

Initial Briefing

EUROPEAN UNION STRUCTURAL FUNDS Proposed 2014 to 2020 Programme

SENSCOT



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Huckfield«

INITIAL BRIEFING EUROPEAN STRUCTURAL FUNDS - 2014-2020 PROGRAMME

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SUMMARY

- 1) This Briefing is based on EU documents and UK and Scottish Government sources. For 27 Member States, it is proposed that €336bn Structural Funds might be available, including €226bn for investment in jobs and growth. Final Programmes may not be agreed until 2013 or even 2014.
- 2) Though this Note is accurate on Monday 07 May 2012, EU Structural Funds 2014 to 2020 will be determined by the size of a future EU Budget and future arrangements for the Eurozone and EU Fiscal Stability - both of which are directly affected by events after French and Greek Elections on Sunday 06 May 2012.
- 3) The Appendix to this Note highlights Articles in the EU Commission's proposed Regulations for the Common Strategic Framework, European Regional Development Fund and European Social Fund which are important for Senscot and partner organisations. If the Scottish Government seeks to use the English CoFinancing Model, with ERDF and ESF match funded by central Government funds, Articles in these proposed EU Regulations highlight why early discussion is needed to safeguard important provisions for local operation and to prevent dilution.

Throughout this Note, Articles in proposed Regulations directly relevant to Senscot and partners are highlighted. To save reading time, most detailed material is shown as an Appendix.

A) BACKGROUND TO THIS NOTE

- 1) **Timetable.** This Note seeks to raise issues for Senscot and partners following the NCVO Conference "Back to the Future" on the EU Structural Funds Programme 2014 to 2020 on Friday 27 April 2012. While Social Enterprise and Third Sector Organisations throughout England are already well advanced in preparing policy proposals for future EU Structural Funds, the Scottish Government is releasing minimum information.
- 2) **Senscot and Partners' Leading Role.** Since a partnership of Senscot, Social Firms Scotland, Development Trusts Association and Scottish Community Alliance, and members of the Social Enterprise Scotland Coalition have the majority of people, organisations and resources in the Third Sector in Scotland, this Note advocates that it is appropriate for Senscot and partners to assume a leading role in EU and other external funding issues.
- 3) **Local Operation.** Since proposed 2014-2020 EU Programmes include provision for local operational and management devolution, including Integrated Territorial Development, Joint Action Programmes and Community Led Economic Development - all of which are explained in this Note - it is appropriate that Senscot and partners should exert maximum influence for local level operation for these Programmes.
- 4) **Devolution to Scottish Government.** Following the precedent of EU Fisheries Policy, in which the Scottish Government has an enhanced role, this Note advocates that more decisions for the 2014-2020 EU Programme should be devolved to the Scottish Government from English Government Departments of Business Innovation and Skills, Work and Pensions and Communities and Local Government. Especially, future ESF Community Initiatives which may follow EQUAL and Innovation, Transnational and Mainstreaming should be handled directly by the Scottish Government, rather than through the Department of Work and Pensions.

B) TIMETABLE ISSUES

The outline package of funding for 2014 to 2020 was announced in Brussels on Thursday 06 October 2011. The following is from the Europa Press Release on that date [Q&A on the legislative package of EU regional, employment and social policy for 2014-2020](#). The package includes:

- An overarching regulation setting out common rules governing the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). This will allow for the better combination of funds for a stronger impact of EU action.
- Three specific regulations for the ERDF, the ESF and the Cohesion Fund.
- Two regulations dealing with the European territorial cooperation goal and the European grouping of territorial cooperation (EGTC).
- Two regulations on the European Globalisation Fund (EGF) and the Programme for Social Change and Innovation.
- A communication on the European Union Solidarity Fund (EUSF)

For England, the following timetable was announced at the NCVO Conference on Friday 27 April 2012 by Sue Baxter Deputy Director: EU Programmes, Economic Development Directorate Department for Business, Innovation and Skills:

