

## Response

### Scottish Government Consultation on The European Commission's Proposals for The Future CAP 2014 - 2020

#### **Overview**

1. We welcome the opportunity of providing continued input into Scottish Government scoping for the next Scotland Rural Development Programme and the negotiations on the Regulations that will precede it.
2. The contribution below builds on the input made to the Scottish Government CAP Stakeholders Group, in addition to a consultation to all Council practitioners which ran in September and a number of other discussions held bilaterally and with civil servants, including an event organised at COSLA Edinburgh offices on 27<sup>th</sup> October. In particular it takes stock of the new draft General Regulation and EAFRD regulation tabled this October and the EMFF tabled in December.
3. The purpose of the below submission is to provide a contribution to the Scottish Government's negotiating position on the draft regulations and the work on the new SRDP which is about to start. While several factors are still unknown; crucially whether there will be a "Scottish Single Plan" or not, as this is currently under consideration at Ministerial level (and expected to be reported before the December COSLA Convention), most of the below issues are specific to the SRDP and LEADER can and should be progressed on now.

#### **Key Messages**

1. We see Integrated Community Led Local Development partnerships as the key driver for the next SRDP and Structural Funds Programme after 2014; this should be carried out under the umbrella of the proposed Common Strategic Framework;
2. We support the enhanced use of LEADER in the SRDP and using LEADER-type local partnership approaches not just as an additional Axis but also horizontally across the axes whenever such an approach provides added value vis a vis other delivery methods;
3. We see the need to ensure a fair allocation of the distribution of funds so as not to disadvantage smaller local authorities;
4. Equally there is scope for further devolution of responsibilities from the national level to the regional and even local level;
5. We underline the importance of entering into dialogue with the Managing Authority about the issues it needs reassurance upon in order to agree to a wider use of LD approaches in the next SRDP. The LD level of aggregation needs to be defined from the bottom up and be demand led;

## **QUESTION Do you agree with the proposal that EAFRD comes under a Common Strategic Framework (CSF) as set out in the CSF regulations?**

### **Integrated Delivery of EU Regional and Rural funds – The Common Strategic Framework**

1. We welcome that no less than 80 articles of the General Regulation now fully apply to the EAFRD. We welcome the aim to bring all the Territorial Development funds (the new term for all the regional, rural and maritime funds) under a single umbrella, the Common Strategic Framework (CSF) (Articles 9-12 CPR) which was tabled in January.
2. The need for the CSF is something that has long featured in COSLA and individual Councils/Consortia positions. Therefore it is strongly welcomed as it recognises that the solutions for rural growth and sustainability are dependent on addressing local issues and opportunities.
3. The **CSF, once finalised, should aim to provide a provide a framework at EU level for use of the EAFRD, the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund.** It should ensure greater coherence between EU financial instruments, simplify the management of programmes and show how each fund priority (thematic Objectives as defined in Article 9 GR) complements each other.
4. Reflecting the 11 CSF Thematic Priorities & EAFRD new 6 “axis”: There is the need for further clarification on how the priorities, sub priorities and axes are linked together.
5. In a context of tight resources and the need at regional and local level to maximize the used EU funds avoiding overlaps, a clearer demarcation that was outlined in the CSF is clearly needed. While the recent draft of the Common Strategic Framework is rather tentative and does not provide a clear answer on the above issues, it is our view that a specific type of activity is funded in one fund, or delivery by one type of body or level of government, then the other fund should not be eligible for the same type of priority activity.
6. The need for the CSF is something that has long featured in COSLA and individual Councils/Consortia positions. Therefore it is strongly welcomed as it recognises that the solutions for rural growth and sustainability are dependent on addressing local issues and opportunities.
7. The proposed Common Strategic Framework (CSF) for all funds needs to be a means of better co-ordinating the funds to eliminate/minimise gaps and overlap. Giving ‘Local Development Partnerships’ (LDP) the autonomy to deliver across more than one fund is welcomed,, particularly if applicants apply to the LDP for a project and the LDP is tasked with deciding which fund(s) are most suitable for the investment.

### **Demarcation**

8. **Demarcation is necessary** and if planned well, should benefit a wider range of projects and avoid the scenario of simplest/shortest application process or highest intervention rate being the criteria for choosing which fund to access.

