



# Replacement of European Structural Funds post EU-Exit: Consultation

## Universities Scotland Response

This response is submitted by Universities Scotland, the representative body for the Principals and Directors of the 19 higher education institutions in Scotland. We welcome the Scottish Government's consultation into funding of EU Structural Fund Priorities in Scotland, post-Brexit. Below we have answered the appropriate questions.

### Consultation Questions

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

From Universities Scotland's perspective the priority is for 'place' to remain at the heart of its strategy. When discussing place in our response we mean the transformative economic development of place and the opportunity of individuals resident in that area.

The successor to European Structural and Investment Funds (ESIF) should continue to have a focus on supporting economic growth and social cohesion, operating at a local level. Here we define 'local', akin to place, differently depending on the aims and potential benefits of the funding scheme. Where local can range from city through to regional or, in a UK setting, the whole of Scotland.

Higher education institutions (HEIs) should play an important role in the ESIF successor to achieve these outcomes. We believe that universities are in many instances, uniquely placed to support local growth. Universities can act as an 'anchor' institution, rooted in the local community but with a global reach. This allows universities to act as a focal point for networks, producing high-skilled graduates and generating and exchanging knowledge. Universities are already making an important contribution to the Scottish economy and this is a strong basis to build from and develop through the ESIF successor.

Below we have highlighted the opportunities and the proposals for the UKSPF:

- Locally focussed to deliver bespoke economic growth support but connected into other domestic and international funding streams to ensure complementarity, for this new scheme to compliment and not to inadvertently duplicate others. Where HEIs will contribute to the place based challenges of reducing the regional socio-economic disparities as one of the main aims of the funding, further noted in question 2.
- Less burdensome processes, contributing to more efficient delivery of projects
- More flexible investment cycles - for instance, three year project cycles are often appropriate for 'proof of concept' projects but are insufficient to establish sustainable infrastructure and activity not least given the uncertainty experienced by project workforces.
- Designing the fund with flexible processes (whether in prioritisation of resources or for administration), which will facilitate delivery on its objectives.
- A well-managed transition from ESIF to the new successor scheme that supports the smooth continuation of ongoing projects – for example, the highly valuable Graduate Apprenticeships for skills development.
- Overall, HEIs with ESIF (and its successor funding programme) can drive transformational change, particularly with SMEs.



Scottish HEIs interact with the current ESIF across a number of activities, including innovation and skills development, to contribute to smart, sustainable and inclusive growth.

We have encountered a difficulty in estimating the total sum of structural funds received by HEIs in Scotland due to the complexity of the funding programme and a resultant lack of published aggregate data. We know, however, that institutions' deployment of funding is substantial and crucial to the development and delivery of projects right across the country. The ESIF has supported investments from proof of concept to long term strategic projects. As an example of the impact that ESIF investment can have, since the 1990s the University of Highlands and Islands (UHI) has leveraged in a total of £300 million. This has been used to develop the University and its contribution to the region (this sum comprises ERDF and ESF funding and additional co-finance levered in since the Objective One programme of 1994-99 to the present day). The outcomes of this funding include more people staying in the Highlands and Islands as well as development of the research capacity, skills and the labour market in the region, by working closely with industry and employers in the region.

Looking to future programmes, HEIs want to engage with the successor to ESIF to play an even bigger role in developing: regional capacity building; regional economies; innovation support; infrastructure, developing skills and training and supporting inclusive growth via widening access.

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

The effectiveness and uptake of the UKSPF will be determined by the programme design, where the programme must be designed to deliver local benefit.

There are wide disparities between and within regions in the UK, and areas of lagging productivity and social marginalisation. Universities have a track record of successfully using growth funding to address economic and social issues at a local level in partnership with businesses and councils. It is important that the local growth work of universities continues. Universities balance supporting these activities with additional income from tuition fees and core research funding, however these funds are not sufficient enough and universities look to local growth funding streams to continue this work. University local growth activity and regional engagement is a critical factor in the future prosperity and international competitiveness of the UK, and needs to be backed by dedicated funding.

Universities play an important role in their local area. They share their research, partnerships, and national and international links. They provide graduate and postgraduate skills, business support and Continuing Professional Development. They coordinate economic and social activity, and supply evidence and analysis for strategic planning. They are innovators and investors in places and people.

