



Response to Scottish Government Consultation on the Replacement of the European Structural Funds

1. What are the main aims that this funding should seek to achieve?

The main aim of the Shared Prosperity Fund (SPF) should be to provide funding towards projects that can advance a just transition to a decarbonised, circular and inclusive economy in line with the Paris Agreement goals, and the need to reduce our raw material consumption and restore and enhance our natural systems. As part of this aim, this fund should focus on building skills and enterprise in the green economy, including renewables, energy efficiency and circular economy projects, while ruling out funding for fossil fuel projects or other initiatives that would result in significant 'carbon lock-in' or be harmful to the environment.

If given this main aim, the SPF would improve the lives of people, businesses and communities across Scotland by providing skills and employment necessary for the economy of the future, consistent with the direction Scotland must take to tackle the climate and ecological crises, while creating quality work and building sustainable local economies.

The European Structural Funds concentrated funding in remote and peripheral communities and, unless this is picked up by a different funding mechanism, this should also be a focus of the replacement fund. Rural businesses which comply with the overall aim of contributing to a decarbonised, circular and inclusive economy need support to help keep remote communities viable.

2. How could funding be used most effectively to address spatial inequalities between areas and communities in Scotland?

As part of the main aim to support a transition to a decarbonised and circular economy, it will be critical to identify both areas and communities that are currently dependent on energy intensive industries and those that rely on an unsustainable supply of raw materials. Funding that supports these areas through the transition should be a means to manage the phase-out of fossil fuels and an over-reliance on virgin raw materials in a way that does not leave workers and communities behind, as badly managed deindustrialisation has done in the past.

In parallel the fund should focus on building the economies of areas and communities that are not currently seeing a decent share of the benefits of the Scottish economy, helping them to take advantage of the shift to a de-carbonised, circular economy through building new enterprises and training programmes. Remote and rural areas are especially vulnerable and have been the focus of the Structural Funds. Nature conservation is a rural business which has great potential in areas where there are very few other sources of employment, while also contributing to public goods such as clean water, clean air, the prevention of flooding and productive soil. Scotland's Infrastructure Commission



has recognised that Scotland's natural assets form part of its infrastructure and should be considered for enhancement alongside other aspects of infrastructure, such as transport, health and education. A first priority must be to create processes for the Scottish Government to receive input from local councils and communities.

To maximise impact, projects that involve construction or manufacturing should, where possible, rely on domestic supply chains.

3. Geographically, at what level would the priorities for funding be best set?

The priorities for funding have to be set at the Scottish level, in consultation with key partners including business, trade unions, local authorities and civil society organisations. Within that framework, decisions about priorities for target localities are best set at the lowest possible level to ensure the greatest opportunity for consultation and engagement with those likely to be impacted.

As outlined in Q1, the main aim of the fund should be to support a just transition to a decarbonised, circular economy, and priorities for funding should be aligned with achieving this. Input should be sought from all levels on the appropriate priorities for funding in particular regions and sectors across Scotland to ensure they are representative of the diversity of views and needs of Scotland's regions, workers and communities.

5. What practical value would you see in future funding in Scotland being aligned with the UK Industrial Strategy and other spatially-differentiated UK economic policies such as the City and Regional Deals or the Industrial Strategy's sectoral approach?

The scale and pace of transformation of the Scottish (and UK) economy required to ensure we deliver on the Paris Agreement goals are "unprecedented and far-reaching" as described by the IPCC in their 1.5 report. If managed badly, in the absence of an overarching strategy or adequate coordination between nations and regions, there is a real risk that action to tackle emissions will fail to deliver the structural change necessary and increase social dislocation across the country.

The UK Industrial Strategy does not acknowledge this. Its aim is "to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure". While one of its four Challenges is 'Clean Growth' this is seen only as an opportunity, one among many, rather than an imperative to meet our decarbonisation targets; so most activities under this strategy are likely to be climate change blind and at worst locking in continued reliance on fossil fuels. Until there is a UK Industrial Strategy which places meeting those targets at its core, there is no merit in aligning with it.



The new fund should align with and take account of industrial and economic policies insofar as they are compatible with the primary aim of delivering a fair transition to a decarbonised and more circular economy which contributes to the protection and recovery of biodiversity.

6. What practical value would you see in maintaining alignment with EU Cohesion Policy?

Where the EU Cohesion Policy is aligned with the aim of delivering a decarbonised and circular economy, it will be valuable to align and learn and share good practice examples. Such an alignment will make it easier for companies whose business are based in the EU to work in Scotland.

This is potentially very likely in light of the EU's conclusion around their new Just Transition Fund which is expected to draw on significant sums of money from the EU's various Structural Funds to provide funding that can support those communities in the European Union who are heavily dependent on fossil fuels to transition to a clean economy in a way that protects workers and communities dependent on those industries.

7. How could we best evaluate the success of this new fund?

With the primary aim of supporting a transition to a decarbonised and circular economy, the best evaluation metrics will be quantified primarily through the volume of emissions reductions, reduction in material and other footprints, the number and quality of new green jobs supported and the impact on social inclusion of the action taken. It is important to remember that a key feature of a circular economy is that it is regenerative, restoring biodiversity and natural systems, and, as such, environmental quality indicators are also relevant, such as soil, air and water quality, and biodiversity.

10. What approach should be used to allocate the funding at programme level - including the most effective duration of the programme that would better support the identified priorities?

Funding should be for multi-year projects and the application window should be long enough – ideally 6 months - to encourage strategic and longer-term thinking.

11. What would be the most appropriate partnership and governance structure to achieve the strategic objectives of the future funding?

The partnership and governance structures at national and regional levels should include those public bodies charged with delivering the transition to a decarbonised, circular and inclusive economy. The administration connected to the funding should be appropriate to the level of funding and recognise the role of OSCR in regulation. Duplication of governance effort should be avoided.



12. What would be the most effective delivery model to ensure maximum leverage of funds from public and private sectors to regional investments?

The delivery of the Fund should be aligned with sectoral and regional plans for a just transition and Regional Land Use Frameworks.

Flexibility and aligning timescales with other main funders helps in leveraging additional funds. Consideration should be given to 100% funding, or reducing the need for match funding, in some circumstances.

13. What capacity-building or other support is needed to ensure the ability of local partners and communities to participate in the programme?

It is very helpful if there is an approachable team who focus on supporting applications. To prevent smaller organisations being put off, the admin burden should be kept to an appropriate level and advance payment should be considered.

14. What can be learned from the design and delivery of the current and previous European Structural Fund Programmes in Scotland?

Members found the following useful:

- Multi-year projects
- Long lead in times
- Good publicity and information.

On the other hand, the level of admin involved, especially in claiming money, was disproportionate and very burdensome.



This response is supported by the following LINK member organisations:

Friends of the Earth Scotland
Scottish Wildlife Trust

Scottish Environment LINK is the forum for Scotland's voluntary environment community, with over 35 member bodies representing a broad spectrum of environmental interests with the common goal of contributing to a more environmentally sustainable society.

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