

Our Ref: JCC/JF/kac/Cons/
130624

Your Ref:

The Scottish Government
Edinburgh

24 June 2013

By email: futurefunds2020@scotland.gsi.gov.uk

Dear Sirs

Consultation: European Structural Funds 2014-2020

Thank you for providing the Scottish Environment Protection Agency (SEPA) with an opportunity to comment on the above consultation. Thank you also for your efforts in engaging SEPA and other environmental bodies through the workshops held over recent years on post 2013 Cohesion Policy facilitated by Scotland Europa. These are most helpful for us and I hope also for the Scottish Government.

SEPA is a non-departmental public body, accountable through Scottish Ministers to the Scottish Parliament. We are Scotland's principal environmental regulator. We support and are aligned to the Scottish Government's overarching purpose of sustainable economic growth. SEPA has played an important role in the past in the development and implementation of Scotland's Structural Funds, particularly with respect to the requirement to mainstream sustainable development in delivery of the funds. To this end, SEPA is currently involved in the work managed by SNH on mainstreaming environmental sustainability in EU funding 2014-20. This will provide recommendations for innovative, practical, approaches to incorporating environmental sustainability across all the objectives and funds making up the new Scottish European Structural and Investment (ESI) Funds programmes, from policy through to project delivery.

I, personally, am taking a keen interest in how this develops and look forward to further discussion in the autumn with more detail on the key principles of the Partnership Agreement and Operational Programmes.

SEPA's responses to the questions in the consultation document are provided below. Our views are also reflected in the Scotland Europa joint response from members.

SEPA will also respond separately to the Scottish Rural Development Programme (SRDP) 2014-2020 consultation also to be submitted by 30 June.

As a public body committed to openness and transparency, SEPA feels it is appropriate that this response be placed on the public record. If you require further clarification on any aspect of this correspondence, please contact Jenny Faichney, External Engagement Unit Manager, SEPA Corporate Office, at the contact details provided below.

Yours faithfully



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Chief Executive



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CONSULTATION: EUROPEAN STRUCTURAL FUNDS 2014 – 2020 PROGRAMMES



RESPONDENT INFORMATION FORM

Please note this form must be returned with your response to ensure that we handle your response appropriately.

1. Name/Organisation

Organisation Name

Scottish Environment Protection Agency (SEPA)

Title Mr Ms Mrs Miss Dr Please tick as appropriate

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3. Permissions - I am responding as...

Individual

Group/Organisation

Please tick as appropriate

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate

Yes No

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick ONE of the following boxes

Please tick as appropriate
 Yes **No**

Yes, make my response,
name and address all
available

or

Yes, make my response
available, but not my name
and address

or

Yes, make my response and
name available, but not my
address

- (d)** We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate

Yes

No

CONSULTATION RESPONSE FORM

Question 1 – Are there other areas you think the Partnership Agreement should address?

SEPA is broadly content with the areas of focus presented in the consultation document. We strongly support the profile given to protecting and improving our environment and are well placed to contribute to the Scottish chapter, in particular to challenges and opportunities from an environmental perspective.

It would be helpful if the connectivity between the 11 thematic objectives, how they relate to the themes chosen for the Scottish funds, and how they in turn will be translated into priority programmes with clear deliverables, is better explained in supporting text of the Partnership Agreement.

We also suggest that the introduction to the Scottish chapter of the UK Partnership Agreement makes reference to other European funding streams that Scotland is eligible for. From SEPA's perspective this would include LIFE and European Territorial Co-operation programmes (INTERREG). The proposals for the new LIFE Programme restate the need for continuing action on the environment and climate change. They also emphasise the need for better thematic prioritisation, further simplification and better management. Other features of the new programme include a more strategic approach to funding allocations with the introduction of "Integrated Projects" intended to complement (but not duplicate) other sources of EU funding such as ERDF and ESF. SEPA is working with Scottish Government and other key partners looking at the opportunities under LIFE, and it would be helpful to reflect this opportunity in the ESI Partnership Agreement. ... Reference would also need to be made in the Terms of Reference (ToR) of the Partnership Agreement Monitoring Committee, and Strategic Delivery Partnerships to ensure thought is given to alignment with other European funding opportunities.

A wider focus than just the UK/Scottish dimension also needs to be brought out more in the Partnership Agreement. Greater emphasis is needed on the contribution to being a 'demonstrably different' Regional Policy, demonstrating added value to other regions in Europe and Member States, as a platform to promote Scotland in the international arena.

Question 2 – Do you think these thematic objectives will best address Scotland's short-term and long-term challenges?

The thematic objectives do address what we know to be our current challenges, particularly in the short term, and align well with the Scottish Government Economic Strategy and National Performance Framework.