Universities provide business support and help small and medium-sized enterprises (SMEs) to grow. They partner with large companies to drive inward investment; increase exports; and develop new technologies. Universities also create jobs and high-quality employment, and provide the higher-level skills to meet the job requirements of the future. They are an important link to new discoveries and developments around the world, and identify and address skills gaps and longer-term trends at the local level.

Structural funding has supported many innovation projects to date and we would wish to see a continuing focus on research and innovation. For example UHI received funding from the ESF and SFC to offer 26 new, fully funded PhD studentships in 2017. The studentships provided opportunities in a range of research areas, including the use of digital technologies in healthcare, the history of distilling and whisky production, ecotourism and salmon farming. This has allowed Celia Delugin to research the links between tourism and environment, Darroch Bratt to study the historical archaeology of whisky distilling, and Maya Darrell Hewins to undertake her research in Shetland on managing digital archives of heritage film as a sustainable community resource.

To realise these benefits, local stakeholders need:



- Sufficient funding. Although anchor institutions such as universities are experienced in combining funding streams and leveraging further support, the ESIF needs to cover the often-substantial capital and revenue costs of projects and programmes that will have lasting benefit.
- Effective administration. Excessive bureaucracy and audit requirements can disincentivise engagement from local stakeholders. Transparency of funding processes can drive effective decision making.
- More flexibility and for more interventions to exist at a more local level (cf the existing interventions in Scotland being only the Lowlands & Uplands and the Highlands and Islands).

Additionally, targeting interventions at specific areas to address spatial inequalities could be helpful. For example:

- Establishing more graduate apprenticeships in an area to help people gain high quality jobs.
- Providing funding for upskilling/reskilling to promote redeployment or career progression.
- Expanding widening access work, given both that, the Commission on Widening Access called for more and earlier engagement starting in primary school and that attending higher education leads to better career outcomes and higher salaries. This might perhaps include work to engage parents and families, which we know can often lead parents back into education and thence into better paid work.
- Focused support for disadvantaged students entering the workforce, e.g., work placements, mentoring programmes. The aim would be to address the pay gap that we know exists based on SIMD (and might be extended to address other gaps such as gender, race or disability) by seeking to address social capital and by working with employers to promote more diverse recruitment.

Although spatial inequalities are ubiquitous and we should all work to address this, it is important not to lose sight of other inequalities, for example, those based on gender, race, and/or disability.

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

Universities Scotland would advocate for priorities to be set in a structured way that supports inclusive economic growth in all parts of the UK, with substantial devolved discretion on priorities.

Members have noted that HEIs' interests may sometimes be best served by decisions at the Scottish level (for example major energy, innovation and other key priorities) but also that there is a range of regional and local development decisions where regional-level decisions would be more appropriate.

### **Alignment with Scottish Policy and Other Funding Streams**

#### **4. How could the use of future funding add value to other sources of funding focussed on similar objectives in Scotland?**

An important principle of the ESIF successor should be additionality, so the successor scheme should not replace or duplicate existing funding streams, but must add value.

When policies and funding streams are aligned, the impact of activities and programmes can go further and the social and economic benefits can be greater. Given the complex landscape and limited capacity of many SMEs to engage in new initiatives, alignment can also increase participation. The relationship between the UKSPF and other policy mechanisms such as City Deals, the University Innovation Fund, the Industrial Strategy, and the Strength in Places fund should be made clear. The inter-connectivity of funds is important, not only with UK funds but also European funds, for example Horizon Europe and Erasmus post 2021 to which the UK Government hopes to associate.

Once established, the fund should be designed to be coherent with other funding streams. This may mean coordinated project call timelines, the ability to combine funds for single projects (for example as matched funding), and streamlined audit and output measuring processes. Given UKSPF will follow the UK exit from the European Union, the fund could be designed to encourage international collaborations, for example by incentivising partnerships with international businesses or universities, where appropriate.



The UKSPF could build on previous European Commission attempts to build ‘synergies’ between growth funds (ESIF) and research funds (Horizon 2020). This normally takes the form of ‘upstream’ synergies where ESIF builds the infrastructure for research to take place, or ‘downstream’ synergies where research is tested and prototyped, and transferred to business and industry.

