

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, SEPA considers that the investment priorities are the most appropriate ones for the activities suggested. SEPA participated in the Shadow Strategic Delivery Partnership (SDP) on Environment, Low Carbon and Resource Efficiency that examined the draft proposals for strategic interventions. The summary of priorities within the consultation document reflects well the outcome of our discussions, and the joint discussion with the other Shadow SDPs.

Under “Sustainable”, SEPA has contributed to the drafting of proposals on the Low Carbon Infrastructure Transition Development Fund and the Resource Efficient Circular Economy Accelerator Programme. We strongly support the Investment Priorities identified here and see a firm link with our work. The Low Carbon proposal could usefully provide additional influence to focus on heat networks. It would be good to also see here specific reference to Hydro Nation goals.

The Resource Efficient Circular Economy Accelerator Programme could be regarded as an exemplar in the flagship initiative of the Europe 2020 Strategy, “A Resource-efficient Europe” in supporting the shift towards a resource-efficient, low carbon economy to achieve sustainable growth and jobs for Europe. Specific mention of Zero Waste and material flow, developing a supply chain for secondary (recycled) materials based on a market-led approach, may be useful to clarify the priorities.

SEPA has also participated in discussion on Low Carbon Travel and Transport, in particular making the link between Active Travel Hubs and the Scottish Natural Heritage (SNH) led proposal on Green Infrastructure under “Inclusive”.

Regarding the Green Infrastructure (GI) proposal, we have worked with SNH in developing this proposal and are very pleased to see it included in the Structural Funds Programme. We regard this as an excellent opportunity for Scotland to be seen as a leading example in Europe in the implementation of the Communication from the Commission on GI¹. Synergies should also be recognised between this proposal and those on:

- Active Travel Hubs [under “Sustainable”, as mentioned above], recognising the health and environment benefits to developing the national walking and cycling network;
- the Scottish Regeneration Capital Grant Fund [under “Inclusive”] to deliver large-scale improvements to deprived areas in partnership with local communities;
- Scotland’s 8th City – the smart city [under “Smart”]. When selecting projects under this proposal through the Cities Alliance network, recognition should be made to SCDI’s “Scotland’s Six Cities; A Shared Vision for Scotland’s Success” highlighting the need to support Scotland’s cities in “developing green infrastructure”, “to be world-class cities and deliver on Scotland’s carbon reduction targets”. SEPA is committed to collaborating with the Scottish Cities Alliance to support delivery of the Agenda for Cities;
- Financial Engineering Instruments [under “Smart”] that could support mechanisms that mobilise private investments to deliver public goods such as environment protection.

SNH’s GI proposal complements many aspects of SEPA’s interests, including; improving urban air quality, climate change mitigation and adaptation, biodiversity, placemaking and improving enjoyment of the environment. There is some overlap with action on sustainable urban drainage schemes, sustainable flood risk management, and other forms of surface water management, but this proposal could provide additional useful funding to increase capacity for local authorities to undertake these. This work is also entirely in line with SEPA and SNH efforts to encourage greater public involvement and interest in the environment through citizen science, and resonates with much of our current thinking on environment and health/wellbeing.

¹ Communication from the Commission - Green Infrastructure - Enhancing Europe’s Natural Capital ([COM\(2013\) 249 final](#))

We will continue to support the lead organisations in developing the details on these proposals (or equivalent depending on the outcome of this consultation), including specific actions, outcomes and delivery arrangements, as appropriate to SEPA's role and responsibilities. For example, we will be able to provide technical and/or regulatory views on appropriate aspects of the proposals where we have expertise, and provide other assistance where necessary. Early involvement of SEPA means that environmental impacts can be recognised and mitigated appropriately.

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

SEPA welcomes recognition made in the consultation to the need for all the ESI Funds and Commission-held funds to complement each other and be planned together. It is useful to have presented in this section an overview of each of these funds, whilst acknowledging that limited information is available for some. We welcome the proposal for creation of a single portal/one-stop shop for continued easy access to all relevant information.