We strongly support the emphasis on low carbon, resource efficiency and the environment. Using the funds to help deliver a transformation to a low carbon economy would be a key SEPA objective from the funds.

To ensure that long-term challenges can be addressed, we would like to see sufficient flexibility built into the Partnership Agreement to address changing circumstances, for example when new future issues emerge. A mid-term 3-year review would be helpful to ensure we are still addressing relevant challenges in the second half of the programme.

SEPA's Environmental Futures & Trends team provide the organisation with an horizon scanning service with regular briefings throughout the year on future emerging issues that might affect SEPA's operations. There may be issues emerging from this, and similar processes in other

organisations that will identify new challenges we need to address through the ESI Programmes.

Question 3 – Do you think there are any other thematic objectives which should be addressed?

There are no thematic objectives missing from the current list, however we consider that what is missing is detail on governance and delivery mechanisms. Whilst the themes are those we would like to address through a collaborative approach with partners, how this is done is a critical issue. There needs to be a connection made between the thematic objectives to ensure a silo approach to delivery does not occur from the onset.

It is notable that at the EU level there is a push for stronger focus on policy interpretation and integration across sectors; the European Commission's Environment Action Programmes (EAPs) provide policy context to EU funding with a new, 7th, EAP currently being discussed by Council and Parliament, that is set in the context of the Europe 2020 Strategy.

Question 4 – Do you think the Scottish Themed Funds will address Scotland's key challenges?

There has been a great deal of consultation over the last couple of years on the future of Cohesion Policy that SEPA has contributed to, including via membership of Scotland Europa. This latest consultation from Scottish Government reflects well the discussion on challenges, promoting delivery of the three pillars of sustainable development through the proposed Themed Funds. However it is important that the Themed Funds that cluster the policy priorities are delivered as a whole with equal weighting and financial allocations to deliver multiple benefits. They must not be regarded as separate entities delivered in silos. Knowledge diffusion must take place from one Themed Fund to another. Clear objectives and desired outcomes for each Themed Fund should be developed as a basis for agreeing the type of activity which is required.

The three Themed Funds will contribute towards addressing the key challenges, but as mentioned under Question 2, as new challenges become apparent, flexibility needs to be built into the governance arrangements and delivery mechanisms to ensure we can address these too as appropriate.

The detailed content of the Themed Funds, as translated into the Operational Programmes, should be sufficiently broad to allow a range of activity within broad interventions, rather than being restricted to a range of specified activities.

There needs to be clear criteria as to what you can do under each Fund, and how much flexibility there is for cross-cutting issues such as environmental sustainability. We would expect that effective mechanisms are 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.

The SNH led project, that SEPA is assisting with, on mainstreaming environmental sustainability in EU funding 2014-20 will provide recommendations for innovative, practical, approaches to incorporating environmental sustainability across all the objectives and funds making up the new Scottish ESI programmes, from policy through to project delivery.

Specifically under the low carbon, resource efficiency and the environment theme, we welcome inclusion of sustaining peatlands. However, one thing to be cogniscent of is that there may be conflict between this and the renewable investments objective within the same Themed Fund. For example,

SEPA would not support significant investment of the funds into renewable energy projects which are located on peat.

It is important that the urban environment is not overlooked when considering environmental projects under ESI funds. For example, focus on environmental activity through SRDP would limit this to rural areas at the exclusion of the urban environment. There could be more emphasis in the scope on delivery of urban strategies that would also facilitate the Scottish Government's Cities Agenda, whilst considering environmental issues such as the provision of green infrastructure and improved urban air quality.

Question 5 – How do you think the governance and delivery arrangements will impact on your sector?

ToR for the Partnership Agreement Monitoring Committee (PAMC) and Strategic Delivery Partnerships (SDPs) need to be much more detailed than is currently presented in the consultation before comment can be made on impacts on sector, or organisation. Roles and responsibilities of Lead Partners, e.g. in compliance with procurement regulations and Commission audits, need to be known.

The biggest issue that needs to be addressed is match funding. Many public organisations around the table will not be able to put money in at all, or unless funds can be “ring fenced” to show direct benefit to an organisation. We would also ask if there is scope for the private sector to play a greater role in leveraging funds. *It is believed that a lack of anticipated co-finance is the main factor for underspends/withdrawal of projects.*

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; for example, all three suggest they will provide support to SMEs. We understand that there is an urgency to get the SDPs up and running in a shadow form and focus is needed now to discuss what outcomes are achievable.

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 environmental sustainability principles and activities are built into all levels of the delivery processes. This will be realised through the SNH led project on “Environmental Sustainability in EU Funding” mentioned above, and ideally include the following components.