9. **However, demarcation alone is not a panacea**, and efforts need to be made to avoid projects to be “bounced” between funds because they are either multi priority or do not fall clearly in any given priority. Hence the need to consider globally what outcomes the Scottish Government wants to deliver across funds and ensure that these are covered by one of the funds or thematic priorities.
10. In the current Programme period it has been difficult to delineate between LEADER, the wider SRDP and the European Regional Development Fund (ERDF) rural development activities. The delineation at Scottish level should ensure that any future programme should either have thematic priorities or geographical ones – not both, as experience shows that otherwise it is not possible to properly delineate funding priorities.
11. In addition, it is unclear where the line between LEADER and the fishing-dependent/coastal communities under Axis 4 of the European Fisheries Fund (EFF) lies. The EMFF proposals sends very positive signs as in operational terms it fits very well with the integrated local development provisions of the General Regulation, enabling the successor of EFF Axis 4 to be part of this integrated approach. We also welcome the fact that the initial contacts with Marine Scotland have also shown willingness from their side to move to more integrated approach, with perhaps EMFF taking up the role of lead fund in those areas where this is possible. However, as with the Structural Funds and EAFRD, their priorities do not fit at all with each other, not with even the broad menu of priorities defined in Article 9 of the General Regulation. A crucial factor regarding EMFF is whether the Commission would at all allow it to be operated in a devolved basis.

#### **LEADER/Local Development under the CSF**

12. We are quite concerned that the starting point for considering integrated local development, i.e. LEADER across funds, is **CSF Thematic Objective 8 (Social Inclusion)**. This is the only Thematic Objective that really links SF with EAFRD/EMFF in terms of local delivery. It is in fact that only Thematic Objective that CPR foresees that it is meant to be delivered integrated way through CLLD. The rest is rather tentative, even after the publication of the CSF Part II.
13. **HOWEVER**, looking further, there are many other eligible activities in the other CSF Thematic Objectives that could be jointly delivered through an integrated territorial approach. The key will be therefore whether the SG is keen to move for a strong Local Development, LEADER type bringing together EAFRD with the other funds as an integrated package.
14. If the SG is keen to do so, then there is some good arguing possible as per the other CSF Thematic Objectives:
15. Namely **CSF Priority 9 Promoting Local Employment sub-theme**. However again there focus is on ESF rather than ERDF, plus support of EMFF but not EAFRD.

There are other CSF sub-priorities worth considering:

- Then Urban Agenda, namely CSF Thematic Obj 4 Low Carbon (20%) which has obvious interest particularly as regards to energy efficiency but that we can see a linkage in terms of RURBAN agenda (i.e. the pilot scheme on rural urban links that has been launched by the Commission)
- CSF Obj 3 SME is as discussed in the other task group an area of obvious Local Interest

- CSF 5 and CSF 6 (Transport and Climate) have areas of clear interest however scale of available investments in Lowland Scotland in particular is small due to ERDF ringfence
- Finally some Councils are keen to emphasise a role for Local Development in CSF Thematic Objective 1 (local knowledge transfer partnerships)

16. In other words, CPR and CSF see an explicit role on CLLD that is too much focused on structures, capacity building and EAFRD/ESF type activities. However, looking more widely there is a vast range of particularly ERDF eligible activities in the other Thematic Objectives that could be delivered through local development as a package of measures. Ideally one set of LD activity should deliver several thematic objectives both to ensure consistency and thematic and financial concentration. This would require some clever arguing linkages between Thematic Objectives, eligible activity to each funds (as to move away from an excessive ESF focus) and reporting to the Partnership Agreement and CSF.

17. In terms of integrated delivery, given that we have obtained reasonable assurances from the Commission that several thematic objectives can be delivered through the same measurement this should enable to formulate integrated territorial approaches to jointly deliver ERDF, ESF, EAFRD, EMFF in Scotland. Article 2.4 of the General Regulation has precisely been drafted to allow for this.

### **Joint Provisions**

18. **Multi-fund support:** Article 55.8 CPR clarifies that an operation may receive support from one or more Fund and from other EU instruments, provided that each expenditure item of this operation is ONLY supported by one Fund or instrument. We do welcome this and indeed are keen that it is reflected in the Scottish programmes, particularly as regards to integrated local development approaches.

19. **Joint Monitoring Committee:** The EAFRD and Gen Regulation *Article 55* indicate that Member States with regional programmes MAY establish a national Monitoring Committee to coordinate the implementation of these programmes in relation to the National Framework and the uptake of financial resources. Equally a Member State may set up a joint Monitoring Committee for rural development programmes co-financed by the EAFRD and operational programmes co-financed by the ERDF, ESF, Cohesion Fund or the EMFF. We do support this being enacted in Scotland as this should ensure much more consistency and integration of all EU funded territorial development programmes than at present.

