

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 Forum would like to acknowledge the efforts made by stakeholders in very challenging circumstances, not least in relation to timescale, to produce the series of possible interventions listed in part 5. What is also welcome is that there is an explicit recognition that there should be a place for sustainable transport in the 2014-20 programmes, as recommended by the Forum in its submission to the earlier consultation.

However it is clear that some of these interventions are more elaborated than others where much more development work is required. The impression is also given that many of the interventions have been developed in organisational/sectoral silos with only limited stakeholder validation. This might have been avoided if there was evidence of an overall strategic context within which these interventions would operate.

To develop this point further: ***what is lacking throughout the consultation document is a clearly defined intervention logic underpinning all these activities based on an appraisal of the challenges (as identified in a SWOT analysis) facing the Scottish economy.*** In many cases the interventions proposed roll forward existing activity. While this may be reasonable it should be evidenced by evaluation results. To give one example, it is proposed that (presumably substantial) funds will be allocated to one or more financial engineering instruments (page 17). The last evaluation of these in respect of “traditional” ERDF Loan and Venture Capital Funds dates from January 2008 (ie pre recession) so surely an update is required to provide assurance that the activities meet the real, current needs of SMEs in Scotland? Where FEI is proposed for other fields of activity there should be a proper market gap analysis. A similar approach could and should apply to the other interventions.

With respect to the proposed intervention on combating poverty and promoting social inclusion, The Forum would stress that such interventions should be aligned with the local employability pipelines and that a cross sectoral approach is essential if real impact is to be made. Many of the early stage activities carried out through employment pipelines, particularly at the early stages, relate to personal capacity building and could legitimately be considered as social inclusion measures. While it is certainly the case that the third sector would have much to offer in this field, local authorities also have extensive involvement in this area, for example in tackling financial inclusion (through for example support for credit unions) and working with the most marginalised groups in society (for example Glasgow City Council’s engagement with the Roma community). There is also an opportunity to complement these ESF “people based” interventions with selective “place based” activities that could potentially be supported via ERDF as part of the Regeneration Capital Grant proposal. This would add significantly to the intervention logic underpinning this latter proposal.

The Forum is aware that there is a substantial notional overbid for resources: however the lack of any financial information at all in the consultation document makes it impossible to assess whether the allocation of resources to the 3 themes represents an appropriate response to the development challenges facing Scotland. In essence part 5 of the document is a “menu without prices”. The lack of financial information in turn means a lack of information on what these interventions, individually and cumulatively, will achieve.

Experience from the 2007-2013 programmes points to a need to set proper indicators for the programmes

A considerable amount of work will be required to present these interventions in the format that the Commission requires (ie Investment Priority – Strategic Objective – Types of Action - Results)

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 Forum is disappointed that the actual degree of fund integration will in practice be much weaker than originally anticipated. In particular the rural funds appear to be operating to different timelines than the structural funds and have already been allocated to broad activity headings, irrespective of the uses to which ERDF and ESF will be put.

However the opportunity should be taken at operational level to ensure that the programmes complement rather than compete with each other. A particularly important issue relates to business support which is potentially available under both the rural and ERDF programmes.

The section on European Territorial Cooperation Programmes would benefit by some additional commentary on the relevance of the URBACT programme to balance the heavy rural/coastal bias of the existing text.

The reference to the proposed single portal for EU funds on page 25 (paragraph 18) is welcome and Forum hopes that the Scottish Government will actively support the development and long term implementation of this concept.

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?

It is impossible to answer this question meaningfully based on the information provided in the consultation document. Clearly many of the proposed interventions will have the objective – either explicitly or implicitly – of addressing social and economic inequalities.

One of the projects given ERDF support through technical related specifically to gender mainstreaming and it might have been helpful if the consultation document had explained how any relevant conclusions from this study would be carried forward.

The Forum would also appreciate having sight of the Equality Impact Assessment referred to on page 26 of the consultation document.

FINAL

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.

Bearing in mind the comments made in response to the previous question, it is important that all strategic interventions are challenged as to their contribution to reducing inequalities relating to gender, age, ethnic background etc. This needs to strike a balance between a “tick box” exercise on the one hand and imposing unrealistic requirements on the other.

