

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 current Convention position remains that *‘Individual and groups of local authorities should be given all eligible EU monies directly from the Scottish Government and therefore be in control of how these monies are spent.’*

In terms of funding eligibility there was a clear desire expressed to be actively involved in the development of eligible projects across all three thematic priorities (Competitiveness-Innovation-Jobs; Environment-Resource Efficiency-Low Carbon; and Social Inclusion-Local Development) in advance of the Scottish Partnership Agreement being finalised by the Scottish Government, for onward submission to the European Commission.

Over the summer local government officers were involved in discussions which identified a package of six measures that could be led by councils on the basis of the added value they can provide to communities and the expansion of some already well tested programmes. Council Leaders endorsed the below list at their August meeting:

- Business Accelerator (£70m EU funds requested)
- Local Business Loan Funds (£30m requested)
- Youth Employability (£24m requested)
- Low Carbon Communities (two requests of £45.7m and £7m)
- CPP Employability Skills Pipelines (£192m)
- Regeneration Capital Grant Fund (£70m)

Ongoing discussions with civil servants have provided further clarity on the other potential strategic interventions proposed by a range of other Government agencies, departments and other stakeholders which will receive EU funding over the next 7 years:

- Developing Scotland’s Workforce – to develop a coherent package of additional skill, training and workforce development support;
- Innovation – to help businesses commercialise and capitalise on research and to promote research centres of excellence, whilst increasing business R&D expenditure;
- Next Generation Broadband Investment – to bring Next Generation Superfast Broadband to the Highlands and Islands and other rural areas of Scotland with limited coverage, through innovative solutions;
- Smart Cities – help for Scottish Cities, industry and urban communities to build upon, innovate using new technologies and ultimately accelerate the transformational digital delivery of city services;
- Low Carbon Travel and Transport – support for the delivery of Active Travel Hubs, National Smart Ticketing Scheme and Low Carbon Transport Hubs;
- Financial Engineering Instrument – proposals for the expansion of access to finance funding for: low carbon, digital and financial inclusion projects, through the Scottish Investment Bank and Local Authority Loan Funds;

- Resource Efficient Circular Economy Accelerator Programme – proposals to promote the sustainable growth of reprocessing and remanufacturing industries and deliver measurable business resource efficiency savings;
- Poverty and Social Inclusion – this proposal remains under active development with Scottish Local Government representatives but seeks to address the gap emerging around community, family and household interventions to prevent social exclusion; and
- Green Infrastructure – support the physical, economic and social regeneration of deprived communities in urban and rural areas.

Leaders recognised that in addition to funding for council-led projects, other projects that would deliver local community outcomes regarding broadband, resource efficiency and sustainable transport should be supported with EU funds up to 2020.

COSLA notes that the six strategic intervention submissions prepared by council officers amount precisely to one third of the Scottish Partnership Agreement allocation. COSLA has previously signalled to Ministers that this is the absolute minimum share that the local government sector should have access to.

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

Work is ongoing on how to deliver complementary local development interventions via the LEADER programme (rural funds) and the activities to be delivered by CPPs using ERDF and ESF. However, we are advised that the amount of non-earmarked rural funds has diminished significantly since complementarity discussions over the summer.

COSLA noted that in previous periods local communities had very limited access to the Rural and Maritime programmes, which constitute half of EU funding coming to Scotland. The fact that the Scottish Partnership Agreement enables more coordinated interventions across the EU Structural, Rural and Maritime funds in Scotland provides a great opportunity to maximise the local impact of these interventions.

The current discussions offer a great opportunity to critically reassess, on the basis of the evaluations that are being carried out, whether some additional spend from SRDP and EMFF could be addressed at rural and coastal communities development and diversification. Activities such as community-led development, tackling rural deprivation, skills, business support for local rural and coastal SMEs are among many areas where the Structural and the Rural and Maritime funds can complement each other and where LEADER Local Action Groups (LAGs), Business Gateway, CPPs and local authorities can have a much more significant role than at present.

For example, proposals for the greater integration and use of rural funds to address issues of broadband/digital enhancement, local community led development to address

rural deprivation and rural business support will enhance outcomes for rural communities.

These are clearly significant areas where the Structural and the Rural and Maritime funds can complement each other and where LEADER Local Action Groups (LAGs), Business Gateway, CPPs and local authorities can have a much more significant role than at present delivering enhanced outcomes.

Shifting more resources in the next 7 years towards rural community development is vital to address empowerment and social capital issues. COSLA agrees with your earlier statements to the DES Executive Group and in other forums that, given the diminished allocation to Scottish Rural Development Programme (SRDP) for 2014-2020, shifting funds between pillars will be inevitable as to ensure a sufficient amount of resources forward across all priorities and any transfer should ideally be the maximum amount allowed for in the regulations.

More widely, as regards to the main lines of the SRDP moving forward, COSLA notes that in previous periods local communities had very limited access to the Rural and Maritime programmes, which constitute half of EU funding coming to Scotland. The fact that the Scottish Partnership Agreement enables more coordinated interventions across the EU Structural, Rural and Maritime funds in Scotland provides a great opportunity to maximise the local impact of these interventions.

Note that the current EU earmark of 5% for the LEADER initiative is only the minimum threshold and that Government can choose to allocate more, COSLA would actively encourage Scottish Government to target any unallocated funds over the 2014-2020 period towards this intervention. COSLA have recognised the initial sums required to implement the strategic interventions previously discussed demonstrate Scottish Ministers willingness to allocate more than the minimum required on the likes of local community regeneration, diversification, village renewal, rural business development, cooperation, knowledge transfer and small scale capital investment that could be led by councils or LEADER Local Action Groups (LAGs).