### **UK Partnership Contract** (*Article 13-15 Common Provisions Regulation*)

20. The provisions of the CSF will be broken down per Member State in the Partnership contract to be agreed with the Commission. It will cover EAFRD and the Structural Funds (SF). This will require the equivalents at DEFRA, CLG and BIS to negotiate together (plus the Devolved Administrations). Such an integrated approach, though welcome, will no doubt be challenging. In that regard we welcome that the relevant UK Ministries have long started preparing for this and we hope that the Rural Directorate directly links up with these departmental preparations to draft the UK Partnership Contract (or as the UK is proposing to be renamed in the ongoing discussions, Partnership Agreement)

21. We are equally aware that the UK, together with other Member States at Council of Ministers, are keen to limit the binding nature of the Partnership Contract, or at least the

level of detail to be defined at EU level and imposed unilaterally by the Commission.

22. Equally we welcome the new 'Code of Good Practice' (to ensure proper partnership is developed at national and regional level) which will be tabled by the Commission. We are aware that the UK is concerned about this; however we believe that in the case of the UK this would only strengthen practices that are already in place while ensuring mutual accountability.
23. We are however, going to make the case for a distinction to be made between the competent local authorities and the stakeholders, as we believe that local authorities, which are part of the State, nearly as much as the Devolved or national governments, are given the same treatment of private or voluntary organisations.
24. Crucially, since the Partnership Contract is going to cover both the Structural Funds and Rural Development and Maritime funds, plus having to demonstrate a number of UK wide outcomes, it is strongly welcomed that all competent local partners are going to be involved in the definition of the UK Partnership Contract and not just at UK level. In the same way as we as we are working to engage with the Managing Authority in Scotland, COSLA is keen to engage in the UK level discussions on the Partnership Contract and hopes that the Scottish Government supports this as part of their UK engagement.

### **Possible Scottish Single Plan**

25. There is also a very clear support for a Single Plan for Scotland for all Regional (ERDF, ESF), Rural Development (EAFRD) and Maritime (EMFF) programmes. Being aware of the EU legal framework we are operating in, there is the expectation that that the Single Plan would not be a substitute for the current Operational Programmes but would be a strategic document that would cover, in a coordinated way, the spending priorities in each programme to avoid overlap or contradiction, contribution to the EU2020 outcomes, implementing and monitoring provisions/ and, crucially for Local Government, integrated delivery bodies and instruments. However if the SG is able to move towards much more operational integration this would be something that we would clearly support and are indeed keen to assist.
26. In other words, a possible Single Plan would in practice be at minimum the Scottish Chapter of the UK Partnership Contract that the UK is required to submit by aligning together the Regional, Rural and Maritime programmes operating throughout the UK. (The Commission agrees that in complex Member States such as the UK it is entirely possible to make the Contract a collection of devolved chapters, therefore the Single Plan can be the "Scottish Chapter" of the UK Partnership Agreement with its content can be placed there either in full at least its main provisions, depending on the preordained template that we understand will be put forward by the EC).
27. A possible Single Scottish Programme does not mean that the Rural Development Programme (EAFRD) should be totally integrated together with ESF and ERDF or, that this would be desirable. How far to integrate the EAFRD depends very much of what will be legally possible and whether safeguards would exist to prevent the Rural Development priorities and structures being overshadowed by the ERDF-ESF ones and vice versa. As the General Regulation only provides for strategic alignment and common provisions in terms of priorities further mainstreaming is possible on a voluntary basis if the country or region chooses so, provided that the reporting obligations are kept separately.
28. However there is clear support among Councils to having the new Operational Programmes working under a Single Plan. Furthermore, for local development specifically, there is willingness to move to multi-fund programmes, more clearly as regards to the ERDF-ESF but also with EAFRD. A key argument is that if there is insufficient funding available in a

single programme to justify local delivery and the associated administrative costs, it is easier for a single Local Authority area-based programme to meaningfully take account of a single Scottish Strategy than it is for this strategy to fully take account of the individual needs of individual Local Authority areas. In practice, while the SRDP could be kept as distinct from the ERDF/ESF, the local development interventions can benefit from a single approach made up of these three funds (with the extra advantage of having extra 10% EU match funding foreseen in the General Regulation)

29. The Regulation provisions for a single Monitoring Committee is equally welcome and should be actively considered as this would ensure more consistency of delivery and ease capacity both for Managing Authority and for Local Authorities and other bodies.
30. **Managing Authority:** Equally while respecting the fact that it is up to the Scottish Government to organise its own internal arrangements (including the existence of separate Structural Funds and Rural funds managing divisions), it is clear that the desired final outcome as seen by the beneficiary should be integrated and seamless administrative arrangements (a 'one stop shop') to manage, monitor, and provide consistent guidance over the different EU funds, irrespective of whether they are Rural or Structural. Ideally this would be with a single cabinet secretary responsible and accountable for the whole Single Programme, and the successor of the SRDP and the Single Fund Operational Programmes working to one set of rules and one set of Scottish Government officers and auditors.
31. Finally, reflecting the different set of priorities and earmarks available for transition regions, plus the solid experience gained after several programming periods, there is recognition that while the Single Plan should cover the whole of Scotland, there should remain a specific programme for the Highlands and Islands NUTS II area.

