

Scottish Local Government views on the EMFF 2014-2020

Overview:

1. The **Convention of Scottish Local Authorities (COSLA)** is the representative voice of all Scottish Local Authorities both nationally and internationally and it has long been advocating strong, consistent EU Territorial Cohesion policies (including Maritime Policy and EMFF) in which local communities, including coastal ones, are given the means to prosper and where the partnership principle, whereby Local Authorities are fully involved in the design and implementation of the programmes, is fully applied.
2. This response aims to provide an overview of the state of play of discussions within Local Government over the next territorial cohesion programmes 2014-2020 and most particularly the new EMFF as part of the new Common Strategic Framework. The same views have been fed to parallel ongoing discussions with Scottish officials towards the preparation of the Scottish programmes post 2013 and their input to the UK government towards the UK Partnership Agreement, which will also include EMFF.
3. Below is a stocktaking of the state of the discussions we have organised with Local Authorities and is based on the feedback we have so far received by them. They also benefit from the fact that COSLA is chairing the territorial cohesion discussions among our counterparts in the European local government umbrella organisation the CEMR. .

Do you think that the Commission's proposals for the EMFF will contribute effectively to the objectives of the Europe 2020 strategy for employment, innovation, education, social inclusion and climate change and energy?

1. Our focus is obviously in those areas of the next EMFF where local government can provide the most added value and expertise, in other words integration of funds, definition of priorities and community led local development.
2. Local Development: General Regulation (CPR) Chapter II on "**Community Led Local Development**" foresees that to facilitate the implementation of multi-dimensional and cross-sectoral interventions, the Commission proposes to strengthen community-led initiatives, facilitate the implementation of integrated local development strategies and formation of local action groups. Having such a detailed provision, covering all funds is a great breakthrough to which COSLA has actively making the case at EU level and they indeed are mirrored by the provisions in the EMFF in Title V, Chapter III.
3. We welcome that these Local Development activities will be managed by Local Action Groups made by both the public bodies but also private and civil society stakeholder. Here we see a great potential of using the existing FLAGS, LAGs and other partnerships, notably the Scottish Community Planning Partnerships (an unique model in Europe, and one that has already been used to deliver EU funds in the current period) in sync. Indeed we have had quite detailed discussions with councils about the most appropriate delivery model, one that can combine the existing local partnerships in order to deliver integrated local development strategies that can be funded by EMFF and the other three funds. Indeed in contrast with other countries where the problem is precisely the scarcity of such partnerships, in Scotland we have the opposite situation for in addition to the above in the marine field we have the IFG and the marine planning partnerships. An issue we are keen to see removed is the requirement that public bodies have only 49% of the voting rights (art 28.b CPR) as it would seriously damage the use Community Planning Partnerships in delivering funds, incl. EMFF.
4. **Partnership:** Art 9 EMFF on Partnership we are concerned that the derogation sought would actually hamper the integrated approach sought in the Gen Reg. However Article 18

EMFF seems to confirm the fact that, as we would like, the Partnership provisions sought in the CPR be consistently applied throughout the four funds. In addition to that how partnership will be operationalised will depend on the provisions tabled in the CSF and Code of Good Practice draft to be consulted on January-February to which COSLA will contribute and, crucially to the overall position at Council which we are aware is not very warm to this. A crucial point for us in this is to ensure that a proper distinction is made between the competent local authorities and the stakeholders, as we believe that the former as part of the State and with powers on economic development cannot be given the same weight in the discussion that private or voluntary organisations.

5. **More generally, we support the CPR and the Common Strategic Framework (CSF) move towards common rules** to be applied to all territorial development funds, including EMFF, and along the priorities of the **Europe 2020 strategy**. We strongly hope that this will **overcome an artificial separation** between different funds and focus on real development of the territories concerned.
6. Crucially, as we are looking into the future shape of the Partnership Agreement and Operational Programmes, we believe that in order to assist local and regional authorities, we believe that it is urgent that European institutions in particular the Council, to urgently agree what the CSF **does and does not aim to achieve**. This concerns both the legal standing of the CSF vis-à-vis the CPR and the EMFF regulation, as well how binding are the Menu of Thematic Objectives sub-priorities outlined in Annex II.
7. At this stage, the Commission's proposal, a Staff Working Document, points out more towards the CSF being a set of general and voluntary guidelines than a significant part of the legislative package. We believe that this makes the CSF to fall short of its potential as the "glue" to bring together the priorities of still quite different regulations.
8. The CSF should delineate between the Thematic Objectives Article 9 CPR and Article 5 ERDF and Art 5 EAFRD and Art. 9 ESF and Art 5 EMFF. The current common thematic priorities and the fund-specific priorities do not match, which creates a great deal of uncertainty and risk of overlap. The CSF text does not make this link explicit. This will create clear legal uncertainty for national, regional and local authorities when developing the Partnership Agreement.
9. Concerning Annex II, we welcome the fact that for the first time the 11 Thematic Objectives and the contributions to achieve them per fund are outlined. However Annex II looks more like a tentative wish list rather than a clear cut demarcation of eligible activities per fund and objective.
10. In particular we are keen that the linkage between EMFF and EAFRD, ESF, ERDF is not undertaken only through CSF Thematic Objective 9 ("social inclusion") but through several sub-priorities of the Thematic Objectives, namely CSF Objective 2, Objective 4 and Objective 6, which we see as an integrated package for local development in coastal areas.
11. The CSF must make explicit that multi-fund, but also multi-thematic priority projects will be deliverable. The proposed approach of separate delivery of each thematic priority is unwelcomed as it does not reflect complex and different realities on the ground. Moreover, multi-priority projects and programmes provide more value for money than the Commission's proposed approach.

