economic growth, there is an opportunity for the funds to play an important role in delivering “shared and sustainable economic growth that provides the most disadvantaged areas and people in society with the opportunity to prosper (and to) maximise the potential of Scotland's people, places, and assets”. This is clearly the case for youth employment, where the EU has designated additional funding for the west of Scotland. It is also appropriate for wider labour market interventions, spatially targeted via CPPs, supporting both supply and demand.

With respect to rural development, the LEADER Local Action Groups have proved effective means of targeting and delivering local community based regeneration projects and activities. The 2014-20 programme period provides a welcome opportunity to build on this, to focus more on economic development opportunities and impacts, and investment should be available across rural Scotland to encourage a level playing field and close development gaps.

The consultation paper does not mention the Draft Regulation's proposed ring fencing of at least 5% of the ERDF allocation for sustainable urban development. If this forms part of the final package it is essential that clarification is given as to the definition of eligible urban areas and how this assistance would be delivered, eg to support key elements of the economic regeneration programmes developed for Scotland's designated urban regeneration areas.

DELIVERY

Strategic Delivery Partnerships need to be established, in shadow form, as soon as possible and start the detailed work on articulating the investment priorities within the thematic objectives selected, thus setting the intervention framework. As indicated above, they need to be properly representative both geographically and with regard to sector. They should operate according to principles of partnership and transparency. It is important they do not simply allocate EU funds to their own existing programmes. They must also work with each other to prevent duplication and make the linkages necessary to integrate the theme funds eg for example relating business growth to employability. The suggestion that there should be only 6-10 operations under each themed fund is likely to prove an unnecessary constraint. This must be reviewed

Finally there are concerns about the ability of one Partnership Agreement Monitoring Committee to meet the level of scrutiny, transparency and accountability arrangements that partners would expect. This is a potential problem likely to be exacerbated by infrequent meetings. It would be helpful to return to the previous practice of programme reports and other key papers being made available online.