We are keen that the delivery arrangements ensure that the LAGs and the CPPs coordinate and complement their strategic interventions and delivery arrangements, be that by using the EU provisions for Community Led Local Development or equivalent home-grown arrangements.

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?

The Scottish Government continues to propose a single and all Scotland Partnership Agreement Monitoring Committee (PAMC) that will oversee the implementation of all the funds. Few details have been shared with COSLA, other than the suggestion that the PAMC will have fewer members than at present. COSLA continues to propose that strategic decisions and political oversight is achieved through a regular joint meeting between the relevant Cabinet members and COSLA leadership, with additions as appropriate to ensure geographic representativeness.

COSLA suggests that the 2014-2020 Partnership Agreement Monitoring Committee has sufficient local government senior officer representation rather than members but that it has representation from councils within the H&I area as well as other Scottish councils. Its internal working should be rearranged to enable H&I and SRDP-only issues to be specifically discussed, facilitate more accountability, better decision making and improved transparency. Non-strategic, day to day running of each fund could be delegated to a Programme Management Committee for each Fund, open to the participation of Local Government practitioners. An alternative could be to entrust these functions to the Strategic Delivery Partnerships.

Conversely, in line with the COSLA Vision, we are keen on strategic interventions allowing a reasonable degree of local discretion and control over resources, while at the same time working in partnership with other bodies through a consistent pipeline approach of interventions, led by the different bodies contributing to national outcomes.

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.

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

The current Convention position remains that *‘Individual and groups of local authorities should be given all eligible EU monies directly from the Scottish Government and therefore be in control of how these monies are spent.’*

We are keen to work in partnership with Government and other bodies, but remain sceptical that forcing a Lead Partner delivery model on Local Government would work. Clearly the preference is to continue and improve the current arrangements that enable local authorities, Business Gateway and CPPs to be individually responsible for their own EU fund allocations, rather than asking them to enter into legally binding arrangements with each other to delivering EU funded strategic interventions. Using the same logic, we do not support local authority-led activities or funds being subsumed into interventions led by Government, other agencies or bodies.

COSLA Convention also noted that no detailed description of the legal responsibilities among councils and/or other bodies under the proposed Lead Partner model has been shared by Government, thus preventing any detailed assessment on its financial and legal consequences.

Conversely, in line with the COSLA Vision, we are keen on strategic interventions

allowing a reasonable degree of local discretion and control over resources, while at the same time working in partnership with other bodies through a consistent pipeline approach of interventions, led by the different bodies contributing to national outcomes.

As regards Highlands and Islands, we confirm our previous position arguing for the area to have its own Operational Programmes as at present.

Crucially, to provide political oversight to the PAMC discussions, a periodic, systematic dialogue on the strategic delivery of the programmes should take place, involving relevant Cabinet Secretaries and COSLA Presidential Team/Spokespersons, with adjustments, if appropriate, to ensure geographical representativeness.

Audit and reporting rules need to be clear from the outset and Audit Scotland needs to work with Scottish Government and councils to ensure that there is a clear understanding of our new potential obligations up front, including the new simplified cost models that council officers have been preparing with civil servants to alleviate management and audit burden.

As we move to the Operational Programme drafting we expect that the discussion and engagement will be as open to Local Government input as the SDP, but we need clarity from the outset about the format, structures and calendar of drafting.

Another issue that is still unresolved is the issue of pipeline approaches, particularly as per the Business Accelerator support, where both Business Gateway and the Enterprise Agencies made proposals. Following attempts to merge them, we understand that the Government would now be open to accept that these interventions could be kept separate, with SE/HIE delivering higher end interventions, BG the local business interventions, and Convention in December specifically stated that the local authorities in the H&I area needed to have the ability to deliver local activities through a mechanism determined locally. Final reassurances are thus needed from the SG that a business support pipeline will be set up and work with partners will be needed to ensure complementarity and delineation between these three interventions.

The other main pipeline is the employability skills pipeline that will expand Scotland-wide the existing employability activities, but increasing its scope and adding the new Youth Employment Initiative as part of the final stage of that pipeline. We understand that there are good prospects that the Scotland wide CPP employability intervention will be funded over the next 7 years, and due to Commission rules the Youth Employment Initiative funding specific to South West Scotland will need to be committed and spent between 2014-2017 in this area alone.

In addition, to this spend on social inclusion and welfare issues, the European Commission has encouraged the Scottish Government to consider further interventions to address these issues across Scotland. SG Structural Funds Division are therefore keen to broker a series of meetings with Local Govt and the wider third/voluntary sector, prior to finalising the partnership agreement by end of Feb 2014. Officers are trying to finalise a series of meetings to scope out possible interventions for future COSLA political decision, partnering councils with voluntary sector to address social inclusion and welfare issues.

We know that many councils remain unconvinced of the proposed change from current arrangements to deliver EU funds such as SME Growth or Youth Employment Scotland, where Councils are individually accountable to the Scottish Government for delivering

EU funding, to a new Lead Partner model currently being proposed by Government. COSLA has urged Government to involve SOLACE and legal officers to identify a pragmatic model that address both Government and Councils' demands.

In terms of the Highlands and Islands area, Highlands and Islands councils recently made the case for an Integrated Territorial Investment (ITI) to collectively deliver the EU funds in the area, which appears to have been accepted by Government. It also appears that the South West of Scotland area (as defined by Eurostat it comprises the Clyde valley, Ayrshire and Dumfries and Galloway) might also be eligible for an ITI to deliver social inclusion projects. However, we understand that discussions with partners will take place to assess if ITI provides more added value for those areas than the Lead Partner strategic intervention model.

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