**QUESTION: Do you agree with the objectives and priorities of EAFRD as set out at article 4 and 5?**

**Reflecting the 11 CSF Thematic Priorities & EAFRD new 6 "axis": There is the need for further clarification on how the priorities, sub priorities and axes are linked together.**

32. Article 9 of the General Regulation (GR) outlines the "menu" of 11 priorities (thematic objectives) that all funds, including the EAFRD and EMFF are required to meet. This will be defined in further detail in the individual regulations, and in the Common Strategic Framework. More importantly, the 26 sub priorities need to be focused on, as in Scotland and other prosperous countries there will be a strong pressure by the Commission to concentrate interventions. On this we urge the Scottish and UK Governments of every effort be made to retain availability of the six rural axes for all Member States, but enable the prioritisation of the axes to be determined at local or regional level.
33. Crucially, and linking with the idea of integration and complementarity discussed elsewhere in this paper, a clear demarcation must exist between these priorities. As a result of the budget horse trading across Commission Directorates, the areas of priority of ERDF and EAFRD are even more similar than in the past. In fact other than Priority 3 (SME support) of the common Menu for all CSF funds (art 9 GR), there is not a clear integration of the six new EAFRD axes and the full menu.
34. In a context of tight resources and the need at regional and local level to maximize the used EU funds avoiding overlaps, a clearer demarcation in the CSF would be welcome. While the recent draft of the Common Strategic Framework is rather tentative and does not provide a clear answer on the above issues, it is our view that a specific type of activity is funded in one fund, or delivery by one type of body or level of government, then the other fund should

not be eligible for the same type of priority activity.

**QUESTION Do you agree with the proposals regarding thematic sub-programmes which are set out in article 8 and Annex III?**

35. As regards to the **Thematic Sub-Programmes** (*Article 8 and Annex III EAFRD*) we note that the Operational Programmes can have **thematic sub-programmes for young farmers, small farms, mountain areas, short supply chains**. It could also be possible to have a sub-programme to address restructuring of agricultural sectors which have a strong impact on the development of rural areas. All these thematic sub programmes benefit from up to 10% points higher support rates.
36. To date, the feedback received from Councils have not arising any objection to the scope and remit of these sub-programmes other that the issue on how they would if applied to Scotland relate to the rest of the programme, and with the other EU funds at play.
37. Concerning the **Rural Development Measures** (Title III and Annex V EAFRD), the above mentioned six broad priorities are broken down into 25 specific Measures (sub priorities). In terms of assessment on future priorities for the SRDP, as well as to establish the sort of specific eligible activities under the new SRDP, we provide here a summary of each of them.
38. As the below table shows, the proposal of tying in each axis to some specific measures may have some value in ensuring consistency within the programme and providing greater clarity. However this raises the question whether the proposed alignment makes sense in the Scottish context, particularly regarding how these new Axis and Measures relate to the Regional funds, as many of the below overlap to a certain extent with the priorities of these other funds.
- 39.

<b>AXIS</b>	<b>Measures</b> Annex V EAFRD
<b>1. Fostering knowledge transfer in agriculture and forestry</b>	
<ul style="list-style-type: none"> <li>● promoting human capital and smart networking in agriculture and forestry</li> </ul>	Article 15 Knowledge transfer and information actions
<ul style="list-style-type: none"> <li>● fostering innovation and the knowledge base of agriculture and forestry;</li> </ul>	Article 27 Investments in new forestry technologies and in processing and marketing of forestry products
<ul style="list-style-type: none"> <li>● strengthening the links between agriculture and forestry and research and development.</li> </ul>	
<b>2. Enhancing competitiveness of all types of agriculture and enhancing farm viability,</b>	
a) facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification;	Article 17 Quality schemes for agricultural products and foodstuffs
b) facilitating generational renewal in the agricultural sector.	Article 32 -33 Payments to areas facing natural or other specific constraints
<b>3. Promoting food chain organisation and risk management in agriculture,</b>	

