

**Steering Group for the Consultation on the Replacement for European
Structural and Investment Funds (ESIF)**

**10:30-12:30 Wednesday 25 March 2020
Conference Call**

MINUTES

Attendees

Ivan McKee	Minister for Trade, Investment and Innovation
Professor David Bell (Chair)	University of Stirling
John Bachtler (Co-Chair)	European Policies Research Centre, University of Strathclyde
Steven Heddle	Convention of Scottish Local Authorities
Robin Clarke	Highlands and Islands Enterprise
Anna Fowle	Scottish Council for Voluntary Organisations
Douglas Colquhoun	Scottish Enterprise
Cornilius Chikwama	Scottish Government
(on behalf of Gary Gillespie)	
Colin Robertson	Scottish Government
(on behalf of Dominic Munro)	
Hilary Pearce	Scottish Government
Malcolm Leitch	Scottish Local Authorities Economic Development
Russel Griggs	South of Scotland Enterprise
Karen Jackson	South of Scotland Enterprise
(in conjunction with Russel Griggs)	

Secretariat

Brian McLaren	EKOS
Nicola Graham	EKOS
Karen McAvenue	Scottish Government
Fiona Loynd	Scottish Government
Sean Jamieson	Scottish Government
Hannah Reid	Scottish Government

Observer

Catriona Maclean	Scottish Government
Anne Shiels	Scottish Government

Apologies

Gary Gillespie	Scottish Government
Dominic Munro	Scottish Government
Mary McAllan	Scottish Government

1. Welcomes and Introductions

1.1 David Bell welcomed everyone and thanked attendees for phoning in to the seventh Steering Group session to discuss the consultation on the replacement for the European Structural and Investment Funds (ESIF) in Scotland. Professor Bell then outlined agenda and asked each member to introduce themselves.

1.2 Mr McKee, Minister for Trade, Investment and Innovation, addressed the group, thanking them for their work thus far and wished them to remain safe during the current situation.

1.3 The Minister noted that there remains limited progress on the part of the UK Government in terms of the UK Shared Prosperity Fund which is challenging and serves to highlight the importance of the work being undertaken by the Steering Group, in Scotland.

2. Online contributions of Steering Group Meeting 6

2.1 David Bell introduced the second item of the meeting by noting the comments received by the Group following the cancellation of the last meeting.

2.2 This update was agreed by members with no additional comments or enquiries .

3. Presentation of the draft consultation analysis

3.1 David Bell introduced Brian McLaren and Nicola Graham from EKOS to provide an overview of the draft report and outline of the consultation process. He thanked them for their work in compiling the draft report for the Group.

3.2 EKOS colleagues acknowledged that members had had little time to review the report, especially in light of the current coronavirus pandemic, and advised that written comments would be accepted via the Future Funding team by email.

3.3 EKOS colleagues outlined three key aspects of the consultation:

- Online consultation: 14 open-ended questions to which 155 responses from a diverse range of stakeholders were received. As might be expected, public sector responses accounted for 60% followed by Third Sector (37%) and Private Sector/Individuals (4%). In analysing the responses EKOS:
 - (i) Exported from the consultation hub to Excel, cleansed and cleared duplicates;
 - (ii) Identified key themes emerging;
 - (iii) Noted where some organisations submitted their own response but also contributed to another group response, e.g. Convention of Scottish Local Authorities (COSLA);
 - (iv) Noted detailed responses from some organisations due to previous experience in managing Structural Funded projects. The open-ended question format enabled respondents to provide lengthy feedback;
 - (v) Acknowledged the strong consistent themes that have come through as well as 'wish lists'. It will be hard to please everyone;

