

## 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?

The 'Strategic Interventions' are notably at different stages of development but taking account of the wide range of stakeholders involved in this area of work, this must be seen as a good starting point to refine and work up activities. We note the proposal to possibly review the proposals at the mid-point review and welcome this approach. We strongly support any approach which allows flexibility to change direction throughout the course of the period and incorporate new priorities reacting to economic and identified need and ensuring best use of Funds.

We do have concerns however over consultation on Strategic Interventions at this stage when the Operational Programme and Objectives are not yet available and therefore we have concerns on a consultation to agree activity for the Programme period.

### **Targeting**

Inevitably with the range of stakeholder interests' in ESI Funds involved in the Shadow SDP process, there is arguably more investment priorities included than funding available to Scotland can comfortably fund.

We understand and support the need to focus on key areas where Structural Funds can add value. It is vitally 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. 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.

We urge caution however with targeting –geographically and/or in scope of eligible activity. This could lead to greater administration and above all mean working to unrealistic boundaries rather than having the flexibility to actually deliver based on need rather than postcode. For those activities which focus on economic and social 'need' rather than 'opportunity' (principally the Local Development and Social Inclusion SDP), 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 (particularly geographic zoning) should not therefore be required in the Partnership Agreement or Operational Programmes. In short, targeting based on evidence base of needs/opportunities is needed but not at the expense of creating rules written into the Operational Programmes which affect operational delivery as was the case in the 2007-2013 programmes.

### **Flexibility needs built in**

We would encourage flexibility in the programmes to allow review and refinement throughout the course of the programming period to ensure we are able to address emerging needs and changes to the economy throughout the programming period. The was difficult

enough in previous programmes when there was still an opportunity to apply for projects through the period but the new programmes will require early commitment which does not seem to offer scope to genuinely address emerging needs up to 2020. This is also an issue given the limitations on the number of revisions that can be sought on the Operational Programmes once approved.

Flexibility to introduce new activities would also address the issue of the risk of reducing innovation in projects. This proposed approach appears far less flexible than previous competitive approaches and may stifle innovation.

### **European Social Fund**

We believe the four selected Investment Priorities for ESF are appropriate.

It might be interesting to explore the potential scope for the inclusion of “social entrepreneurship” 1b(v) and/or “self-employment, entrepreneurship and business creation” 1a(iii) attached to the Business Competitiveness Strategic Intervention. Certainly the concept of Social Innovation is not prominent in any of the Strategic Interventions (though is listed an eligible scope under the Innovation ERDF 1b Investment Priority and could be developed as an area there instead).

We would like to see descriptions within the ESF Operational Programme on Scottish plans to contribute to the thematic objectives listed under Article 9 of the ESF Regulation. Of particular interest to the East of Scotland is 2a: “supporting the shift towards a low-carbon, economy” which should be linked to the “Low Carbon Infrastructure Transition Development Fund” (currently has no ESF investment priorities) or “Developing Scotland’s Workforce” more explicitly or as a specific work package.

### **European Regional Development Fund**

There are twelve selected Investment Priorities for ERDF (not counting additional ones which may be required for the FEI) and this seems disproportionately large compared to available finances although appropriate.

### **Financial Engineering Initiative**

We would like clarification on the preference not to establish a single priority for the proposed FEI and its associated uplift to the intervention rate and on digital roll-out - will be limited to FEI only?

**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.

Whilst recognising the challenges of drafting a Partnership Agreement when the Regulations for these funds (especially the European Maritime and Fisheries Fund) have progressed at a different speed, we remain concerned that rural development and particularly fisheries are

not as developed within the Partnership Agreement as Structural Funds and therefore do not fit as neatly into the Scottish chapter of the UK Partnership Agreement.

We have repeatedly welcomed the approach of better linkages and integration of funds given we already deliver across all the programmes and streamlining and alignment would hugely ease this task. However we remain unconvinced of the genuine integration in particular of fisheries and rural programmes with the delivery model structures. To date despite being in the process of preparing LEADER strategies the delivery model is unclear and the integration with the Local Development and Social Inclusion SDP not defined. Whilst we recognise that EU Regulations have influenced the ability to deliver this fully, there seems to have been a shift in thinking from coherent alignment of funds to deliver specific activities such as business support and what is now being proposed is a mixed bag of delivery models eg national/local and loan funds. It is disappointing that that one-stop approach appears to have been rejected which only hinders rather than helps applicants as experience has shown. If we are truly striving to focus on outcomes in these programmes, then streamlining is critical. What we achieve is the priority rather than how we do it.