<p>a) better integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and interbranch organisations;</p>	<p>Article 19 Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions</p> <p>Article 25 Prevention and restoration of damage to forests from forest fires and natural disasters and catastrophic events</p>
<p>b) supporting farm risk management.</p>	<p>Article 28 Setting up of producer groups</p> <p>Article 34 Animal welfare</p> <p>Article 37 Risk management</p> <p>Article 38 Crop, animal, and plant insurance</p> <p>Article 39 Mutual funds for animal and plant diseases and environmental incidents</p> <p>Article 40 Income stabilisation tool</p>
<p><b>4. Preserving and enhancing ecosystems dependent on agriculture and forestry</b></p>	
<p>a) preserving biodiversity and the state of European landscapes;</p>	<p>Article 22 Investments in forest area development and improvement of the viability of forests</p>
<p>c) improving water management;</p>	
<p>d) improving soil management.</p>	
<p><b>5. Promoting resource efficiency and the transition to a low carbon economy in the agriculture and food sectors and the forestry sector</b></p>	
<p>a) increasing efficiency in water use by agriculture;</p>	<p>Article 23 Afforestation and creation of woodland</p> <p>Article 24 Establishment of agro-forestry systems</p>
<p>b) increasing efficiency in energy use in agriculture and food processing;</p>	<p>Article 26 Investments improving the resilience and environmental value of forest ecosystems</p>
<p>c) facilitating the supply and use of wastes, residues and other non food raw material for purposes of the bio-economy;</p>	
<p>d) reducing nitrous oxide and methane emissions from agriculture;</p>	<p>Article 29 Agri-environment- climate</p> <p>Article 30 Organic farming</p>
<p>e) fostering carbon sequestration in agriculture and forestry;</p>	<p>Article 31 Natura 2000 and Water framework directive payments</p> <p>Article 35 Forest-environmental and climate services and forest conservation</p>
<p><b>6. Realising the jobs potential and the development of rural areas, with a focus on the following areas:</b></p>	
<p>a) facilitating diversification and job creation;</p>	<p>Article 21 Basic services and village renewal in rural areas</p>
<p>b) fostering local development in rural areas.</p>	



c) enhancing the accessibility to, use and quality of ICT in rural areas;

Article 42 – 45 LEADER

#### HORIZONTAL MEASURES:

Article 16 Advisory services, farm management and farm relief services , Article 18 Investments in physical assets, Article 20 Farm and business development, Article 36 Co-operation, Article 42 – 45 LEADER

**QUESTION: Please let us know if you have any comments on the specific wording of the measures which Scottish Government are able to choose investment priorities from.**

#### **Specific Scottish priorities for Rural Development**

##### *Current situation*

40. It is widely agreed that the current SRDP is not flexible enough and does not encourage strategic working and collaboration between partners and land owners. These barriers make it difficult to develop joint partnerships and projects targeting a range of issues in one locality or geography. For example, landowners submit individual applications for a collaborative activity which are assessed separately, and some may fail and some may succeed though the overall strategic benefit is gained from the collective of projects in the village or community. In other words there is a lack of recognition of strategic local planning within the current programme.
41. The present SRDP is seen to be inherently confusing in terms of the application procedure, the need to cross-reference Priorities/Options/Packages, and the diverse nature of sub-programmes (Rural Priorities, Challenge Funds, Land Manager Options etc.). A simpler structure would therefore be highly desirable. Part of the issue stems from the desire to amalgamate a wide range of different instruments under a single heading which conversely to its original objective, makes the process difficult for applicants. It is important that LDPs learn from this and operate using a simpler structure when bringing together different funding programmes.
42. While clear delineation creates constraints to what can be eligible under each fund, it is also seen as a crucial safeguard by rural Councils, so that the Rural (EAFRD) and the urban (ERDF) divide is managed without risk of EAFRD substituting for ERDF in rural areas.
43. A possible suggestion from our discussions is that regional priorities should be selected and generated at regional level within a national framework of agreed outcomes, rather than being prescribed from national priorities.

#### **The way forward**

44. As indicated previously, out of the several options that have been suggested by the Commission as themes for the new Rural Development Programme, Councils feel that there is scope for a Local Development approach to be particularly applied in areas such as “*Fostering Innovation and Knowledge Transfer*”, “*Promoting resource efficiency and transition to a low carbon economy*” as well as the more traditional “*Realising the jobs potential and development of rural areas*”.
45. In addition to that, and in the eventuality that a compulsory “greening of CAP” were to materialise in specific requirements from the Commission for each individual Operational Programme to reflect this, it is believed that there is also significant scope for activities of

interest for Local Authorities under the *'Preserving and enhancing ecosystems dependent on agriculture and forestry'*, particularly given the desire to 'green' the Common Agricultural Policy (CAP) and also the scale and economic importance of both agriculture and forestry.