1) UK Government Timetable

- Key tool for achieving Government's growth ambitions. UK in active discussions with the Commission to influence the Guidelines for 2014-20
- Guidelines to set maximum Assisted Area coverage for each Member State and rules for how Member States can offer aid to companies located in Assisted (deprived) Areas
- Commission to publish draft Guidelines Autumn 2012. UK will launch consultation on Draft Assisted Areas map – final approval by Commission.
- Final Guidelines published spring 2013.
- Assisted Areas Map will also determine the overall level of EU and domestic funding that can be paid to a Structural Funds recipient in Assisted Areas under State Aid rules.

2) Scottish Government Timetable

The current Scottish Government's European Division position was relayed by Katrina Feldinger via Fiona Malcolm to Pauline Graham on Tuesday 17 April 2012:

"The BIS Consultation (the subject of the NCVO Consultation on Friday 27 April 2012) relates to how the Operational Programmes in England will be shaped. There isn't a Scottish equivalent – we didn't see the value in asking people what they thought about the regulations until we've got a more concrete idea of how we might interpret them in Scotland – probably not until end of this year or early 2013.

"However, we are doing a considerable amount of informal consultation, both through face to face meetings (generally with representative selections of people rather than with individual organisations, purely because of how few of us there are) and through our fabulous new blog – we're doing a bit of crowd-sourcing this time round, so the idea is to have a constant conversation rather than fixed-point consultations.

<http://blogs.scotland.gov.uk/eu-structural-funds/>

"As the ideas for the new programme develop, we'll be posting them on here for open discussion - all comments welcome, and yes, we do read them all! We're also trying to make sure our blogs ask questions of people – it's not just us who have to be ready for 2014 – so if you can guide people towards it, please do, and please tell them we take their comments seriously and use them for developing policy"

Alongside the NCVO Conference and the BIS Consultation many organisations in England are now preparing their policy positions and responses. This Note recommends that Senscot and its partner organisations should seek take a leading role in discussions in Scotland.

C) ALLOCATION OF FUNDS 2014-2020

Of total Structural Fund support, proposed ESF increases from 22% of the 2007-2013 Programme to 25% in the proposed 2014-2020 Programme, with specified ESF percentages for regions.

The following is based on the presentation at NCVO Conference on Friday 27 April by Sue Baxter Deputy Director: EU Programmes, Economic Development Directorate Department for Business, Innovation and Skills:

1) Less Developed Regions

a) Less Developed Regions are those with GDP per capita of less than 75% of EU27 average. From a Total Budget Allocation of €336bn, for a total population of 119mn these will receive 68.7% of funds or €162.6bn, including:

- 75%-85% EU co-financing available for wider range of activities
- Safety net of 2/3 of previous allocation for regions moving 'up' and out of this category
- At least 25% total spend must be from European Social Fund
- 44% of ERDF available for Research and Innovation and Competitiveness of SMEs
- 6% of ERDF will be available for Energy Efficiency and Renewable Energy

b) UK areas are likely to be **West Wales and the Valleys + Cornwall and Scilly Isles**

2) Transition Regions

Transition regions are those with GDP per capita between 75% and 90% of EU27 average. From a total budget allocation of €336bn, for a total population of 72.4mn these will receive 11.6% or €38.9bn. This category – covering 51 regions – eases the transition of regions which have become more competitive in recent years, but still need targeted support. By 2014, 20 regions are forecast to move out of the current "Convergence" objective (Less Developed Regions).

a) These will receive:

- 60% EU co-financing
- Safety net" of 2/3 of previous allocation for regions moving 'upwards' into this category
- At least 40% spend from European Social Fund, of which 70% of each programme must focus on only 4 priorities, with 20% earmarked for tackling social exclusion at national level
- 60% ERDF on Research and Innovation and Competitiveness of SMEs
- 20% ERDF for Energy Efficiency and Renewable Energy

b) UK Transition Region areas are likely to include :

