

CONSULTATION RESPONSE FORM

Question 1 - The table in part 5 provides an overview of the proposals under each of the EU 2020 headings – Smart, Sustainable and Inclusive – matched against the relevant thematic objective and investment priorities. Do you think the investment priorities are the most appropriate ones for the activity suggested?

Yes. The investment priorities cover the main activities required to meet Europe 2020 objectives. Support for high-level, sector specific skills; support for Small and Medium-sized Enterprises (in terms of innovation commercialisation and direct business support); next generation broadband investment; low carbon travel and transport; employability and skills pipelines; and the regeneration capital grant fund. Poverty and social inclusion will also be a major issue to be addressed by the European Structural and Investment Funds, hence consideration must be given to working up the proposal on this item, taking account of the wide range of stakeholders involved in this area of work. Other interventions such as smart city infrastructure and the circular economy may also require further development before inclusion in operational programmes as they appear somewhat abstract in concept, rather than clear, tangible investments. The proposal to use Financial Engineering Instruments to support delivery of the activities is noted. The use of these should be subject to the activities demonstrating delivery of either clear economic growth or savings. The financial implications must be assessed against long term financial planning priorities.

It is also important that these interventions deliver truly additional outcomes and objectives and are not used to substitute national funds in a climate of public sector austerity. Some objectives are perilously close to core activities of delivery agencies (e.g. developing Scotland's workforce and the remit of Skills Development Scotland), hence safeguards must be built into the programmes to demonstrate clear additionality and avoid the rejection of operational programmes by the Commission or the claw back of grant at a later stage. Partnership working, rather than sole delivery or commissioning of activity by a single agency, would be one way of demonstrating added value from Structural Funds by facilitating a systemic change to the delivery of services in Scotland.

Question 2 – Section 6 sets out the linkages between Structural, Rural and Fisheries Funds as well as linkages to other EU Funding Programmes. We would welcome stakeholder comments on these linkages in order to help us develop this thinking further

The integration of funding programmes has clearly been difficult at both an EU and Scottish Government level, with differing policy objectives, regulations and IT systems creating barriers. The lack of detail on rural development and fisheries within the Partnership Agreement could potentially jeopardise the approval of their operational programmes as these will presumably be expected to relate closely to the Partnership Agreement. It is recognised that the Regulations for these funds (especially the European Maritime and Fisheries Fund) have progressed at a different speed

From the perspective of a Local Authority responsible for managing Business Gateway, LEADER, an Axis 4 European Fisheries Fund Programme and an Employability Skills Pipeline, information on linkages and also delineation between funds and activities is fundamentally important. Firm lines between funds should be avoided to mitigate project eligibility difficulties as far as possible, but consideration does need to be given to identifying which funds in certain thematic priority areas (especially business support, broadband, low carbon and training) complement each other.

Community-Led Local Development (CLLD) is designed to operate across a range of funds, and further information on the use of this model for Structural Funds would be welcomed. In particular, some LEADER Local Action Groups prioritise training activities which fit most closely within the ESF programme and village renewal/town centre regeneration which border on ERDF activity. If ESF and/or ERDF funds are not going to be made available to LAGs, there must be scope within the EAFRD to allow these activities to be supported without eligibility questions being raised by Audit Scotland.

Business support is an activity which will fall within the remit of all four funds and guidance as to which fund (and agency) is responsible for which activity would be welcomed. There had previously been a suggestion that a 'one-stop-shop' for business support could be created or that LEADER LAGs could deliver rural business support activities. However, these concepts appear to have disappeared as the programmes have been further developed, with the maintenance of centrally-managed rural and fisheries support schemes and a mixture of ERDF-funded local and national schemes and loan funds being proposed. Existing structures, such as Business Gateway, could be used to direct applicants to the most appropriate support schemes (where resources allow) and should be used as far as possible to provide a form of 'one-stop-shop' for business applicants.