46. It is also strongly felt that the specific prioritisation among Axes should be left for negotiation between the Managing Authority and its partners when drafting the Operational Programme rather than preordained at EU levels. Because of the EU2020 consequential (to be manifested through the UK Partnership Contract) this is far from assured.
47. We call for an evidence based assessment on what priorities do deliver better EU added value for the actual amounts of funding that would be available. In that regard we call for a solid strategic discussion with the government on what these priorities should be and the different level of importance they should have in the new programme.
48. COSLA supports the Scottish government call for a larger degree of aid intensity that brings our present exceedingly low levels of €142 per hectare towards at least the UK Average if not the €260 EU average

**QUESTION Do you agree with the proposal re LEADER in Articles 42 - 45 and the proposed minimum spend of 5% of budget set out in Article 65(5)?**

49. The transition from Leader+ to the new LEADER Programme was disjointed and resulted in a loss of established and experienced personnel at all levels including the Managing Authority.
50. Mainstreaming LEADER has resulted in a loss of identity within the SRDP. It has also resulted in increased bureaucracy which has limited community involvement and the work of the Local Action Group. It is also considered that excessive overregulation at MA level - linked to over policing of the implementation of the LEADER programme with significant additional responsibility devolved to Lead Partners – has resulted in an excessively risk averse management that hampers delivery at LAG level.
51. Looking ahead, with respect to LEADER, the opportunity for **LEADER to deliver across the axes rather than being limited to a single axis or small portion of the total programme** is welcomed. As an alternative model, and in view of the need for the Managing Authority to address the key concerns of other core constituencies, a delineation between LEADER and the rest of the SRDP could be enhanced by allocating to LEADER full responsibility for the delivery of all funds through the proposed 'Axis 6' "realising the job and potential of rural areas" priority (and the budget to support this to LEADER, leaving the rest of the funds for sectoral beneficiaries).
52. Support for an enhanced LEADER approach is also widely shared in that at the very least LEADER must cover all eligible activities of the current Axis 3 rather than only a portion of it. Equally, the new Axis 6 "realising the job and potential of rural areas" is seen as the easier candidate to link the EAFRD thematic priorities with those of the wider menu of the General Regulation and those of ERDF, ESF, EMFF to deliver integrated local development programmes across the four funds.
53. Clearly the interest of local authorities is in ensuring that funds benefit local communities and that these communities have the ability to define and address their specific challenges> Therefore we are open to discuss with Government which of the above models could be a more workable alternative for the Managing Authority.

**Axis Prioritisation**

54. In terms of specific sub-priorities within the Axes, and how these link with the large list of measures proposed in the EAFRD regulation, it is a matter that Councils are still considering internally at this stage. These are the four main drivers being considered:
- a. **The match funding potentially available at regional level for 2014-2020.** Certainly not an easy task given that this covers the next spending review process. Some reports so far point out that Operational Programme priorities are largely informed by existing domestic and local strategic priorities and it should be easier to amalgamate and reprogramme internal budget arrangements as to provide match funding. Clearly the issue here is that this would only be politically acceptable if match-funding provided by LAs does not act as a substitute of existing SG funds available for similar purposes.
  - b. The **available capacity** (staff, audit, etc) to manage either individually Councils/CPPs (or groups of them) of a sizeable part of EU funds. Reports so far indicate that integrated approach by combining EU funding (this in turn depending of these funds having similar implementing rules) would go very much in the way of alleviate the overstretched capacity that exists at Council level. Clearly no extra staff resources would be available in the future in many Councils so the key is to ensure efficient deployment of current capacity.
  - c. Which **specific priorities and sub-priorities** as outlined above.
  - d. **Which level of aggregation:** territorial targeting to individual council, functional area or regional approach of groups of LAs/CPPs this variable is dependent on the other four plus the additional variable of how “Single” the Scottish Single Plan really is in practice as this will determine whether there can realistically take place an integrated approach both across several Councils AND across the four EU funds.
55. Unsurprisingly, there is clearly an interest in ensuring a sufficient degree of local flexibility. At the same time however, there is recognition that a clear and narrow set of specific (sub) priorities will need to be defined as those in which Local government feels that it can provide more added value compared to other potential Scottish delivery organisations/beneficiaries and is in line with the concentration agenda advocated by the European Commission.
56. Finally the fact that a significant number of measures are ringfenced to one or two axis only is not welcome as it can hamper the definition of national and local programmes.