- (vi) Recognised that whilst this consultation is only seeking views on a replacement funding vehicle for the European Social Fund (ESF) and European Regional Development Fund (ERDF), a number of organisations highlighted this as an issue, especially those involved with rural development and LEADER local action groups; and
 - (vii) Tried to pull out the key points and consistent issues but recognise that they have been unable to reflect all points.
- Regional Workshops: 8 regional consultation events held across Scotland – in rural areas, on islands, and in the Central Belt with around 200 in attendance. Representation was similar to the written consultation with few from the private sector. The questions asked were linked to the consultations more strategic questions; governance was kept away from but comments noted. A lot of overlap with written submissions. Not a lot on skills or economic development but this has come through more in the written submissions.
 - Thematic and academic events: The Royal Society of Edinburgh held an event focused on skills and innovation whilst the University of Strathclyde held a conference on Regional Policy in Scotland after Brexit. In addition, an event with Lead Partners in the current 2014 – 20 ESIF Programme was held to look at best practise and how to learn from this going forward. A summary of each of these is provided in the Report.

3.4 EKOS colleagues provided an overview of the headline messages emerging from the Report. EKOS recognises that there are some practical issues when handling qualitative responses. With no frame of reference for future arrangements, many respondents used current and previous Funding Programmes as their starting point. A further challenge in analysing the information was weighting the responses - each respondent had an equal weighting regardless of size or level of engagement in current or previous programmes.

3.5 Most respondents shared the similar aims for a replacement Fund but are keen to accommodate inclusiveness and wellbeing outcomes as well as purely economic ones in future plans. There was general recognition that in order to measure success use of a range of appropriate measures is required – not just Gross Domestic Product (GDP) and Gross Value Added (GVA) but also social and environmental measures.

3.6 Regional disparities have come through strongly in responses with aspirations that priorities will be set at a local or regional level – although there was little agreement on what these might look like. This tied in with the strong, but not universal request, for local development, management and delivery.

3.7 There was agreement that the funding should not replace any core or funding or support that is already in place, but should be seen as additional and operate flexibly, over a long term, ideally the same as the current 7 year programming periods. Respondents also recognised that the Fund is unlikely to be of sufficient value to support large-scale infrastructure investment.

3.8 There were mixed views on any alignment with the National Performance Framework (NPF) and EU cohesion policy which could be prescriptive to implementation of regional needs.

3.9 Finally, a strong message was delivered seeking simplification in any new Programme – less bureaucratic, greater focus on qualitative approach, and a lighter touch on compliance.

3.10 David Bell thanked Nicola and Brian for their contributions and noted the possible weighting of organisations in their responses is an important point for the Group to consider.

3.11 The Minister shared David's gratitude to EKOS for their work stating that the report was an interesting insight into the views from across the country and wished to hear more from the Steering Group on their views.

3.12 Members recognised that the call for simplification was important but the Group must consider the wider range of proposed indicators which may, in turn, create more complexity. As well as appreciating that the rural/urban split within Scotland and the distribution of funds therein remains unresolved.

3.13 The Group thanked EKOS for the challenging task they had had in making the information digestible. Before outlining four key areas worthy of further interrogation:

- Thematic
- Space / Geography
- Governance
- Outcomes.

3.14 Members also recognised that the main themes in the report were shared at the stakeholder events to which they attended. The tensions between the different respondents especially the national/local and smaller community-focused groups was also realised.

3.15 Members suggested that, similarly to Common Agricultural Policy (CAP), Scotland must be treated differently due to having different needs and issues to the rest of the UK which should be reinforced, going forward. Also noting that with the current Government response to COVID-19 that this future Fund must be protected.

3.16 The importance of stakeholder involvement in both the development and delivery of any new Fund was also noted by the Group. Whilst there is a demand for regional architecture as yet there is no sense of what that should look like. The difference between need and opportunity and different approaches across Scotland need to be clarified when supporting urban/rural activity. The importance of considering how this report is best utilised as it will be a valuable tool with which to drive discussions and negotiations with the UK Government was raised. With the Steering Group now having the opportunity to draw out the key themes and focus of priorities as well as timescales and governance.

3.17 Members suggested that Scotland should be treated differently from the rest of the UK. The past 10 days, or so, have changed fiscal content, with Covid-19, however

there points of difference between Scotland and the UK Government in terms of what each wants from the UK Shared Prosperity Fund (UKSPF) and what its focus will be.

