

Replacement of European Structural Funds in Scotland Post EU-Exit

Introduction

Colleges Scotland is the voice of the college sector in Scotland. 26 colleges operate in 13 regions across Scotland, allowing them to plan nationally and regionally, as well as deliver locally, and there are three regional strategic bodies co-ordinating approaches for colleges in the Highlands and Islands, Glasgow, and Lanarkshire regions.

By being flexible and able to adapt and respond appropriately, to help individuals and communities thrive, assisting businesses to keep pace with changes in the labour market, and meeting government priorities, colleges are critical to delivering inclusive, sustainable economic growth, and raising productivity levels in Scotland.

Previous European Structure Fund programmes have been extremely valuable for the college sector in Scotland and have been instrumental in helping colleges deliver against regional outcome agreements and Scottish Government priorities regarding skills development and the economic development of regions across Scotland.

Key Points

Focus on Flexibility to Respond to Regional Delivery Needs

Consultation with sector colleagues has evidenced a consensus that any replacement funding vehicle should be responsive to regional needs with in-built flexibility in order to support and enable collaboration between organisations, as well as creating capacity to generate sustainable and measurable impact.

Such an approach would enable this funding to support activity being delivered by the college sector around addressing regional priorities across Scotland, such as to addressing disproportionate levels of poverty and unemployment, health and wellbeing disparities and the attainment gap, all of which help to contribute towards inclusive economic growth.

By enabling funding decisions to be made and delivered on a flexible basis at regional level, we would suggest that the spatial inequalities for those regions could be more easily addressed. Alongside this, funding being awarded for a minimum of 3-7 year periods will provide more certainty and sustainability of projects which will increase the impact of these funds at a regional level, thereby reducing the existence of spatial inequalities across Scotland.

To further help address these spatial inequalities the replacement funding vehicle should adopt a number of the EU Development and Cohesion Policy Frameworks. This would ensure that Scotland still aligns itself with the Five EU Investment Priorities and leaves the door open for further working within EU partnerships moving forward.

We would suggest that as part of this focus on flexibility in responding to regional delivery needs that particular attention is paid to the islands and areas of rurality, which might be considered as covered

in terms of remoteness and rural comments, but have significant other factors to contend with regards to infrastructure and connectivity.

We would suggest matching priority areas so funding could dovetail into the current Scottish Index of Multiple Deprivation (SIMD) statistics, potentially using separately weighted data over and above SIMD to align with existing European Social Fund/European Regional Development Fund priorities (i.e. Increase weighting on education to improve employment opportunities in areas where SIMD data shows employment and/or income issues)

In regions which have an urban and rural mix, generally the rural areas can miss out as the SIMD criteria tend to support those urban areas. By utilising existing regional economic development networks, in which colleges play a considerable role, this would enable a greater balance of support to be deployed to address both urban and rural challenges.

Importance of Supporting Existing Initiatives

From internal dialogue with college sector colleagues there was clear agreement across the sector in Scotland that any replacement funding vehicle should fit within the current funding arrangements for the sector to avoid a loss of momentum against achieving key Scottish Government priorities.

We would advise that if any replacement funding is to achieve genuine inclusive growth across Scotland and within specific regions where inclusive growth needs to be balanced more equitably, it will be important to support existing initiatives to make a difference in addressing the big national and regional priorities. Aligning replacement funding towards continued investment in skills and productivity focused initiatives alongside one off investments in infrastructure projects.

We would advise that moving forward regardless of the intended ambitions of the replacement funding there should be a continued focus on delivering against the objectives already outlined by the Scottish Government's National Performance Framework (NPF). Using the existing targets and key aims featured within the NPF, such as improving employment opportunities, addressing skills gaps for new industries and tackling poverty and inequality will provide much more sustainable and long-term benefits across Scotland as opposed to purely increasing productivity, which has been designated as the key aim of the replacement funding vehicle by the UK Government.

The UK's Industrial Strategy aligns with Scotland in that the central aims are to increase productivity and economic development for the UK. It is the view of the sector that any replacement funding vehicle, such as the proposed Shared Prosperity Fund should be aligned to the same principles where possible as this would reinforce the aims and objectives of those strategies, and maintain the continuity that is highly important for the sector in delivering outcomes.

Role of Funding in Developing Added Value

The existing EU Social Fund has been utilised by colleges to support higher education training and vocational skills through Foundation Apprenticeships and Modern Apprenticeships. We would advise that future funding should support investment in skills and lifelong learning as well as upskilling, reskilling and improving employability.

Whilst this funding is supporting key Scottish Government priorities with regards to closing the attainment gap between the most and least disadvantaged children and young people and continued improvement in employability skills, it is the experience of the college sector in Scotland that this funding stream has provided significant added value to communities across Scotland in transforming individual life chances for both young people and adult learners.

There is a potential opportunity to use the replacement funding as a match resource of national agencies funds e.g. Scottish Enterprise, Skills Development Scotland and the Scottish Funding Council etc and Local Authorities to generate opportunities for colleges across Scotland to develop and implement projects to address the national performance framework outcomes with regards to

enhancing impact, speeding up results, widening access for learners and increasing opportunities for upskilling and reskilling.

Any replacement funding could be aligned to colleges to support projects in innovation, industry partnership working and knowledge transfer to support employability, inclusive economic growth and increasing productivity. As part of this we would suggest that there may be opportunities to align elements of the funding to City Deal funding projects to increase their reach and accessibility in some cases either by widening the range / number of beneficiaries or by providing targeted support to identified groups.

Supporting Delivery of Skills Needs and Contributing to Inclusive Economic Growth

It is the view of the college sector in Scotland that this fund will be a significant mechanism to drive inclusive economic growth across Scotland. This funding should be aligned and integrated with all other public investments to address socio-economic challenges, nurture and capitalise upon economic opportunities in order to achieve the strongest possible impact.

In particular, from an educational perspective the funds should be widely used to support the upskilling and reskilling of individuals as skills gaps emerge across employment sectors, in order to support the wider economy and prevent a rise in unemployment rates and economic inactivity, especially in light of any potential economic shock following the EU Exit of the United Kingdom in 2020.

Summary

As further information becomes available with regards to the proposed UK Government Shared Prosperity Fund Colleges Scotland would welcome the opportunity to have continued dialogue with the Scottish Government to help support the future delivery of a skilled workforce, in light of the emphasis that the Scottish Government is continuing to place on skills development, as reflected in the publication of both the Future Skills Action Plan and the Skills Action Plan for Rural Scotland.

Colleges Scotland
February 2020