In addition, there is still much to be worked out in terms of complementarity of funds in certain themes (especially business support, broadband, low carbon and training activities).

Nevertheless the alignment between delivery structures locally of LEADER LAGs and fisheries communities' FLAGs is especially welcome and should lead to efficiencies in terms of staff resources in some areas.

The plans for the creation of a single portal for information on wider EU funds is also particularly welcome.

**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?

On balance, they should have an overall positive effect.

However in terms of Angus Council priorities we would emphasise the need to recognise the ageing population in our area which has implications for the local economy. The Finance Committee at the Scottish Parliament held an inquiry last year which identified demographic change and an ageing society as the most significant challenges facing the public finances in Scotland over the coming years. Related to this is the need to increase sustainable economic growth to support this.

We would also reiterate the importance of addressing mobile and digital connectivity issues in areas not necessarily deemed rural which impacts on business competitiveness, inclusion and participation.

**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.

n/a

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

We were fortunate to have taken part in the 'Mainstreaming Environmental Sustainability in EU Funds 2014-2020' the Research Study prepared for Scottish Natural Heritage otherwise the information provided in this consultation document was insufficient to be able to respond.

There are currently two approaches to mainstreaming the horizontal themes comprised of:

- Ensuring that all funded projects across all the themes address ES as appropriate
- Support for projects specifically designed to achieve positive environmental impacts; or example, in relation to lowering carbon consumption or using natural resources more efficiently. This may include pilot projects to test out new methods or technologies and to act as exemplars.

We welcome an approach to ensure that integration of horizontal themes is more meaningful and integrated into project development and delivery from the outset. If set up correctly and adequate monitoring systems put in place then this should reduce the burden on Lead Partners and make horizontal themes more meaningful. There is scope for insisting on using green public procurement approaches as part of the requirements and this would be a way of mainstreaming an approach prominent on the EU agenda.

We remain concerned that there is an expectation that much of the work on collecting information, previously carried out by the IAB, will be passed onto Lead Partners. Despite the aspiration for the use of simplified costs (yet to be developed) this could easily become a huge burden on partnerships with a large number of organisations involved. On that basis, we would not be comfortable adding additional responsibilities to beneficiaries, without having a fuller understanding of the administrative and compliance regime.

#### **Capacity Building**

We think the idea of establishing shared service involving Sustainable Development (and Equalities) specialists who can be called upon by SDP partner organisations and other Scottish Government funded bodies for advice and technical assistance, and to deliver training (e.g. for auditors and delivery partners) is a good idea. We would recommend that such specialists could be contracted on a retainer by the Managing Authority.

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

#### **Governance arrangements:**

We remain concerned at the lack of transparency and communication on governance arrangements eg we are that the PAMC has already met in shadow format with the membership selected and that the Shadow SDPs set up very quickly last year were to be just that ie Shadow with a review and decision on SPD membership to be decided for the new programmes when it would appear that the Shadow SDPs have simply been agreed. If this is not the case then an open and transparent communication on the process and

decision making mechanism is required.

We are concerned that public communication stating that interventions may be funded early summer seems to “being putting the cart before the horse” when process is unclear.

**Partnership working:**

The definition of Lead Partner responsibilities in paragraph 11 does not provide much illumination from what we already know to be the responsibilities of such a role. There is an assumption within the consultation that all partnerships will be based on contracting/procurement rather than genuine partnerships. We do not believe that procurement is the only option, though should be part of the mix. To make investment meaningful partnership has to be reflective of key players and recognise local need rather than being imposed from above at a strategic level.

**Delivery Plans:**

We would like to see the financial responsibilities workflow developed for different types of delivery models and where two payment methodologies are combined (e.g. simplified costs and defrayed expenditure) within the same partnership. This should outline the relationship expected between the Lead Partner and its First Level Controller as well as between the wider partnership and their First Level Controllers to the Managing Authority.

**Presentation of consultation:**

We appreciate the desire to undertake public consultation quickly given the substantial delays to the programmes’ development. The Scottish Government Good Practice Guide indicates that it should “*allow consultees at least 12 weeks to respond, except in very exceptional circumstances*”. This would mean the deadline should have been the 6 March 2014 based on when it was issued. This 6 week consultation has been effectively a 2 week consultation in our offices due to the Christmas holidays, which is barely enough to consult internally.

Furthermore, and more fundamentally, we have concerns about the structure and content of this consultation which is high level, unclear and seems tokenism at best. This has meant that consulting with colleagues not fully engaged in Structural Funds but has been difficult and challenging. In addition, the section on the proposals for horizontal themes was badly phrased and did not explain the plans.