A strategic approach to the use of EU funds in Scotland is required to cover not just ESI, but also include various INTERREG funds, LIFE and Horizon 2020, to avoid potential duplication and overlap in proposals, and inefficient use of resource. For example all the above mentioned funds have identified environment, resource efficiency, and climate action as priorities or challenges, and SEPA is being asked to provide input to Scottish/UK discussions on all these, sometimes resulting in several meeting requests on the same day. Peatland restoration is identified as likely to receive support under the Agri-environment scheme, and is also being discussed in separate (Scottish and UK) forums as a possible Integrated Project under the new LIFE programme, as well as being potentially addressed through collaborative working under INTERREG. A single forum, for example the Strategic Delivery Partnership (SDP) for Environment, Low Carbon and Resource Efficiency, could be tasked with maintaining a high level overview of planning and management of funds relating to environment, resource efficiency, low carbon and climate action. Similar approaches could be made by the other SDPs according to their priorities, whilst ensuring a connection is made between SDPs to avoid a silo approach to delivery. This strategic approach, with thought given to alignment between European funding opportunities, could be captured in the Terms of Reference (ToR) of the Partnership Agreement Monitoring Committee, and SDPs to assist with minimising the risk of duplication of funding and delivery arrangements, whilst streamlining administrative and governance 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 proposals are not detailed enough at this stage to comment on whether they will have a positive or negative impact on protected characteristics and wider issues of inclusion and participation. The delivery of certain proposals, e.g. "Developing Scotland's Workforce", should have a positive impact as it seeks to enhance equal access to life-long learning, raising standards in skills development and competences. It is too early to say though on the other proposals.

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.

In developing the proposals further, we would expect, for example, when planning partnership activities, there is consideration of the implications that disability, gender, age, race or ethnicity, sexuality, and religion and faith could have on the method of engagement. For example, considering if meeting rooms are accessible to people with physical disabilities. There should be awareness of the delivery partnerships of how their decisions could impact different groups in different ways, with Equality Impact Assessments undertaken as appropriate to each proposal, as well as the overall Programme once it has been finalised.

A major hurdle in applying for funding is the language used in information around the funds. Successful delivery is dependent on ensuring access to funds and supporting material, e.g. guidance, is fair and non discriminatory with on-going support to recipients throughout the process, including in completing applications and assistance with meeting auditing and reporting requirements. Attention should be paid here in particular to impact on protected characteristics e.g. relating to disabilities, race, ethnicity, and age, with care given to ensure the use of clear concise easy to understand language/plain English in forms and supporting documents and where acronyms are used, the provision of a glossary of terms. This would assist community groups and SMEs who may not have sufficient specialist understanding of the subject, as well as those who do not have English as a first language.

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

We welcome the recognition given in the consultation to Sustainable Development as a Horizontal Theme and reference made to the SNH led work last year on Mainstreaming Environmental Sustainability into EU funds, which SEPA contributed to. This provides recommendations for innovative, practical, approaches to incorporating the principles of Environmental Sustainability, as an element of sustainable development, across all the objectives and funds making up the new programmes, from policy through to project delivery.

As we stated in our response to the June consultation on the programmes, it is important that environmental sustainability principles and activities are built into all levels of the delivery processes.

- **Awareness raising** of how environmental sustainability will be mainstreamed across all projects, not just those with an environment focus, with dissemination of good practice, e.g. within supporting guidance to the programmes and any associated training as case studies and guiding principles.
- **Representation of environmental bodies** on decision making groups at all levels – of particular importance are the delivery partnerships and the Partnership Agreement Monitoring Committee (PAMC). Representatives need to have sufficient knowledge and authority to make sure environmental sustainability is discussed, mainstreaming is happening, and is not regarded as an optional topic.
- **Decision making processes** – environmental considerations should be embedded into decision making by delivery partnerships. This includes in practical specific guidance to applicants for each of the funding streams, with the inclusion of environmental questions on the application form, weighting of criteria to ensure minimum environmental standards and follow-up monitoring of environmental benefits (see below). Effective mechanisms need to be put in place to ensure that only projects that fully demonstrate integration of environmental consideration (as far as possible in the context of the project) are considered for funding, including making sustainable choices when procuring goods, works and services.

As indicated in SEPA's response to the associated Environmental Report (ER) consultation, examples of mechanisms to ensure mitigation is implemented may include project assessment criteria and planning conditions.

Monitoring – Regular, e.g. bi-annual, updates on progress with the proposals, with both quantitative and qualitative elements, e.g. case studies to demonstrate progress in horizontal themes such as sustainable development, would be useful to assist with monitoring of the programme.

Performance of programmes against environmental targets should be monitored. Follow-up monitoring of environmental benefits can be facilitated through increased **use of environmental indicators** such as air quality, flood risk, and greenspace, or new ways of measuring well-being such as Oxfam Scotland's Humankind Index². SEPA can assist in developing the environmental indicators needed to measure progress towards desired outcomes. SEPA, often working jointly with public sector partners, has a well developed environmental monitoring function that can help ensure outcomes are grounded in clear and robust evidence and that progress towards identified indicators or targets are clearly measured.

