

CONSULTATION RESPONSE FORM

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

The Partnership Agreement should take cognisance of the more regional and localised priorities which will also address and add value to the aims and objectives of Scottish Government priorities. The effects of recession, Welfare Reform and the Work Programme have had and will continue to have an impact on businesses, individuals, families and local authorities during the life of the new Programme. It is anticipated that the demand on Local Authorities to respond appropriately to Local and Regional areas of need will increase. Therefore, a more flexible approach is required built into the PA and Operational Programmes incorporating the range of themes at National, Regional and Local levels to ensure that local authorities can target and respond effectively to changing economic and social needs over the life of the Programme.

Constraints on Local Governments' budgets need to be addressed within the PA. If Local Governments, CPPs etc are to deliver outcomes, in particular, National priority projects then an indication on the mechanisms to be put in place and level of resources, for example, SG domestic funds etc that may be allocated by Scottish Government to facilitate this requires to be detailed within the PA.

However, more recent information circulated by COSLA (7 June 2013) indicates that Scottish Government Funds may not be available for match and that under the new Strategic Delivery Partnerships (SDPs) for each of the Themed Funds, decisions will be made on projects by the SDP on 8-10 large projects, and that they will also decide on who the Lead Partner will be for projects and where the Local Government match funding will be allocated. Further detail and clarification is required.

Scottish Government/COSLA have stated that Local Government should be able to indicate the levels of match funding they can provide for projects by June 2013. The criteria/methodology to be adopted by the SDP on choosing the 8-10 large projects requires to be clarified as does who will constitute the membership of the SDP. The level of Local Government representation on the SDP raises concerns and South Ayrshire Council would recommend increasing the number of Local Government representatives on the SDP should this model eventually be adopted..

By implication there is concern that match funding provided by Local Government could be allocated to projects out-with their own area by a decision making body (SDP) that they may not have direct membership or input to. There is also a concern over national versus local priorities and projects and funding to support projects at local levels.

These areas of concern require to be addressed by Scottish Government as part of this consultation.

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

The thematic objectives should address the short term and long term challenges as they are broad enough to be interpreted into projects that will meet changing demand in local areas over the period of the new Programme. However, the themes should also facilitate flexibility for projects to be developed in Local Government areas that previously were not eligible for various priorities and measures under ERDF/ESF to enable the intended synergies between Structural Funds to be developed.

Therefore, the themes should allow access to funds across the range of ESIF to be tailored to meet local, regional and national needs and facilitate collaboration projects across local authority areas that will offer VFM and economies of scale.

However, do not agree to the silo of three funds as there are many duplications across each of the Themed Funds for example business development and wage subsidies. To aid understanding the diagram presented it could be set out differently showing the hierarchy of the funds (Please see response to Q4). However further clarification is required.

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

Sustainable transport is not being supported by Scottish Government, however, within rural areas in particular there are identifiable needs for sustainable transport initiatives and projects that facilitates access to services, employment, training, education, business growth, health, etc. Therefore, the inclusion of sustainable transport should be addressed.

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

Similar to Q2, the Scottish Themed Funds should address the challenges facing Scotland as the themes are be broad enough to facilitate a wider interpretation for projects at local, regional and national levels with the caveat and comments below

However, do not agree to the silo of three funds as there are many duplications across each of the Themed Funds and little clarity on the structure and linkages between funds, for example, business development, skills development and wage subsidies at national and CLLD levels. To aid understanding of the PA Delivery Structure our suggestion would be that the structure be presented indicating the hierarchy of the funds e.g.

- **National Programmes -**
Stating Scottish Government Priorities across the range of Themes and project activities e.g. National Business Development, skills development, digital Programmes
- **Regional/Local Government, CPPs /SOAs–**
Stating Local/Regional Priorities across the range of Themes and project activities e.g. employment, wage subsidies, skills training, Business Gateway, Town Centre and community regeneration initiatives, renewables, cross borders projects
- **Local CLLD/ LAGs, FLAGS, Delivery Agencies etc –**
Stating Local Development Strategies and Priorities across the range of Themes and project activities e.g. Business start-up, micro/SME support, skills development, local digital projects, village regeneration, tourism

This would provide a clearer understanding the structure of national priority programmes, regional/local government/CPPs etc and CLLD projects. There should be flexibility for projects to evolve over the programme period facilitating national/regional/local responses to the ever changing economic climate whilst meeting EU, Scottish Government and local outcomes.