Do you agree with the specific Objectives for the Fund as set out in Article 5? Do you think the detail of the proposals meets these objectives?

12. Concerning the Menu of Priorities- Thematic concentration Article 9 CPR establishes the already famous common "Menu" for all CSF funds EAFRD, ERDF, EMFF and ESF regulations clearly there is still a lot of work to be done, as the articles of each Regulation do not relate to each other. This will have to be sorted by the CSF and specifically in the Partnership Agreement, which is a novelty for the maritime fund.
13. Article 6 EMFF is in itself quite straightforward and welcome as a whole. From the discussions to date on the CPR, we can assume that EMFF priorities 1a (economic growth) and 1b (diversification), 2 a (knowledge transfer), 3c (skills) and 3d (market organisation) are fully within the realm what Councils feel they have a role to play. The key here will not what EMFF allows to be funded but on whether the evident overlap with ERDF, ESF and EAFRD can be dealt with at the Scottish level or it would rather be preordained by the Partnership

Contract. It is worth noting that the CSF, while attempting to make linkages between EMFF and the other funds (CSF Part II) it fails to do so in a straightforward way other than in Priority 9 on Local Development which is welcome.

Do you think the Commission's proposals go far enough in improving delivery and simplification compared to the current EFF? What more do you think could be done?

14. As regards to simplification of management, eligibility and audit procedures this is generally welcome as a matter of principle however this will be subject to further input. Clearly the biggest challenge here is that the EAFRD procedures have also been extended to the EMFF is an issue in itself but that requires specific consideration. We would ideally have wished that there were full integration of rules between all funds. However there are a range of barriers that makes this unlikely. Therefore the CPR common rules are a step in the right direction.
15. One issue which we believe there is merit in exploring further is in enabling EMFF to be delivered as a Scottish programme or sub programme. This way it would be possible to design an integrated investment tool for local communities covering all four co-managed EU funds that are available for Scottish Communities. We remain unconvinced that this cannot be done due to the specific nature of the fisheries sector particularly if the Partnership Agreement so foresees as the CPR allows for.

Articles 58 – 67 (Sustainable development of fisheries areas)

The Commission has proposed a series of measures to support to the sustainable development of fisheries areas building on the Fisheries Local Action Group measures under the current EFF. Do you agree that the proposals will achieve this aim? If not what changes would you like to see?

16. The CPR dedicates an entire Chapter on “Community Led Local Development” covering EMFF, EAFRD, ESF and ERDF. This is an exciting development that we have actively campaigned for in the pre-legislative period. Indeed this foresees that to facilitate the implementation of multi-dimensional and cross-sectoral interventions, the Commission proposes to strengthen community-led initiatives, facilitate the implementation of **integrated local development strategies** and formation of local action groups as well as implement Integrated Territorial Investments (see next section), which may draw on investments implemented under several priority axes and programmes. These Local Development activities will be managed by Local Action Groups made by both the public bodies but also private and civil society stakeholders, pretty much as the Scottish Community Planning Partnerships.
17. The articles 28-30 CPR draws as expected heavily from the EAFRD regulation. Indeed Community Led Local Development will be able to draw resources from both ESF, ERDF and EAFRD, EMFF. This will be ensured through coordinated capacity-building, selection, approval and funding of local development strategies and local development groups. One of these funds can act as a Lead Fund, for that particular local partnership and thus will be able to fund the running costs, animation and networking activities of the local partnership. It is also important to note that Local Development will enjoy from an extra 10% of EU co financing in ESF, ERDF which should help align priorities with those of EMFF, EAFRD.
18. Existing EFF features – community involvement local public-private partnerships (FLAGs), area based local development strategies, bottom-up approach, integrated and multi-sectoral actions, flexibility, innovations, cooperation - should be retained and further developed in the new programme.
19. Clearer, consistent and unambiguous rules on financial compliance would assist projects and Secretariats to focus resources on the projects rather than cumbersome administration.
20. Important to establish a sense of place and identity– this key element does not always fit with local authority and CPP administrative boundaries and considerations need to be given as to how this can be maintained and developed post 2014.
21. The advantage of the FLAG-LEADER-CLLD approach and method over the other approaches is that it is able to fund a wide range of bottom-up discrete projects which contribute to a whole picture of rural development through a strategic approach.