#### **Delivery structures:**

57. We strongly welcome the proposal by the Commission to enable **Integrated Community Led Local Development partnerships** to deliver local development strategies across European Funds. A Common Strategic Framework (CSF) will enable similar implementation and eligibility rules for the ERDF, EAFRD, EFF and ESF.
58. When considering “**Local Development**” approaches we agree with the Commission that this does not necessarily mean a “Local Authority” approach. Other public, private sector and community stakeholders that operate in the area should be included to achieve ‘joined up’ development and maximum added value. Secondly, in some contexts given Local Development activity should cover more than one Local Authority area. Therefore the level of aggregation should be decided on a ‘bottom up’ basis to best meet the needs of the local area. Clearly not all Councils feel that they can cope with the enhanced capacity requirements that would entail having direct management of specific pots of EU funding, however they all feel that Local Authorities should be actively invited to shape national priorities/programmes and implement them locally. As one colleague put it into our discussion in October “we need to distinguish between LEADER/Local

Development as an approach and LEADER as a programme". Clearly there is scope in making further progress in both lines of work as to make the programmes more locally sensitive.

59. The minimum view of that role is the strong support of the role of Councils as **leads/facilitators of wider partnerships**: Councils could play a bigger, coordinating role taking the partnership lead (of LAG, CPP, RPACs) with their experience. They could help to align resources and funding. This should allow local actors to define the best approach for each area. Councils could take a stronger role – ‘leadership in partnership’ through well established partnerships) so that they can bring added value without overpowering people with administration.
60. There is the idea of a ‘**Rural House**’ model that would be delivering LEADER and other EU funds at regional level. Some useful lessons can be learned from other Member States. Of course practitioners are keen on the principle however current experience shows the difficulty of avoiding gaps across funds, which would be difficult that they would totally disappear even in a more integrated model.
61. As outlined above it is felt as too early to outline a specific model as further exchange is needed among Councils on how data/evidence of how RPACs/LAGs/FLAGs/CPPs currently do work together (or should do in the future) to come up with possible models of working in regional areas. However several models are coming back from discussions with individual councils. All go in the direction of a “package” whereby local partnership structures CPPs/LAG/FLAG plus the Business Gateway would be brought together. Which of these would be the lead structure is too early to say and would perhaps be different across the Country (although there is the clear understanding that there cannot be 32 different approaches, but a very narrow typology of integrated local development partnerships managing a pool of EU funds.
62. As regards to the “**Community Planning Partnerships (CPPs)**”, these models in Scotland are a unique case at EU level of robust local partnership working and we would be keen to see that LEADER, LAGs and CPPs at the very least work in sync whenever they are in operation delivering EU funds at regional level. Similarly and in view of the reviewed priorities of the next EAFRD Regulation and the new role of Local Authorities as lead agencies for local economic development, the role of the Business Gateway needs also to be considered in this context, particularly in ensuring rural businesses have access to local business advice.
63. Finally, considering the role of LAGs and CPPs there is a real issue in that the former has undoubtedly the Local Authority in the driving seat, where the opposite is true in the LAGs. This would be worked around at Scottish level, however a big problem has been defined at EU level, whereby the General Regulation copied so literally the provisions on Local Development of the current EAFRD that the General Regulation would impede the use of CPPs to deliver integrated local development across the funds. This is why we are making the case in Brussels, and indeed we would plead the SG to do the same with HMG to ensure that “institutionalised LD partnerships” (ie. CPP like structures) are exempted from the 52% voting rights for non LA partners that applies to LAGs.

#### **National vs. Regional vs. Local approach:**

64. The Local Development approach is clearly seen as the approach upon which to build the involvement of local government in the next Scottish Programme(s). Beyond this clear vision, and the need that Local Authorities, LAGs, CPPs need to be central to the delivery of the funds in Scotland, the role of regional structures (namely RPACs) and that of the Managing Authority remains (at least at this stage) nuanced across local government.