SNH has developed a Natural Capital Assets (NCA) Index³ for Scotland, which could be considered for inclusion as a measure of natural capital stocks. The NCA Index shows the extent and quality of Scotland's coasts, freshwater, cropland, woodland, greenspace, grassland and moorland, all of which provide vital ecosystem services to Scotland's people. The ecosystem services concept defines the range of goods and services that ecosystems provide to people and society and business. These services underpin our economy, our health and wellbeing and are fundamental to our continued existence. SEPA is exploring how it can consider the risks and opportunities to the ecosystem services provided by the environment through its regulatory and advisory functions to optimise decision making. These principles can also be applied to aid the decision making processes in the delivery of Structural Funds.

As indicated in SEPA's response to the Environmental Report (ER) consultation, we would recommend that the Strategic Environmental Assessment (SEA) Statement should confirm the mechanism by which it will be ensured that SEA monitoring will be integrated with the monitoring requirements of the programmes. Dependent on the scale of type of intervention, separate SEAs may be required for individual proposals, however we would envisage the majority of environmental issues would be addressed at project level. SEAs should be treated as part of the planning, management and reporting cycle of the programmes.

In our own reporting on sustainability, SEPA has found it helpful to go through a simple external validation process to follow up our claims on sustainable development. This has provided us with a robust method to assist reporting and something similar could be built into the reporting of the programmes to demonstrate how sustainable development has been taken into account. We would be happy to provide further information on this if this was thought to be of use.

- **Virtual centre of expertise** – it is important to have environmental “champions” embedded into the different levels of governance, from membership of the PAMC, to assisting applicants in the preparation of projects and the decision makers in determining the environmental impacts or credentials of an application for funding. ... For the 2000-2006 funds SEPA and SNH funded a national “Sustainable Development Advisor” to assist with this approach (we

² Oxfam Scotland 2013: *The Oxfam Humankind Index: the new measure of Scotland's Prosperity - second results* - <http://policy-practice.oxfam.org.uk/publications/oxfam-humankind-index-the-new-measure-of-scotlands-prosperity-second-results-293743>

³ Scottish Natural Heritage 2012: *Scotland's Natural Capital Asset (NCA) Index* - <http://www.snh.gov.uk/docs/B814140.pdf>

were unable to continue with this for 2007-13). It is hoped for the 2014-20 round that a similar post could be funded by partners to also advise on other EU funding streams such as LIFE and INTERREG.

SEPA is committed to ensuring that environmental sustainability is a key component of delivery of the funds and is well placed to get involved in the delivery of positive environmental outcomes.

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

We consider that detail on **governance and delivery mechanisms** is missing in this document. This is a critical issue. Further details are needed on the remit and membership of the Partnership Agreement Monitoring Committee (PAMC) and Strategic Delivery Partnerships (SDPs), or equivalent. How they will work in collaboration, the role of partners, how each sector will be represented, and geographical representation. Guidance is needed on how the PAMC and SDPs will work in practice, developing, managing and monitoring the proposals and resulting Operational Programmes across all EU funds.

SEPA would ideally like to be represented at all governance levels, as resources permit, including at a high level on the PAMC, for example through either our Chief Executive or a member of our Agency Board, and SDPs via our relevant expert staff at senior management level. Before we commit to this though we would need to see clear ToRs for these groups and discuss with other environment bodies across “Team Scotland” how best to share representation.

As we indicated in our response to the June consultation, the three SDPs are a key component in making arrangements work, acting as operational bridges between activity on the ground and high level direction. It is important that they have the right remit and composition of membership with appropriate skill sets for individuals that will sit on the groups. Members need to act as enablers with expertise and responsibility, including in the promotion of environmental sustainability, along with practical guidance, and personal commitment and creativity. The SDPs must speak to each other as silos cannot develop between the three themes, not least to ensure there is no duplication of effort.

How much autonomy the strategic partners have to make quick decisions on project proposals is also unclear. It is also unclear if any advisory groups or sub-committees will be formed to inform the PAMC, and help monitor all the funding streams and programmes by engaging directly with the SDPs. The structure, as proposed, also currently doesn't suggest yet how regional differences can be covered, or how Scotland-wide issues can be balanced with tailoring required at local levels. Such issues need to be recognised in the ToR of the Delivery Partnerships.

It is important that the themed funds that cluster the proposals are delivered as a whole with equal weighting to deliver multiple benefits. They must not be regarded as separate entities delivered in silos. Knowledge diffusion must take place from one Fund to another.

We would also ask for clarity on what constitutes **match funding** and whether there is scope for the private sector to play a greater role in leveraging funds. We would also ask for guidance on what the **role of businesses** and **community planning partnerships** may be in delivery of funding.

END