- Cumbria
- Devon
- East Yorkshire & N. Lincolnshire
- **Highlands & Islands**
- Lancashire
- Lincolnshire
- Merseyside
- Northern Ireland
- Shropshire & Staffordshire
- South Yorkshire
- Tees Valley & Durham

3) More Developed Regions**a) More Developed Regions have GDP per capita greater than 90% EU27 average. From a total budget allocation of €336bn, for a total population of 307mn, these will receive 15.8% or €53bn, including:**

- 50% EU co-financing
- At least 52% spend must be from European Social Fund, of which 80% of each programme must focus on only 4 priorities
- At least 20% ESF to focus on social exclusion at national level
- 80% ERDF to focus on only 3 priorities: Innovation; SME competitiveness and Low carbon and energy efficiency (at least 20%)

b) UK Areas are likely to include those not in Less Developed or Transition Areas, so that all of Scotland except Highland and Islands will be a More Developed Region.

This means that for most of Scotland, 52% of any proposed total programme may be ESF.

D) LOCAL ADMINISTRATION OF FUNDS (More detail in Appendix, pages 8 and 9)

Under the proposed Common Strategic Framework (CSF) at EU level and the Partnership Agreement with each Member State covering all five CSF Funds, there will be the possibility for each Member State to prepare and implement multi-fund programmes combining ERDF, ESF and the Cohesion Fund. These offer geographical flexibility and may be national or issue based, pan-regional, city wide and involve local communities. All this offers the possibility for ESF and ERDF support for local employment initiatives, territorial employment pacts and an integrated approach to community-led local development. Operations may be financed from more than one fund:

1) Integrated Territorial Investment (ERDF and ESF only)

These will represent urban development or territorial strategy drawing on a multiplicity of programme strands and programmes. Management can be delegated to a city or NGO.

2) Community-Led Local Development (all 4 funds)

Local Action Groups will be able to draw on all 4 Strategic Framework funds according to an integrated plan.

3) Joint Action Plans (ERDF and ESF only)

Member States may use a result based mechanism called a Joint Action Plan, managed and paid on the basis of results and milestones agreed jointly between the Member State and the Commission. This may link payments to outputs or results on a larger scale. This offers simplified management and control system and will reward performance rather than financial input. Joint Action Plans will involve lump sum payments to a single beneficiary up to €10m or 20% of an Operational Programme (whichever lower) to manage a group of projects aimed at a specific purpose (but not for infrastructure or major projects).

E) SOCIAL ENTERPRISE COFINANCING ORGANISATION

This Briefing recognises policies emerging within the Structural Funds Division of the Scottish Government for CoFinancing Organisations similar to Department of Work and Pensions, Skills Funding Agency, National Offender Management Service and others in England. This Briefing advocates Global Grants and a CoFinancing Organisation for Social Enterprises and the Third Sector.

Department of Work and Pensions prime contractors deliver the Work Programme and other contracts in Scotland, much of which is funded through CoFinanced ESF. This means that most Social Enterprise and Third Sector Organisations in Scotland operate as subcontractors. Senscot and partners in Scotland should continue to press for more access to deliver these programmes.

Senscot and partners as subcontractors under these programmes face difficulties including cash flow and payment delays through payment by results. Social Enterprises also face extensive bidding processes to engage with these contracts.

In England, the National Offender Management Services has allocated ESF Technical Assistance to enable Social Enterprise bidders to form more sustainable consortia and is currently operating a Technical Assistance bidding round totalling £1.25mn to support this.

- 1) Global Grants.** Senscot and partners should argue for a simplified Global Grants programme, along similar lines to those administered by some English Local Authorities as CoFinancing Organisations. As shown in the Appendix, the proposed Regulations make provision for simpler administrative procedures for Global Grants.
- 2) Social Enterprise CoFinancing Organisation.** Senscot and partners should seek a Social Enterprise CoFinancing Organisation, matched or augmented by Scottish Government Social Enterprise funding. Provision is available in proposed Regulations for reduced auditing requirements for projects below €100,000. Proposed Regulations also reduce holding documents to 5 years.
- 3) Technical Assistance.** Senscot and partners should argue for increased ERDF and ESF Technical Assistance to facilitate and support Social Enterprise Global Grants and a Social Enterprise CoFinancing Organisation.