22. The FLAG holding the budget and making actual decisions (rather than recommendation to be decided upon by others) gives a real sense of ownership and encourages more effective use of resources within the local area.
23. Working together to a common purpose allows FLAG members from different sectors (public, private and community) to gain a better understanding of each other and the issues they face which in turn leads to much stronger working relationships and a more integrated approach to rural development.
24. A high level of external match funding is levered into the area by LEADER's ability to vary the intervention rate
25. CLLD encourages both community and economic benefits, allowing ideas and new approaches to be trialled. Its focus on stimulating innovation is a unique and distinctive aspect of EFF FLAG that should be retained post 2013. Supporting projects without applicant fear of failure, and consequent financial penalty, is a feature of that is not apparent in other funds which adopt a more risk adverse approach.
26. With its focus on the local dimension CLLD including in EMFF can really help add value to local (sometimes niche) products, raising the profile of local products and encouraging local consumption of local products -

Ongoing challenges:

27. Audit requirements do not sufficiently consider the types of projects which would be funded and the kinds of activities undertaken which resulted in the application of audit rules which were more suited to one off high value transaction types of project rather than typical community projects (need for proportionality).
28. Technical guidance and reporting systems need to be set up and fully tested at the beginning of the programme.
29. FLAGs with very small budgets found the administrative burden to be disproportionate to the amounts awarded.
30. The transition from EFF to EMFF needs to be managed in order to ensure that there is not institutional capacity loss at all levels including the Managing Authority contrary to the current period.
31. The use of the De Minimis rule within State Aid regulations makes it difficult for EMFF to fund community projects which may generate income, but these projects are not likely to impact on the functioning of the market in a way designed to be addressed by the State Aid Regulation.
32. The size of EMFF focused in local communities should be addressed post 2014, with the opportunity for CLLD to deliver in much more significant and diverse purposes than be limited to a small focus. *Appropriate community led area based local development strategies that achieve consensus on priorities coupled with communities then having responsibility alongside the public sector for delivering projects that address these priorities is potentially a win-win both for local authorities and coastal communities.*
33. FLAGs, LAGs and Scottish Community Planning Partnerships (statutory bodies made up by each Local Authority and their local public and civil society stakeholders) can work together but depends on LAGs and CPP's to be active, developed and confident of their abilities whilst being proactive in delivering the funds e.g. an expanded LAG could report through the CPP (incorporating EAFRD and ERDF/ESF funding)

Integrated Maritime Policy

Articles 80 – 90

Do you think the Commission's proposals should include Integrated Maritime Policy? What changes would you like to see to improve the delivery of IMP if they are?

34. On *Title I, Chapter I* on direct management the proposal confirms our fears that there is a great overlap as regards the of the EMFF vis a vis the other relevant EU funds for territorial development, as both clearly overlap in terms of sea-based macro-regional strategies. The recent proposal on IMP complicates this picture further.

35. Local Authorities in Scotland are keen to ensure that **new arrangements in a macro-regionals strategy do not create new structures** and that any new cooperation arrangements do not interfere with the delivery of local/regional priorities **but rather, enhance** the role that the established public bodies or cooperation structures (such as the North Sea Commission, Atlantic Arc, etc.) have by bridging any gaps in addressing common concerns that might exist at the moment.
36. IMP should could instead focus on co-ordinating the plethora of existing policies and funds to make their delivery more effective and efficient, while also taking into account the territorial specificities of the area.
37. It is important to ensure that in spite of the scale of any new strategies , its development and delivery should be mostly undertaken at a local and regional level rather than by Member State governments and their agencies. The Scottish Devolution settlement needs to be taken into account from the outset.
38. For Local Government the bottom-line is to ensure that IMP and Macro-Regional strategies do not reduce our scope for action, let alone our statutory powers but by contrast allow us to address issues that go beyond our geographical and policy scope.
39. On the positive front, there is scope to build on INTERREG; however we reject the idea of substituting direct funding to regions for an enlarged sea basinl cooperation
40. Forward looking COSLA cautiously welcomes the new **EU Maritime Strategy for the Atlantic (EUSA)** . While it needs to be recognised that the Atlantic, which is a very open maritime area, has not the background of close cooperation as reflected in the Baltic Sea Strategy already in place, the INTERREG Programmes and existing cooperation bodies show that there is already a good ground of cooperation on a multilateral basis. However the success of any future Strategy would depend of individual Councils having a direct role in its development and that existing division of competences between the EU, MS and sub-MS level are respected.
41. Hence it is is important to clarify its possible policy scope, namely whether it should be a purely marine-based strategy focused on marine issues or should consider the North Sea as a “territory”, therefore adding wider elements particularly economic regeneration and sustainable development aspects.
42. We believe that IMP, and specifically sea based strategies must be developed in partnership. Concerning the Atlatnic Strategy, we call on the UK government to ensure that the Steering Group also includes also include representatives of Scottish local authorities. COSLA as the nominating and supporting body of several European institutions in wich Scottish Councils are involved is keen to facilitate this participation.

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