There are matters of clarity required around the eligibility and demarcation between funds. For example , the Social Inclusion/Local Development Themed Fund and the activities of wage subsidies and training. Clarity is required on which activities mentioned can be supported by the SILD Themed Fund via e.g. ESF and /or LEADER? Once the detail on demarcation is known then it would become clearer whether or not the Scottish Themed Funds would in fact meet Scotland's Key Challenges over the new Programme Period or how Funds might dovetail to support project activities. Currently, it is unclear whether issues of EC Regulations and their translation into Operational Programmes and Technical Guidance will actually allow the intended and required synergies between EU Structural Funds to ensure that targets can be met and outcomes achieved.

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

The main sectors in South Ayrshire are food and drink, aerospace, tourism, engineering, and renewables, however, as per our response to Question 1, there is potential for a detrimental impact on the above-mentioned sectors given the new governance and delivery model proposed.

Information contained in the document issued by COSLA for the meeting on 10 June 2013 providing more detail on the governance and delivery arrangements proposed and indeed the finance proposals for match funding by Local Governments for projects at national, regional and local levels raises many concerns.

Whilst the proposal for a single Partnership Agreement Monitoring Committee is generally agreeable, it is with the caveat that cognisance needs to be taken of the H&I's specific needs and therefore if a separate Programme cannot be considered then a mechanism e.g. a sub-committee should be put in place to consider the areas needs.

However, the proposed model that incorporates a new Strategic Development Partnership (SDP) with limited Local Government membership or CPP membership is of major concern. As previously stated in Q1's response, Scottish Government Funds may not be available for match for national priority projects and that Local Government is being requested to inform Scottish Government on what level of match they can provide towards projects in the new Programme.

Under the new Strategic Delivery Partnerships (SDPs) model for each of the Themed Funds, decisions will be made on projects by the SDP, in particular (8-10 large projects), and that they will also make decisions on who the Lead Partner for such projects will be and where Local Government match funding will be allocated. Further detail and clarification is required on this as in its current format this proposal is not acceptable and unworkable.

Scottish Government/COSLA has stated that Local Government should provide an indication on the levels of match funding they can provide for projects by June 2013. There are challenges in achieving this objective as there has been no formal call for this information, local Councils are almost in summer recess and there has been no opportunity for the Council to consider the details of the Government's proposals. The criteria/methodology to be adopted by the SDP on choosing the 8-10 large projects requires to be clarified as does, who will constitute the membership of the SDP. COSLA have also indicated that nominations will be made to the SDP in June however we have concern on the level of representation by Local Government on the SDP strongly suggest the number of Local Government representatives on the SDP be increased, should this model eventually be adopted. It seems almost implied that those authorities who can provide higher levels of match funding will become Lead Partners in projects.

By implication there is concern that match funding provided by Local Government could be allocated to projects out-with their own area by a decision making body (SDP) that they may not have direct membership or input to and may not have direct benefit to local beneficiaries in their area. There is also a concern over national versus local priorities and projects and funding to support projects at local levels.

There are also issues over the CPP model proposed and the example of CPPs bidding together as exists within the 13 Local Authorities who form a Network and operate in this manner. However, there has also been the suggestion of a lesser number of CPPs and potentially several 'Super' CPPs with one Local Government CPP that acting as Lead Partner. Whilst this may reduce the administrative reporting burden on Scottish Government from 32 Local Government the legal responsibility of the CPP, liabilities, resources, local priorities and local outcomes etc require further clarification and detail.

Similarly concerns on the Business Gateway proposal and the potential impact on Local Government business development activities within the new Programme, equally in terms of the Lead Partner role.

These areas of concern require to be addressed by Scottish Government as part of this consultation process as the model presented has the potential to have a detrimental impact on South Ayrshire Council's operations and the priority sectors and therefore would not be acceptable to the Council. Should the proposed model be adopted then it would most likely have a detrimental effect on the economic recovery of the area in particular impacting on inward investment, jobs, business, and social inclusion.

