

**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**

Comhairle nan Eilean Siar

Mr

**Surname**

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**Forename**

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**3. Permissions - I am responding as...**

<b>Individual</b>	/	<b>Group/Organisation</b>
<input type="checkbox"/>		<input checked="" type="checkbox"/>
<b>Please tick as appropriate</b>		

**(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** - 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 main priority for the Comhairle is to ensure that the investment priorities are sufficiently broad and flexible to address the Outer Hebrides' social and economic challenges. Some of the Strategic Interventions are more relevant nationally than in the Highlands and Islands and that is why, as part of the Highlands and Islands Integrated Territorial Investment (ITI) approach, the Comhairle and its Highlands and Islands partners have revisited these Strategic Interventions to ascertain firstly which of these are of most relevance to the region and which are not. As an integral part of that process, Highlands and Islands partners are seeking to tailor the more relevant national Strategic Interventions under each theme so that these are able to address regional challenges, while also considering any gaps in provision in the context of regional priorities. The Comhairle and partners would expect that approach to be reflected in the finalised Highlands and Islands ITI model and in the Scottish Chapter of the UK Partnership Agreement. That approach would also ensure that both transition funds and a proportion of nationally delivered funds would be targeted in the areas of greatest need – sectorally and geographically.

Under Competitiveness, Innovation and Jobs, the Comhairle would like to develop skills acquisition programmes which meet skill shortages in growth industries such as renewables and creative industries, including graduate placement programmes and Modern

Apprenticeships; to support businesses in the supply chain to improve their competitiveness to allow them to take best advantage of renewable energy development; to support manufacturing; to secure a programme to support participation in the digital economy through the maximisation of uptake and economic benefit from Next Generation Broadband development; and to support the area's traditional industries. In relation to digital connectivity particularly, the new EU programmes should support the Comhairle's aims that all properties in the Islands should be able to access Next Generation Broadband at prices similar to that of the rest of the country and that mobile services should provide coverage and connectivity across the Islands. The roll out of Next Generation Broadband in the Highlands and Islands will cover 70% of the Western Isles, but the remaining 30% will be in the most remote parts of our Islands where such connectivity can make a bigger difference to communities but where the costs of service provision are highest and the market failure is most marked.

Support for Gaelic language and culture is also important to the Comhairle, to build on the considerable infrastructural development in that growth sector, so it is especially disappointing to see that the Cultural Heritage Strategic Intervention has been removed from the list. The Comhairle would request its reinstatement as it is a strategic priority across the Highlands and Islands region and not just in the Outer Hebrides.

The Comhairle would be very concerned about sizeable top slicing of European Structural Funds, particularly of transition funds, for Financial Engineering Instruments unless there is significant demand from which the Outer Hebrides is able to benefit.

In terms of Environment, Low Carbon and Resource Efficiency, the Comhairle would like to set up an Enterprise Zone for Wave Energy – from prototype to commercialisation (possible funding intervention from The Crown Estate); to develop a multi purpose deployment and Maintenance base for Marine Energy developers; to invest in shallow water tidal turbine technology – electricity tariff return could offset costs of borrowing to some extent; to establish an Outer Hebrides Energy Support or Supply Company; to provide continued support for community renewable projects; and to support sustainable transport initiatives, in tandem with training and development. It is not clear whether the current Investment Priorities can address the majority of these aspirations.

The Comhairle welcomes the inclusion of the theme of Local Development and Social Inclusion and would hope that it permits and affords a high level of autonomy in terms of setting and addressing local priorities and challenges, support for target sectors with the greatest potential in terms of jobs and growth, and a high degree of local decision making.

One of the main priorities contained in the Highlands and Islands Draft Regional Plan 2020 is Improved Connectivity – transport and communications. The Comhairle would reiterate that infrastructure and sustainable transport remain a priority for these islands so it is disappointing that it has not emerged as a thematic objective in its own right. Otherwise, under this theme, the Comhairle is keen to work closely with communities to support their development aspirations; to explore opportunities to develop a “community bank” (potentially through the Hi-Scot Credit Union) to support community-led regeneration; to work closely with the community energy sector to support their development aspirations; to support financial inclusion activities to assist excluded groups to access mainstream services; to explore the potential of secure data storage sites as a means of embedding global internet-based businesses within the local economy; to develop Social Enterprises; and develop Youth Employment incentivising programmes to stem youth out-migration.

Throughout, there should be greater reference to the involvement of local authorities in the delivery of selected Strategic Interventions, as appropriate, than indicated here and where CPPs are mentioned specifically, the logical Lead Partner should be local authorities. This

also applies to the Scottish Regeneration Capital Grant Fund, earmarked for CoSLA and Scottish Government, where there should be as much decentralisation and devolved decision making as possible.

**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

Clearly, the Scottish Government favours four Operational Programmes for each Fund Scotland-wide. Historically, the Comhairle would argue that centrally driven and nationally run Programmes have delivered less positive outcomes than more decentralised regional and sub-regional programmes with local autonomy and decision making. Similarly, certain EFF programmes have had lengthy lead-in and decision making times resulting in low take-up and under-spends.