65. The level of confidence of Local Authorities to be able to directly manage four different funds at local level is directly dependent on whether they have capacity to do so, with those less able to do so preferring that the weight of the management of the funds be tackled elsewhere.
66. Particularly there are diverging views over the continuing role of RPACs in the next Programme, which some see positive and others would argue for their functions to be further devolved locally. Normally there is a correlation between these respective views and the perceived capacity available, be that at individual Local Authority or groups of local authorities. Ultimately the future of RPACs is seen as depending on how their role is defined in the future: i.e. beyond Agri-environmental and agri-forestry. The other factor as regards to the future of the RPACs depends on the budget available and the programme area that is deemed consistent with it. If RPACs were to continue closer alignment between LAGs and RPACs should be undertaken; indeed this is already happening in some parts of the country where RPAC and LEADER doing Axis 6 with subgroups and a ring-fenced budget
67. By contrast in the national vs. regional argument, there is wide support for further regionalisation of priorities, budgets, decision making rather than centralisation.
68. Indeed it is felt that there is scope for further decentralisation of the SRDP to make its intervention reflect more place-based specific needs and circumstances. The introduction of regional decision making and regional priorities within the current SRDP 'Rural Priorities' scheme was a step in the right direction towards better regional targeting of funds. We support the emphasis given by Government's internal working group to consider developing further the spatial targeting of the new SRDP linked to regional targeting of budgets.

### **CONSULTATION 3: FINANCE & CONTROLS**

#### **Financing under the CAP:**

**QUESTION Do you agree that LEADER expenditure should be paid out by SGRPID as the accredited Paying Agency?**

69. SGRPID acting as accredited Paying Agency for LEADER within the current EARFD regulatory framework has limited the effectiveness of the LEADER approach, due to increased regulation, bureaucracy and audit burden. Linked to this is a culture of risk avoidance rather than 'risk management'.

**Do you consider that the Scottish Government should opt for a regime of part and final payment within the payment window?**

**Alternatively, do you agree that the Scottish Government should advance the SAF date by up to 2 months to facilitate the option of making payments available in the 16 October to 1 December period?**

**Do you agree that there should be a continuation of the facility for Direct Payments to be made in Euros?**

**Do you agree that it would aid the accuracy and timeliness of processing were the Scottish Government able to receive beneficiary applications electronically and undertake administrative validation of these using the on-line system?**

#### **Simplification of Implementation**

70. We agree with the Government on the need for the EU rules and their implementation to be simplified. This is even more urgent for the future due to reduced capacity in many of the potential beneficiaries due to the economic downturn. Simplification would also increase the number of potential applicants for rural development funds, who are currently put off by the existing complex application requirements.
71. We agree that there needs to be simplified application and claims processes that are consistent with the evaluation framework. Equally we should build upon the best practices in Scotland and the UK to move towards a full online application and storage of programme data, but with good local advice and support.
72. In terms of guidance it would be useful that the guidance notes agreed at the Rural Development Committee are made more widely available (or when they are public to bring it to attention of beneficiaries).

### **Advice, inspections and evaluations**

**Do you agree that the current farm advisory system should be expanded and individually targeted, as proposed by the Commission?**

**Do you agree that as far as possible there should be a holistic approach to inspections?**

### **Simplification of Control and Audit**

73. Reducing the administrative burden and creating a more balanced partnership between MA and LA level is very important. Equally there is the view among practitioners the audit and financial regulations for ERDF/ESF and Rural Priorities are not being applied consistently. The Common provisions contained in the General Regulation (Part Two) are seen in a step in the right direction.
74. There is a need for clearer, consistent and unambiguous rules on financial compliance would assist projects and Secretariats to focus resources on the projects rather than cumbersome administration. We believe that if the implementing provisions are properly negotiated between the national and local levels this will ensure that they will be applied in a robust and consistent manner throughout the period.

**Do you agree that the common monitoring and evaluation framework should be all embracing and include direct payments, market measures, rural development and the application of cross compliance?**

**Do you agree that the common monitoring and evaluation framework be measured against viable food production, with a focus on agricultural income, agricultural productivity and price stability?**

**Do you agree that the common monitoring and evaluation framework be measured against sustainable management of natural resources and climate action, with a focus on greenhouse gas emissions, biodiversity, soil and water?**

**Do you agree that the common monitoring and evaluation framework be measured against balanced territorial development, with a focus on rural employment, growth and poverty in rural areas?**

75. We support the introduction of a simplified Common Monitoring and Evaluation Framework (CMEF) which includes monitoring of administrative cost of the Rural Development Programmes. The lack of a common monitoring and evaluation framework for the current SRDP has resulted in LEADER outcomes being under-reported. Linked to this, a lack of monitoring and evaluation data across the whole of the SRDP has made it difficult to measure the impact of the investments made in current programme.
76. The introduction of an outcome based delivery in the new programmes is not necessarily a bad thing, for Scottish devolved and local policies are already delivered through very comprehensive, and mutually accountable, Single Outcome Agreements (SOAs). Therefore we would be keen that any move towards a more outcome driven delivery system should be mainstreamed in the Scottish programmes through the SOAs (in the parts of the programmes open for LA participation, that is) in order to alleviate the reporting burden in delivering the next EU programmes.

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