It is important to note that adding value to other sources of funding must not mean overly circumscribing the uses of the successor fund. To have the greatest impact, autonomous universities need to be able to apply directly for projects on a bottom-up basis in the subject areas that best support local and regional economic and social development. Not restricting to areas chosen by local agencies (i.e. lead agencies in the latest round of Structural Funds).

#### Graduate Apprenticeships: a strong example of additionality supported through structural funds.

Graduate apprenticeships are an excellent example of using European Structural Funds to add value to existing activity and other sources of funding. We think this is exactly the sort of additionality that should be taken forward into the new UKSPF. Started in the last few years and match-funded with monies from European Structural Funds, graduate apprenticeships have been enthusiastically adopted by businesses and higher education. The number of graduate apprenticeships offered every year has grown rapidly to 1,300 with 14 universities now taking part and delivering these co-designed programmes in subjects such as civil engineering, digital and cyber security and data science. There’s demand, from learners, universities and business, to deliver more. EU structural funds have been integral to getting this new model of higher level skills development off the ground in a successful partnership between universities and industry. Graduate apprentices earn whilst they learn, making it an attractive option to young learners as well as those who are already in employment but seek to upskill to meet the needs of their employer. Graduate apprenticeships complement the conventional undergraduate degree programme and offer learners alternative choices and routes to degree and masters level education. The fact that these degree and/or masters level qualifications have been funded through an alternative route than universities’ main Teaching Grant via the Scottish Funding Council has created space for Scotland to invest in something new, bring a new option to the skills landscape, without coming at the expense of opportunity for other learners where demand is continuing to increase..

Looking ahead, universities would like to see the number and range of graduate apprenticeships expand and would like to consider diversifying the model to increase flexibility and ensure it meets the need of all employers including small and medium sized companies, which make up a large part of the business base in Scotland. [Ref: Uni Scotland (2018) Tomorrow’s People p2&6.] To do this, universities would like to see the newly created Structural Funds as a primary source of funding for this and we consider this to be an excellent fit with the stated principle of additionality. The under-funding of universities Teaching Grant via the SFC means that in 2019/20 each student only receives 90.4% of the teaching funding in real terms that was invested in them in 2014/15. That equates to £700 less invested in the higher education of every Scottish domiciled student in compared to five years ago [Ref: Universities Scotland (2019) The Future of Scotland’s Universities]. As a result, there is no scope to mainstream the cost of Graduate Apprenticeships within universities teaching grant without further and serious detriment to the quality of the educational experience of both the undergraduate degree and the graduate apprenticeship.

Members support continuation for graduate apprenticeships, however call for a balance between national and regional strategies. Where appropriate levels of funding and flexibility should be available to ensure delivery may be contextualised to suit regional requirements, avoiding displacement and duplication. Further, given the multi-year commitment to graduate apprentices, awards need to be of a longevity to provide learners, employers and institutions with planning certainty.

## **Alignment with UK and EU Policy**

### **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?**

As previously stated, we believe strongly that the fund should take a place-based approach. Such an approach is resonant with the prominence of ‘place’ in the UK Industrial Strategy and the development of City Region Deals. We also note reported consideration of a change in the UK Treasury assessment of investment under the ‘Green Book’ which might



bring a different pattern of place-based investment. Should there be changes in this regard then these would need to be considered in the design of a new approach to Structural Funding.

HEIs have been at the heart of City Deals and the leverage of investment into Scotland through the Industrial Strategy. As of April 2019 Scotland had secured 7% of investment under the Industrial Strategy Challenge Fund [Source Innovate UK]. We believe that there is collective ambition to increase this figure and note that this is reflected in the strategy of the Enterprise and Skills Strategic Board. Complementarity with the Industrial Strategy would have merit and the Industrial Strategy reference to a 'rebalancing toolkit' could be a useful tool to inform the use of the ESIF successor fund. However there should not be fixed alignment with the Industrial Strategy so that there is scope to accommodate divergence in policy over time.

We anticipate that the successor fund will be allocated based on need and assess projects on the basis of impact i.e. a relatively modest investment or one with relatively modest outcomes could have a significant impact in certain places. The fund should take a more granular approach to locality compared to two geographical areas of ESIF (Lowlands and Uplands, or Highlands and Islands). Relatedly, we believe that there is scope for intervention rates to be more tailored to the context of the project.