While simplification of delivery, greater linkages and integration of EU funding are to be welcomed, these may prove more difficult in practice. It would appear to stakeholders that it has been difficult for Scottish Government's Structural Funds Division and the Rural Development Directorate to come to any consensus as to how this might be achieved. This has been exacerbated by the different timings for Structural Funds and Rural Development, with the former programmes due to start in 2014 and the latter programmes in 2015. It is also clear that the Rural Development Directorate has been very prescriptive in what SRDP will fund, with little interaction with other Funds, and that most of the SRDP funds are already committed, leaving relatively little, for example, for LEADER, which would have been expected to be the key Rural Development Fund at the sub-regional level. EMFF is also running behind schedule and the proposed governance and delivery mechanisms for these funds in Scotland are unclear at this juncture.

Simplification and integration therefore will be difficult among the four main funds, but also with the European Territorial Cooperation funds. Historically, these have been burdened with long lead-in and decision making times, excessive bureaucracy and little tangible benefit in terms of 'on the ground' development, relative to the time and effort put in. However, if the new design and delivery of these transnational and inter-regional programmes has taken cognisance of this, there will, potentially, be greater take-up and more successful outcomes in the Highlands and Islands.

**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?

This question requires further clarification in that it is not clear whether it refers to delivery agencies or beneficiaries. It remains to be seen whether the Team Scotland, centrally driven and run national programme will be as effective as specific regional programmes. The function of Cohesion Policy is to reduce regional disparities so it will be interesting to see how effective and what impact a Scotland-wide programme will have on islands and mainland peripheries. Certainly, the Scottish Chapter of the UK Partnership Agreement ("the Scottish Partnership Agreement") is silent on the situation of islands so the Comhairle would hope that the work which has been done by Highlands and Islands European Partners in the development of the Highlands and Islands ITI, in addition to the "Lessons Learned from Convergence 2007-13" exercise, which they have been undertaking, will be fully incorporated into a revised Scottish Chapter of the UK Partnership Agreement. The Scottish

Partnership Agreement should have a stronger islands dimension with a strong policy commitment to support islands and peripheral areas and in doing so recognise the specific challenges and needs of geographical areas which suffer by severe and permanent natural or demographic handicaps.

Another key issue is that of match funding. At a time of public sector funding constraints, match funding will be in short supply. That threatens the ability of national or local agencies to deliver programmes successfully. If they are unable to do so, that will have a knock-on effect on regional and local economies and end beneficiaries. There is little mention of match funding in this document.

**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.

See response to Question 3.

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

The Comhairle's aspiration for the next programming period 2014-2020, along with its Highlands and Islands European Partners, was to secure a separate EU Structural Funds Programme for the Highlands and Islands which was the preferred option for meeting the needs of the region, in terms of governance, design, delivery and outcomes. That has not been achieved. The aim now is to have a significant influence on how EU funds are spent in the Highlands and Islands through a successful Integrated Territorial Investment model, which should be incorporated fully into the Scottish Partnership Agreement.

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

The proposals in the document reflect the top-down stance from the European Commission and to a lesser extent Scottish Government, from the outset, irrespective of stakeholder views, certainly in the Highlands and Islands. The document makes no mention in its analysis of the responses to the formal consultation of the extensive lobbying undertaken by Highlands and Islands partners for a separate Structural Funds Programme and the work done on the Highlands and Islands Regional Plan 2020 to implement such a programme.

The Comhairle would also dispute the assertion that '.....a large number of small projects mean fragmented outputs and limited impact from the funds'. The Comhairle benefited greatly from the challenge round approach where its performance in securing funding in a competitive process was its own responsibility and the number of projects advanced has been of considerable benefit to the region. Most likely, this will have been true of smaller peripheral areas where modest developments can have far reaching benefits. The Comhairle would also dispute whether SDBs and CPPs have represented a '.....gradual shift towards more strategic projects....' and would also have doubts about the sub-regional benefits of SDB delivery. These models received less than convincing evaluation reports.

However, the Comhairle welcomes the specific reference to the Integrated Territorial Investment model which has been proposed by the Highlands and Islands European Partnership for the Highlands and Islands, in the absence of a full separate Structural Funds Programme as requested, but in recognition of the region's transition status. The Comhairle would hope that this will enable Highlands and Islands partners to determine how transition funds are spent in the region while also having a significant influence on how nationally delivered EU funds, through national delivery bodies, are spent in the region. On that latter point, it is vital that there is a clear instruction from Government to national agencies (Lead Partners) to ensure that there is proper dialogue with regional and local agencies so that a significant proportion of nationally delivered funds or programmes have a regional and intra-regional dimension to address specific regional and intra-regional priorities and challenges.

The Comhairle has some concerns about the Scottish Partnership Agreement which is silent on the situation of islands and peripheral areas. It is hoped that the specific challenges facing these areas will be reflected in the finalised Operational Programmes. It is proposed that the work undertaken by the Comhairle and its Highlands and Islands partners, through the development of the ITI and the 'Lessons Learned' project with Hall Aitken consultancy will be fully incorporated into the Scottish Partnership Agreement.

The Comhairle has concerns about the concept of a single national Partnership Agreement Monitoring Committee and its composition. The Comhairle would hope that local authorities and the Highlands and Islands have significant representation on this body and the three Islands Councils have already made representations on that matter directly to Scottish Government. It is also hoped that use will be made at national level of the intermediary governance arrangements outlined in the Highlands and Islands ITI model.

Finally, little mention has been made in this document about match funding. Match funding will make or break the programmes and at a time of public sector austerity this will be a major challenge for delivery agencies. Scottish Government should consider therefore a flexible approach to higher intervention rates – regionally and sectorally, depending on prevailing circumstances.