Experience from previous programmes suggests that the focus on “horizontal” themes such as equalities and sustainability diminishes after the application stage. The contribution of supported interventions in terms of these themes should be embedded in monitoring the actual delivery of the activity.

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

It is impossible to answer this question meaningfully based on the information provided in the consultation document. It would have been helpful to have been given a link to the Scottish Natural Heritage study on mainstreaming cited on page 27 of the consultation document.

The Forum is disappointed to note that the Strategic Environmental Assessment for the ERDF and ESF Programmes was only made available to stakeholders on 13th January 2014- giving stakeholders less than two weeks in which to use any of this material (over 100 pages in length) to inform contributions to this consultation exercise.

The only additional comment to make is that sustainability should not be seen solely in terms of the environment but also needs to encompass financial sustainability (ie how will the activity be continued after the period of EU funding ends).

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

The key defect of this consultation exercise is the lack of substantive material on which to comment.

At the very least the full text of the draft Scottish Chapter of the UK Partnership Agreement should have been made available. This would allow stakeholders to make observations as to the main attributes that such documents should contain, as set out in Article 15 of the Common Provision Regulation (EU 1303/2013) regarding in particular:

i) an analysis of disparities, development needs and growth potential (the text on pages 11 and 12 of the consultation document is so bland as to be rendered almost meaningless.

In any case the links between the evidence base and the proposed actions are not always clear; for example on social inclusion and combating poverty there is a reference to focussing on areas of multiple and complex need but this is not followed up in the description of the actions in the relevant activity in part 5). In general there is a disconnect between the admitted social, economic and territorial disparities within Scotland and the lack of explicit spatial; targeting (thematic or financial) in any of the proposed interventions.

ii) a summary of the ex ante evaluations (there is virtually no mention of the emerging findings of the ex ante evaluation or indeed the many other pieces of evaluation work that were commissioned to help inform the development of the 2014-20 programmes. See the response to question 3 for a specific example)

iii) the selected thematic objectives, the results to be obtained, and (iv) the indicative financial allocations As indicated in the response to question 1 As it stand the interventions listed in part 5 are a menu without prices.

The Forum appreciates that the actual Operational Programmes need to be submitted under a specific European Commission template which is not reader friendly, Nevertheless the OPs should be made available to stakeholders and an opportunity afforded them to make comments before these documents are finalised.

In its response to the earlier consultation exercise the Forum expressed its concern at the proposals to have a single lead partner for each strategic intervention. These concerns, widely shared by other stakeholders, do not appear to have been addressed.

The Forum understands the wish of the Scottish Government to support fewer, larger scale interventions in order to ensure that funds operate more strategically. This, rather than a misguided drive to reduce compliance burdens, should be the main driver for determining the number and scale of interventions.

In many cases where the activity naturally is best delivered at a national level there is no problem with a single lead partner (often in fact there will be no funding from any other organisation to deliver the activity).

However much of the activity, particularly but not exclusively under the local development and social inclusion theme is best managed at a sub national, regional or local authority level. The key issue here is to determine the optimal geography for the activity concerned (eg coherent labour market areas for the employment and skills pipelines). In addition, as the Forum stated in its earlier submission, use should be made of existing structures that have a proven track record (eg the Business Gateway network) rather than devoting considerable resources to setting up totally new arrangements merely to deliver structural fund supported activities.

On compliance it is worth bearing in mind that there are just as many auditable transactions with 10 projects each having 100 transactions as one project with 1,000. In this connection the Forum is aware that stakeholders have devoted considerable time to evaluating and testing various simplified cost models but is concerned that this work does not appear to have reached a conclusion.

In effect the lack of certainty about scale of interventions and cost structures makes it very difficult for stakeholders to plan the delivery of the 2014-2020 programmes effectively.

With regard to the decision making structures the Forum would emphasise the need for membership of the various committees etc to be representative in both sectoral and

geographic terms. Sectors should of course determine their own representation. In order to improve the transparency of the delivery of the programmes, stakeholders should have timely access to all non confidential committee papers through an improved area of the Scottish Government structural funds web site.

The Forum is also disappointed at the absence of any information regarding how the additional EU Youth Employment Initiative (YEI) monies will be deployed in the South West Scotland NUTS 2 region, despite the eligibility of the region for such support having been confirmed as long ago as May 2013. Given that YEI will be front loaded the need for dialogue with stakeholders in the region is urgent.