APPENDIX

Though these are all currently in draft, the three proposed Regulations for the **Common Strategic Framework COM(2011) 615 final/2** (which covers all funds), for **ERDF COM(2011) 614 final** and for **ESF COM (2011) 607 final/2** of Wednesday 14 March 2012 are all important for Senscot and partners since they include:

- specific and relevant provisions in the proposed ESF Regulation
- possible involvement of social partners and NGOs through Global Grants
- appropriate amount of ESF resources to be allocated to capacity-building activities and to activities jointly undertaken by social partners
- appropriate amount of ESF resources to be allocated to capacity-building of NGOs
- integrated investment by small communities including NGOs, and economic and social partners
- joint financing from ERDF, ESF and other funds

A) PROJECTED ALLOCATIONS

The **EU Commission's Proposal for a Regulation on the European Social Fund (COM 2011) 607/ final/2** of Wednesday 14 March 2012 on page 5 proposes the following allocation table:

The Commission's proposal for a Multiannual Financial Framework includes EUR 376 bn for cohesion policy for the period 2014-2020.

Proposed budget 2014-2020	EUR bn	Minimum ESF share	Resulting minimum ESF amount EUR bn
Less developed regions	162.6	25%	40.7
Transition regions	38.9	40%	15.6
More developed regions	53.1	52%	27.6
Territorial cooperation	11.7	-	-
Cohesion fund	68.7	-	-
Extra allocation for outermost and sparsely populated regions	0.926	-	-
Connecting Europe Facility for transport, energy and ICT	EUR 40 bn (with an additional EUR 10bn ring-fenced inside the Cohesion Fund)	-	

This shows that More Developed Region will receive a higher percentage of ESF.

B) IMPLEMENTATION OF EU PROGRAMMES

The following represent the proposed 'tiers' for programme implementation:

- 1) The **Common Strategic Framework** containing EU priorities will apply to all funds, including rural development and fisheries. Member States will be allowed to combine ERDF, ESF and Cohesion Fund in "multi-fund" programmes to improve coordination on the ground and achieve integrated development.
- 2) **Partnership Contracts**, agreed between Commission and Member States, will set out national commitments required to deliver Europe 2020 objectives. ESF investments will be aligned with Europe 2020 objectives and targets on employment, education and poverty reduction.

- 3) **Thematic Objectives.** The proposed Regulation for the Common Strategic Framework lays down 11 Thematic Objectives in line with the EU's 2020 Strategy.
- 4) **Investment Priorities and Actions.** There are 18 Investment Priorities for ESF and 30 for ERDF. Those most relevant for Senscot and partners are shown below.

Before publication of the EU's proposed Structural Funds Regulations on Thursday 06 October 2011, each Member State submitted a National Reform Programme. Though the current **UK Europe 2020 National Reform Programme** of Wednesday 23 March 2011 includes paragraphs on Scotland, Wales and Northern Ireland, following the precedent already set by EU Fisheries Policy, Senscot and partners might advocate more direct Scottish Government decision making.

C) LOCAL DEVELOPMENT

As shown below, there are several Articles in the proposed Regulations which are specific on devolution to local management and administration. It is important for Senscot and partners that these Articles not diluted since some prevent public sector majority representation.

1) Community-Led Local Development

On page 48 of the Common Strategic Framework Regulation, under Article 28

Community-Led Local Development

1. Community-led local development, which is designated as LEADER local development in relation to the EAFRD, shall be:

- a) focused on specific sub-regional territories
- b) community-led, by local action groups composed of representatives of public and private local socio-economic interests, where at the decision making level neither the public sector nor any single interest group shall represent more than 49% of the voting rights
- c) carried out through integrated and multi-sectoral area-based local development strategies
- d) designed taking into consideration local needs and potential, and include innovative features in the local context, networking and, where appropriate, cooperation.