Question 3 - Do you think the new proposals will have a positive or negative impact on the protected characteristics and wider issues of inclusion and participation?

This is a complex and multi-faceted question and an assessment on an intervention by intervention basis may be required. Age is likely to be the characteristic which will be disproportionately affected by ESF interventions, particularly those tackling youth unemployment. In this case, interventions would have a positive impact on young people through providing subsidised employment opportunities and apprenticeships for young people, but potentially a negative impact on older people who could be disadvantaged in the labour market through placing a higher financial cost on employers.

In terms of wider issues of inclusion and participation, it is important to avoid broad-brush spatial targeting of resources on specific geographical areas, particularly with regards to regeneration and employability activities. Pockets of deprivation exist in rural areas which are perceived as generally affluent, for example in fishing-dependent towns. Physical access to employment in terms of transport can also be a barrier faced in rural communities more than in urban ones. Moreover, those who are unemployed in areas of low unemployment need the most support as they remain outwith the labour market for reasons other than a lack of employment opportunities. The availability and provision of match funding for interventions reflects local needs and should be used, along with qualitative assessment of proposed local activities, to target resources. Targeting should not therefore be required in the Operational Programmes.

Question 4 - If you think there will be a negative impact on the protected characteristics or inclusion and participation please provide suggestions as to what could be done differently to diminish this impact.

Any Equalities Impact Assessment performed on the existing Youth Employment Scotland scheme should be used to identify means of addressing negative impacts on protected characteristics in terms of older people. It is difficult to mitigate these effects given that the European Commission has specifically allocated funds to addressing youth unemployment.

Question 5 - Please provide your views for improving the process for design, procurement, delivery, monitoring and evaluation to strengthen delivery of sustainable development.

Sustainable development should be considered in terms of environmental, social and economic costs and benefits. An assessment of the mainstreaming of economic and social aspects of sustainable development may therefore be required in addition to the Scottish Natural Heritage study on mainstreaming environmental sustainability.

The overall themes of the programmes and proposed interventions will in themselves go some way to strengthening the delivery of sustainable development, as does the proposal to integrate sustainable development into project design from the outset. Focusing more on outcomes from projects, rather than financial outputs, should also help to shift attention towards the benefits of projects, but could still become a 'tick box' exercise. This could also be the case when interventions are worked up, with key words and statements being included in applications without any clear thought as to how they will be implemented.

Contrary to the assertion that having fewer, larger projects will make it easier to build environmental sustainability into projects from the start, it could in some cases be more difficult. Larger projects tend to have various 'sub projects' and target groups within them than smaller ones, making it more difficult to identify tangible and meaningful sustainable development outcomes. For example, the business competitiveness and innovation interventions will facilitate a multitude of smaller interventions which directly assist a wide range of economic sectors and SMEs. It may be difficult to accurately assess the impact of these smaller interventions at a full project level in terms of sustainable development. The diversity of activity within larger projects should therefore be taken into account to ensure meaningful consideration of sustainable development principles in interventions.

Question 6 – Do you have any further comments on the proposals outlined in this this document?

Overall, the proposals are positive and achieve a good balance between European, national and local objectives. The priority interventions meet Aberdeenshire Council's identified priorities for European funding interventions and have great potential to deliver real benefits to our communities. It is particularly important to ensure that these proposed interventions are truly additional and that partnership working is embedded in the programmes from the outset. This would help to ensure a smooth transition of the draft programmes through the EU approval process and deliver a legacy of benefits to Scotland beyond the programme period.

Further development of the delivery mechanisms of interventions is required, in particular with regards to matching local delivery with national interventions. The Lead Partner model, while appropriate for interventions led by national bodies, would not be appropriate for Community Planning Partnership or LEADER Local Action Group-led interventions. These are strategic partnerships in themselves at a local level and any attempt to force them into larger structures would be costly, counterproductive and not achieve any savings in terms of costs and reduction of audit risk.