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

As previously stated in **Sections 1, 4 and 5**, the proposed governance and delivery arrangements, coupled with the other proposals, in particular, match funding for projects, Lead Partners, proposal for the SDP decision making process, representation, CPPs and Business Gateway etc could potentially have a detrimental impact on operations of the Council.

The expectation that Local Authorities acting as Lead Partners for projects or schemes provide initial match funding will prove problematic as budgets are severely constrained. As raised previously, is it envisaged that additional domestic funds may be allocated to Local Authorities to develop and sustain projects and will advance payments be made to Local Authorities to support such e.g. LEADER and Priority Programmes?

Should there be a move towards more strategic and/or collaborative projects with other Local Authorities e.g. (West of Scotland etc) managed by a Lead Partners then Local Government will be challenged to find the initial match funding to support these also. Collaborative projects may improve VFM activities, economies of scale however more resources would be required by Lead partners to deliver local, national and EU outcomes.

The potential bidding system for Local Authorities to apply to become Lead Partners on projects, potentially based on Councils' ability to match fund large projects requires clarification. The criteria and methodology that will be used by the SDPs to decide what operations they will fund, e.g. spatial targeting, priorities, appropriateness of Lead Partner etc also requires to be clarified. The areas above, and others previously stated, could detrimentally impact on the governance and delivery of our organisations operations.

As presented, our perception is that the governance and delivery arrangements proposed could seriously impact on the services and operations of the Council over the next seven years and change the face of locally delivered services across Scotland. The approach is considered more top down in nature, with high level controls and with little potential for local priorities to be delivered appropriately.

The new governance and delivery arrangements are not acceptable to the Council. Feedback to the consultation from Local Government and other stakeholders should provide enough information and detail to facilitate a second stage consultation on the Structural Funds that take cognisance of the concerns raised by Local Government and other stakeholders.

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 funds should provide flexibility through the themes which may aid complementarity. However, as each of the funds require to remain separate and have their own Regulations, translating these Regulations into a form that meets requirements will prove challenging as we have seen in the previous Programme e.g. LEADER whose technical guidance was found by Audit Scotland as 'not fit for purpose'.

Having Audit Scotland and EC Auditors involved in this process may reduce the audit and remedial actions required in the future and ensure that Regulations and Technical Guidance concur. Demarcation will still be required between funds and whilst Lead Partners can administer separation of budget lines, administration etc for audit purposes Lead Partners need to be assured that the Regulations have been translated appropriately to satisfy EC and Audit Scotland's requirements.

Simplification may be developed through the adoption of harmonised forms across ESI Funds and utilised by projects and beneficiaries for applications in particular for audit requirements, claims, reporting etc, however, it is difficult to envisage how this can be achieved given the above.

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

Pilot programmes that test the synergies and develop mechanisms for youth employment initiatives utilising a range of ESIF like LEADER, EMFF, ESF to develop training and employment initiatives and employment opportunities would be useful in tackling rural migration and the decline fishing and coastal areas. Projects could include tourism and diversification developmental models. However, as previously stated the separate Regulations for each of the funds will still provide real challenges to progress this, however, no doubt we will continue to utilise synergies between funds where these can be best employed.

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

As at Q 7.

Harmonisation of Forms and audit requirements for audit and reporting across ESI Funds would ease some of the pressures around audit and control. However, given the nature of the Regulations it is difficult to envisage how this could be achieved without major changes at EC level and National levels.

Audit Scotland and EC auditors should be included in this process to ensure they verify the accurate translation of Regulations to Operational Programmes and Technical Guidance. They should ensure that the new Technical guidance etc is 'fit for purpose' and meets their audit and reporting requirements from the start of the programme so that there should be no need for revisions.

Scottish Government should provide additional audit resources for Lead Partners etc e.g. technical assistance.

Training should be provided on the audit and control requirements of the new Operational Programmes, Regulations, technical guidance for Lead partners, LAGS, FLAGs CPPs etc. This should raise awareness of the audit requirements, processes and procedures required for Programmes and also ensure that decision makers are more informed when appraising, scoring and taking decisions on projects.

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

The proposals contained within the consultation document cannot be agreed by South Ayrshire Council in their current format. A further consultation stage that takes cognisance of Local Government and other stake-holders comments and views would be welcomed in the autumn to enable an agreed workable model for the new 2014-2020 programme.