

European and External Relations Committee

EU Structural Funds

Submission from the East of Scotland European Consortium (ESEC)

Background

The East of Scotland European Consortium (ESEC) was established in 1991 to enable collaboration between its local authority members on a shared European agenda. ESEC supports its members on EU policy engagement and petition primarily on an economic development agenda. ESEC also helps members access EU funding through intelligence and project development support, especially where collaboration exists between members or if funding sought is transnational in nature.

Local Authorities in the East of Scotland have many years experience in utilising structural funds to undertake social and economic development activities as well as a wealth of experience participating in transnational EU Programmes. Consequently the wider network has a wealth of knowledge and practical experience in this field.

Current Programmes

Local Authorities from the East of Scotland are delivering a wide range projects from the Lowlands and Upland Scotland Programmes.

Through the *European Regional Development Fund* (ERDF) the type of activity varies greatly from local SME business support, business incubators for key sectors, supply-chain development for key sectors, job brokerage activities, sustainable transport initiatives, to infrastructure to support the development of the renewable energy sector. Projects with a wider East of Scotland remit include the East of Scotland Investment Fund, Rural Tourism Business Support and East of Scotland Renewables – Rural Supply-chain Development. We are also currently helping members explore opportunities for regional delivery of rural broadband infrastructure.

Through the *European Social Fund* (ESF) projects primarily relate to employability and skills activity with a small number of equal opportunities type projects. Community Planning Partnerships have played significant roles in the delivery of the ESF but also ERDF, pulling together activities of various local organisations to deliver a joint programme of activity. This initially was piloted in those priorities which were geographically targeted towards “urban” areas with the greatest need. It was extended to all other areas mid-term when the approach was amended towards delivering a “skills pipeline”. However, the geographical targeting approach remained and the new areas were not able to deliver the earlier stages of the pipeline which supported activity aimed at tackling unemployment.

Through the *Territorial Cooperation Programmes* (also known as INTERREG) our members participate in a wide range of areas, though the majority are focused on resource efficiency in its various guises. Projects primarily fall into two areas: sustainable energy (planning, transport, built environment) and resource management (water, environment, peri-urban, coastal). Other project areas include

developing cruise shipping and promoting film locations. The majority of projects in the east coast with local authority involvement are funded from the North Sea Programme, though a handful of North West Europe projects exist but only one INTERREG IVC Programme project.

Future Programmes

Thematic Targeting

We are supportive of the moves by the Commission to limit the number of headline priorities in more developed regions. Such concentrated thematic targeting is a way of making the most of reduced resources without spreading activity too thin. The Commission has proposed ring-fenced activity for Low Carbon, SME Competitiveness, Research & Technological Development, and Social Inclusion & Poverty within future programmes. Regions will then be asked to home in on a limited number of sub-priorities under each of the possible themes, which is where difficulties in representing different interests will come to fore. We are comfortable with the overarching priorities specified by the Commission and think they may have been priorities identified by Scottish partners anyway.

Geographic Targeting

The Commission regulations also specify the need for earmarking activity for “integrated actions for sustainable urban development” at national level. This is potentially more controversial as there is a limit on the number of cities that can be put forward nationally and is not ideal in considering Scotland’s geography. Urban-rural dichotomies are not helpful within a Scottish context when considering addressing market failure.

As referred to in the above section, the current programmes used a form of geographical targeting for a number of priorities. We have found geographical targeting to have been very limiting to project development in the current programmes. It makes delivering regional or national projects difficult, as you need to exclude certain areas. These priorities have also found it very difficult to spend. In looking to the future, with the prescriptive nature of Commission proposals, we believe that the further introduction of additional rules by the Managing Authority (Scottish Government) could result in programmes being difficult to deliver and marry with the proposed delivery models. We also believe that areas with the greatest need will have the greatest levels of available local and national match-funding available, meaning EU funds should naturally gravitate towards those areas. In other words, we would be seeking programmes to be developed that can build in as much flexibility as possible.

Results Orientated

There are proposals to make future structural funds more results orientated by introducing an outputs based system, which could be delivered through a Joint Action Plan for a given geography. This is something we have been advocating as part of the desire to simplify audit and compliance responsibilities. However, we are conscious that setting-up such a delivery system has a number of trade-offs and will take considerable effort to set up in the first instance. Should such approaches be desirable, work in their planning would need to commence before the end of 2012, which is difficult given the need to predict match-funding.

Improving demarcation between funds

Part of the logic of the local delivery models proposed in the regulations is that it will enable multiple funds to be delivered through an integrated system at a given geography. This is one of the ways we could be more effective in the delivery of more limited funding. Scotland has already got good experience of delivering these types of local delivery models through the Community Planning Partnerships, LEADER Local Action Groups and Strategic Delivery Bodies, such as Scottish Enterprise.

Programming

We are concerned that the work “strategic” often gets misinterpreted as meaning national, when there is a lot of evidence which suggests there are strategic projects at regional or local level.

Drafting Operational Programmes

We want to ensure that local government and other sectors have a much fuller role in planning the future programmes, compared to the development of the current programmes. Fuller partnership involvement results in programmes which reflect stakeholders and the economy’s needs better. The Highlands and Islands area used “programme plan teams” in their development and the group continued to meet as an advisory role in programme delivery. We would strongly advocate such an approach to be taken in other areas of Scotland.

Territorial Cooperation (INTERREG)

We would like to see this budget line within structural funds significantly increased as an area that demonstrates EU value-added and support the MEPs position on this. We are aware that Scottish partners under-perform in take-up of some of the programmes and do not act a lead partner as frequently as they should, so there is scope for improvement in this area. We are supportive of the Commission’s proposals for more commonality on eligible rules at programme level. This should help simplify participation in various programmes, making these programmes more attractive to project partners.

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