This Section is important since it is proposed that in future possible actions, the public sector will not have a majority of voting rights.

2) Local Development Strategies

On page 49 of the proposed Common Strategic Framework Regulation, under Article 29:

Local development strategies

1. A local development strategy shall contain at least the following elements:

- a) the definition of the area and population covered by the strategy
- b) an analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats
- c) a description of the strategy and its objectives, a description of the integrated and innovative character of the strategy and a hierarchy of objectives, including clear and measurable targets for outputs or results. The strategy shall be coherent with the relevant programmes of all the CSF Funds involved

- d) a description of the process of community involvement in the development of the strategy
- e) an action plan demonstrating how objectives are translated into actions
- f) a description of the management and monitoring arrangements of the strategy, demonstrating the capacity of the local action group to implement the strategy and a description of specific arrangements for evaluation
- g) the financial plan of the strategy, including the planned allocation of each of the CSF Funds

Senscot and partners should argue that "d) a description of the process of community involvement in the development of the strategy" is strengthened to include majority community representation.

3) Local Action Groups

On page 50 of the proposed Common Strategic Framework Regulation, under Article 30:

Local action groups

1. Local action groups shall design and implement the local development strategies.

Member States shall define the respective roles of the local action group and the authorities responsible for the implementation of the relevant programmes, for all implementation tasks relating to the strategy.

2. The managing authority shall ensure that the local action groups either select one partner within the group as a lead partner in administrative and financial matters, or come together in a legally constituted common structure.

3. The tasks of local action groups shall include the following:

- a) building the capacity of local actors to develop and implement operations
- b) drawing up a non-discriminatory and transparent selection procedure and criteria for selection of operations, which avoid conflicts of interest, that shall ensure that at least 50% of the votes in selection decisions are from the non public sector partners, providing for the possibility of appeal against selection decisions and allowing selection by written procedure

Senscot and partners should argue that "50% of the votes in selection decision" should be increased to at least 51%.

5) Support For Local Development

On page 51 of the proposed Common Strategic Framework Regulation, under Article 31:

Support from the CSF Funds for local development

Support for local development shall include:

- a) the costs of preparatory support
- b) implementation of operations under the local development strategy
- c) preparation and implementation of cooperation activities of the local action group
- d) running costs and animation of the local development strategy up to the limit of 25% of the total public expenditure incurred within the local development strategy.

D) THEMATIC OBJECTIVES AND INVESTMENT PRIORITIES

These Thematic Objectives and Investment Priorities from the proposed Common Strategic Framework, ERDF and ESF Regulations are shown since they focus on areas and issues relevant to Senscot and partners.

1) Thematic Objectives in Proposed Regulation for Common Strategic Framework

On page 35 of the proposed **Common Strategic Framework Regulation COM(2011) 615 final/2**, under Article 9, the following Thematic Objectives are shown :

"Each CSF Fund shall support the following thematic objectives in accordance with its mission in order to contribute to the Union strategy for smart, sustainable and inclusive growth:

- (1) strengthening research, technological development and innovation
- (2) enhancing access to, and use and quality of, information and communication technologies
- (3) enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)
- (4) supporting the shift towards a low-carbon economy in all sectors
- (5) promoting climate change adaptation, risk prevention and management
- (6) protecting the environment and promoting resource efficiency
- (7) promoting sustainable transport and removing bottlenecks in key network infrastructures
- (8) promoting employment and supporting labour mobility
- (9) promoting social inclusion and combating poverty
- (10) investing in education, skills and lifelong learning
- (11) enhancing institutional capacity and an efficient public administration.