- **Awareness raising** of how environmental sustainability will be mainstreamed across all projects, not just those with an environment focus, with dissemination of good practice;
- **Representation of environmental bodies** on decision making groups at all levels – of particular importance are the three SDPs and the PAMC.
- **Decision making processes** – environmental considerations should be embedded into decision making by all SDPs. 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, follow-up monitoring of environmental benefits (e.g. through increased use of environmental indicators or new ways of measuring well-being such as Oxfam's humankind index), and, as noted above, representation of environmental bodies on all decision making groups.

- **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 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.

Question 6 – How do you think the governance and delivery arrangements will impact on your organisation?

SEPA has engaged with structural funds over the years, playing an active role in their delivery, particularly in 2000-2006, and in 2007-2013 through our former Chief Executive, Dr Campbell Gemmell's membership of the Lowlands and Uplands Programme Monitoring Committee.

We are willing to continue engaging going forward. We welcome the fact that the proposed governance arrangements provide the opportunity for greater engagement in the development, management and monitoring of the future Operational Programmes.

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. Although we have no experience in acting as a Delivery Body, SEPA has technical knowledge of new and emerging low carbon technologies, renewables, biodiversity and land management, horizon scanning of new and emerging issues for Scotland's environment, economy and society, information and intelligence on the challenges and opportunities for Scotland's environment and the changes faced as a result of climate change. We are increasingly taking a more strategic approach to environmental management through the principles of ecosystem services; principles that can be applied to aid the decision making processes in the delivery of Structural Funds.

SEPA would ideally like to be represented at all governance levels, as resources permit, including at a high level on the Partnership Agreement Monitoring Committee, for example through either our Chief Executive or a member of our Agency Board, and Strategic Delivery Partnerships 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.

Question 7 – Are there any unidentified governance or delivery arrangements that could aid simplification of the future programmes and ensure that the Structural Funds complement each other?

SEPA recognises that the proposed governance and delivery arrangements have been developed in response to requests for more stakeholder involvement in design and delivery of programmes, and the general approach presented is supported. However, as indicated in our response to other questions, there are a number of areas which need further clarification to enable effective delivery.

Guidance is needed on how the PAMC and SDPs will work in practice, presenting also clear monitoring plans for each of the priorities and objectives and planned synergies with SRDP delivery, and other EU funds, to limit potential tension between different policy areas.

Question 8 – What other delivery options do you think would be feasible for delivering youth employment initiatives?

We are unsure why the Third Sector has been singled out in the consultation as the delivery option for youth employment initiatives. It has an important role to play, but more partners need to be involved, in particular the education authorities/local authorities, and Scottish Government to also see this issue in the context of wider employment issues. Young Scot, Scottish Youth Parliament and SOLACE could be well placed to offer advice on other delivery options.

SEPA is supporting Young Scot's Modern Apprenticeship scheme, based on digital communications, which helps young people into employment. We have been impressed by their approach and the contribution they are making to helping young people develop and there are many good opportunities for joint working in the future. Louise MacDonald, Chief Executive of Young Scot is also a very active contributor to the 2020 Climate Change Group, chairing the Public Engagement subgroup, again providing excellent opportunities for further partnership working.

Question 9 – What other measures could be taken to reduce the audit and control pressures?

We are aware that the European Commission, UK and Scottish Governments are discussing a number of simplification proposals and we would support any moves to reducing as far as possible the audit and compliance burden on lead and delivery partners and beneficiaries. Clarity is needed on the proposed measures before we can further comment.

We would welcome more of an outcome based approach to auditing, measuring outcomes rather than just focusing on resources used. As some outcomes will be less evident in the short term, and therefore difficult to measure, this must be kept in mind in identifying suitable measures with milestones audited towards outcomes to ensure cash flow continues.

Whatever measures are agreed on, it needs to be clear from the start what the rules are, with clear and easy to access guidance, and assurance they are then consistently applied.

Care will need to be taken when designing the supporting filing/database system to record all of the necessary information to make it easy for customers to submit multiple projects by avoiding the need to resubmit and process common data, e.g. name, contact details, etc., and make the system easily searchable to identify projects that have common themes.

The streamlining of funding into three funds should offer administrative and governance advantages with applicants and administrators benefitting from less duplication of processes and options.

Question 10 – Do you have any further comments on the proposals?

As the consultation points out, there has been mixed performance of projects with not all projects delivering the outcomes they initially projected. It has been SEPA's experience that projects have not always been able to deliver the environmental outcomes envisaged. Similarly in the past, the environmental impacts of funds have not been as big as we might have hoped. It is hoped that in this forthcoming round we can change this.

END