3.18 The Group agreed that the Report displays less contradictions between stakeholders but instead differing points of view. If analysis on a geographic basis were possible this might start to show consistencies. The weighting of respondents is an important consideration and might help with determining the way forward. Local Authorities should be at the devolved level as well as a local level to account for the emerging regional economic partnerships.

3.19 Members suggested consideration on how funds can be deployed and to think of the policy space this future fund will sit in to ensure the right spatial level is achieved. Recognising that this has implications for governance and detailed decision making but iterated that the Steering Group must get the sequence right to ensure everything falls into place. Simplification actually requires a lot of consideration.

3.20 It was noted that the representation of respondents could have strong bias towards organisations which deliver funds but was not surprised by this, suggesting that focusing on communities affected would help prioritise and identify suitable measures.

3.21 Likewise members noted that that a small fund can actually have a positive impact and felt it important to consider using the Scottish Government definition of “rural”.

3.22 Hilary Pearce thanked EKOS, the Steering Group, and the Future Funding team for their work thus far and noted that she will provide further comments in writing in due course. She recognised that COVID-19 may alter this whole programme but at present it is still very much an unknown and will be challenging period for economic stability and growth for some time yet.

3.23 Members noted an absence of private sector perspectives and it may be beneficial to engage with bodies and groups going forward.

3.24 Being reassured by the comments from the Group, Brian McLaren felt that the next challenge is to create more focus and prioritise which may require further consultation. David Bell agreed and felt that the next step should be to refine the objectives and geography of the Fund.

ACTION 1: Secretariat to collate all comments from Steering Group members, received both by email and raised during this meeting and work with EKOS to update the draft consultation analysis.

4. Timeline and next steps

4.1 Karen McAvenue updated the group with the timeline the Future Funding team is working to and the next steps however recognised this could all change due to COVID-19. The Comprehensive Spending Review is likely to be moved back to Autumn which will impact our timeline. Karen asked for any written comments to be sent to the Future Funding team by the end of the week.

4.2 Karen noted that the original schedule with EKOS has altered slightly but will ensure Ministerial approval is pursued with publication in May.

ACTION 2: Secretariat to discuss with EKOS regarding completion dates of the final consultation Report.

4.3 The Minister agreed with Karen and said to “wait until the dust settles” to see where we are going (in relation to COVID-19) however it was agreed that publication of the Report puts Scotland in a beneficial position, going forward.

4.4 Karen McAvenue and Hilary Pearce are keen to hear members’ views on how the Steering Group could continue supporting this work after the Report is published.

ACTION 3: Steering Group members to consider the future role of the Group going forward following the publication of the consultation Report.

5. AoB and Future Meeting Dates

5.1 David Bell thanked members for their contributions before inviting members to raise any additional business items.

5.2 Colin Robertson was keen to share an update on Skills and Fair Work. He suggested that the Group works to think what the UKSPF might look like and to be clear on the economic challenges faced. Rather than jump to the priorities he felt it important to look at what a framework could look like. Establishing the outcomes and cross-cutting themes would help.

ACTION 4: Scottish Government colleagues to contact UK Government colleagues for further insight into the UKSPF in face of the current COVID-19 restrictions.

5.3 Prior to the meeting, David Bell shared a tweet from the All Party Parliamentary Group which indicates that there will be no further consultation from the UK Government on the UKSPF. Members agreed that this puts the consultation Report in a strong position to inform on the Scottish position.

5.4 With no further comments David Bell thanked for all attending and asked that any further comments on the draft analysis are provided to the Secretariat as soon as possible.

Future Funding Secretariat

23 April 2020

Action Log

7.1 Secretariat to collate all comments from Steering Group members, received both by email and raised during this meeting and work with EKOS to update the draft consultation analysis.

7.2 Secretariat to discuss with EKOS regarding completion dates of the final consultation report.

7.3 Steering Group members to consider the future role of the Group going forward following the publication of the consultation analysis.

7.4 Scottish Government colleagues to contact UK Government colleagues for further insight into the UKSPF in face of the current COVID-19 restrictions.

Future Funding Secretariat

23 April 2020