2) Investment Priorities in Proposed Regulation for ERDF

The following represents a shortened list of most relevant ERDF Investment Priorities as listed from page 11 under Article 5 of the proposed **ERDF Regulation COM(2011) 614 final**:

(8) promoting employment and supporting labour mobility:

- (a) development of business incubators and investment support for self employment and business creation;
- (b) local development initiatives and aid for structures providing neighbourhood services to create new jobs, where such actions are outside the scope of Regulation (EU) No [...] /2012 [ESF]
- (c) investing in infrastructure for public employment services;

(9) promoting social inclusion and combating poverty:

- (a) investing in health and social infrastructure which contribute to national, regional and local development, reducing inequalities in terms of health status, and transition from institutional to community-based services;
- (b) support for physical and economic regeneration of deprived urban and rural communities;
- (c) support for social enterprises;

- (10)** investing in education, skills and lifelong learning by developing education and training infrastructure; enhancing institutional capacity and an efficient public administration by strengthening of institutional capacity and the efficiency of public administrations and public services related to implementation of the ERDF, and in support of actions in institutional capacity and in the efficiency of public administration supported by the ESF.

3) Sustainable Urban Development

On page 14 under Article 7 of the Proposed **ERDF Regulation COM(2011) 614 final**, there is provision for more focus on sustainable urban development. This can be achieved through earmarking a minimum of 5 % of ERDF resources for sustainable urban development, the establishment of an urban development platform to promote capacity building and exchanges of experience, and adopting a list of cities where integrated actions for sustainable urban development will be implemented.

This is important since the management of these actions can be carried out by designated Non Government Organisations which may use combinations of ERDF and ESF.

4) Investment Priorities in Proposed Regulation for ESF

In the proposed **ESF Regulation COM(2011) 607 final/2**, participation of social partners and in particular NGO) is encouraged in ESF implementation and delivery, through capacity building, promotion of community-led local development strategies and simplification of the delivery system. Rules governing reimbursement of ESF projects can be simplified, especially for small beneficiaries, who make up the majority of ESF recipients– NGOs, SMEs and others. Senscot and partners need to ensure that this is not diluted. This Section is also important since Member States can prioritise combinations of Thematic Objectives and Investment Priorities.

These 18 Investment Priorities from the proposed ESF Regulation, on page 11, under Article 3:

Scope of support

1. Under the thematic objectives listed below, and in accordance with Article 9 of Regulation (EU) No [...], the ESF shall support the following Investment Priorities:

- a) Promoting employment and supporting labour mobility through:
 - i) Access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility;
 - ii) Sustainable integration of young people not in employment, education or training into the labour market
 - iii) Self-employment, entrepreneurship and business creation
 - iv) Equality between men and women and reconciliation between work and private life
 - v) Adaptation of workers, enterprises and entrepreneurs to change
 - vi) Active and healthy ageing
 - vii) Modernisation and strengthening of labour market institutions, including actions to enhance transnational labour mobility

- b) Investing in education, skills and life-long learning through
 - i) Reducing early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education
 - ii) Improving the quality, efficiency and openness of tertiary and equivalent education with a view to increasing participation and attainment levels
 - iii) Enhancing access to lifelong learning, upgrading the skills and competences of the workforce and increasing the labour market relevance of education and training systems

- c) Promoting social inclusion and combating poverty through
- i) Active inclusion
 - ii) Integration of marginalised communities such as the Roma
 - iii) Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation
 - iv) Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest
 - v) Promoting the social economy and social enterprises
 - vi) Community-led local development strategies

Member States can choose to prioritise ESF Investment Priorities. Under **Article 4 Consistency and Thematic Concentration** on page 13 of the proposed ESF Regulation, in More Developed Regions, 80% of ESF will be concentrated on up to 4 Investment Priorities. In Transition Regions, 70% of ESF will be concentrated in up to 4 Investment Priorities.

- d) Enhancing institutional capacity and efficient public administration through:
- i) Investment in institutional capacity and in the efficiency of public administrations and public services with a view to reforms, better regulation and good governance
- This investment priority is only applicable throughout the territory of the Member States which have at least one NUTS level 2 region as defined in Article 82(2)(a) of Regulation (EU) No [...] or in Member States eligible for Cohesion Fund support.
- ii) Capacity building for stakeholders delivering employment, education and social policies and sectoral and territorial pacts to mobilise for reform at national, regional and local level.

E) ESF PROGRAMME IMPLEMENTATION

The proposed ESF Regulation COM(2011) 607 final /2 includes the following:

Paragraph 9 on page 9 of proposed ESF Regulation:

(9) Efficient and effective implementation of actions supported by the ESF depends on good governance and partnership between all relevant territorial and socio-economic actors, in particular the social partners and non-governmental organisations. It is therefore necessary that Member States encourage the participation of social partners and non-governmental organisations in the implementation of the ESF.

Paragraph 12 on page 9 of proposed regulation:

(12) Support for social innovation is crucial for making policies more responsive to social change and to encourage and support innovative social enterprises. In particular, testing and evaluating innovative solutions before scaling them up is instrumental in improving the efficiency of the policies and thus justifies specific support from the ESF.

Paragraph 14 on page 9 of proposed regulation:

(14) The mobilisation of regional and local stakeholders is necessary to deliver the Europe 2020 Strategy and its headline targets. Territorial pacts, local initiatives for employment and social inclusion, community-led local development strategies and sustainable urban development strategies may be used and supported to involve more actively regional and local authorities, cities, social partners and non-governmental organisations in the implementation of programmes.

This paves the way for Global Grants through which Member States can prioritise combinations of Thematic Objectives and Investment Priorities. Examples of Global Grants are operated by English Local Authority CoFinancing Organisations. Global Grants can be supported with Article 14 Simplified Cost Options for grants up to €50,000 in Article 14 on page 18 of the Proposed ESF Regulation.

On page 14, Article 6 of the Proposed ESF Regulation on Programme Implementation:

Involvement of partners

1. The involvement of the social partners and other stakeholders, in particular nongovernmental organisations, in the implementation of operational programmes, as referred to in Article 5 of Regulation (EU) No [...], may take the form of global grants as defined in Article 113(7) of Regulation (EU) No [...]. In such a case, the operational programme shall identify the part of the programme concerned by the global grant, including an indicative financial allocation from each priority axis to it.

2. To encourage adequate participation of the social partners in actions supported by the ESF, managing authorities of an operational programme in a region as defined in Article 82(2)(a) of Regulation (EU) No [...] or in Member States eligible for Cohesion Fund support shall ensure that an appropriate amount of ESF resources is allocated to capacity-building activities, in the form of training, networking measures, and strengthening of the social dialogue, and to activities jointly undertaken by the social partners.

3. To encourage adequate participation of and access by non-governmental organisations to actions supported by the ESF, notably in the fields of social inclusion, gender equality and equal opportunities, the managing authorities of an operational programme in a region as defined in Article 82(2)(a) of Regulation (EU) No [...] or in Member States eligible for Cohesion Fund support shall ensure that an appropriate amount of ESF resources is allocated to capacity-building for nongovernmental organisations.

Increased CoFinancing Rate for Community Led Local Development

On page 106 under Article 110 of the Common Strategic Framework Regulation, for Community Led Local Development, the CoFinancing Rate may be increased by 10% - so that this becomes 70% for Transition Regions and 60% for More Developed Regions.

"The maximum co-financing rate under paragraph 3 at the level of a priority axis shall be increased by ten percentage points, where the whole of a priority axis is delivered through financial instruments, or through community-led local development".

If for example, the Priority Axis "Combating Poverty and Promoting Social Inclusion" which includes "Promoting the Social Economy and Social Enterprise", depending on the geographical area, there would only be a balance of 30% or 40% funding to find. If the Scottish Government extended some existing programmes for CoFinancing, in some cases their effectiveness would be multiplied by up to three times.