When aligning with the UK Industrial Strategy, the Scottish business landscape should be taken into consideration where SMEs account for 99.3% of all private sector businesses in Scotland (Source: March 2019 Scottish Government Businesses in Scotland Data) this will require additional interventions as engagement with substantial projects is a significant hurdle to SMEs.

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

Given that the objectives of Horizon Europe and EU Cohesion Policy are likely to be increasingly related, there would be merit in a degree of alignment. There would also be merit here if the UK Government decides to continue participation (as a third country) in the European Territorial Cooperation programmes. Additionally, there needs to be continued acknowledgement of the issue of geographic disparities. This has been a key factor in EU Cohesion Policy and will not necessarily be addressed through other national initiatives, so it is crucial that the commitment remains in the successor to ESIF.

### **Evaluation and Monitoring Progress**

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

The current ESIF reporting and audit is very burdensome and the ESIF successor should be more risk-based and proportionate.

Furthermore, the increasing bureaucracy, complexity and quantum of compliance/evidence documentation has proved to be a real barrier to many organisations participating – or achieving project targets. An inordinate amount of resource has been required for project administration, which is not a routine eligible expenditure for delivery agents. Any new system must address this issue, featuring audit requirements proportionate to the scale and size of the project and the broader accountability frameworks applying to project participants

Evaluation has been a feature of ESIF projects and we would expect monitoring and evaluation to be central to any publically funded project.

Members have noted concerns regarding clawback of grant monies on the grounds of technicalities that are unrelated to improper use or spending of public monies. These issues must be addressed in the successor programme UKSPF, including funding projects which have realistic targets, without the threat of clawback if targets are not precisely met, but where the essential aims of the project are fulfilled.

## **8. What relevant parts of the National Performance Framework should this funding be targeted towards?**



We support the Scottish Government's National Performance Framework (NPF) as a clear and strategic way for Government to define what it means for Scotland to be a successful country. We'd support alignment between a future Structural Fund and the NPF as a way of helping Scotland work towards achievement of that vision. The 11 outcomes in the NPF cover a broad range of priorities and address economic, social, cultural and environmental priorities, all of which have the support of the HE sector. We believe that universities are incredibly well placed to contribute to the delivery of the NPF's outcomes and have mapped this contribution at a high level (link [here](#)) We believe that universities have a role to play in 9 of the 11 outcomes and directly support 29 of the 81 national indicators in the Framework. When it comes to targeting UKSPF towards the NPF, we'd consider it appropriate to direct funding to the 11 outcomes and the 81 indicators as stated but would have some concern if decisions were made solely based on the metrics used to track progress against the indicators in the NPF. Some of the metrics are macro level measures with many contributing factors, such as GDP growth rate or the OCED's measure of productivity. Other metrics are indicator measurements, e.g. the use of terrestrial breeding birds as the metric used for the biodiversity indicator within the environment outcome. Arguably, some metrics will only reflect one dimension of progress towards the stated indicator or outcome and other metrics may also be relevant. Whilst every metric in the NPF has value, they can't possibly capture everything that's important to achievement of the outcome and we'd be concerned if structural funding ended up channelled very narrowly solely to the existing set of metrics at the expense of other activity that also complements and aligns closely with the NPF. It's easy to see how there would be pressure to link future funding tightly into stated metrics in the NPF given the desire to evaluate and measure progress.

Looking beyond the NPF, to other factors that should be important in the allocation of UKPSF, we wish to reiterate our belief that place should be a priority. The structure of the NPF doesn't allow for a clear articulation on the value of place as it takes a whole-Scotland approach. Within Scotland there is potential for the role of the Enterprise and Skills Board, who oversee four agencies, to work on a coordinated approach given all four play a role in the delivery of structural funds.

## **9. Which specific aspects of the monitoring and evaluation framework from European Cohesion Policy do you consider would be beneficial to retain for any new fund?**

Members have noted the good practice and called for the retention of capturing beneficiary data, particularly around diversity.

Members have further noted that the EU Cohesion Policy has monitoring and evaluation built into the process, as a requirement for the success of a programme or project. This should be maintained in any successor programme – but with the explicit aim of improving current and future delivery – with lessons learned having real impact.

This relates to the need to devise a much simpler delivery model, which captures the need for compliance and accountability of public funds, but aligns better with existing mechanisms in place in Scottish organisations.

If the bureaucracy, complexity and quantum of compliance and evidence documentation can be reduced to a more manageable and consistent level, proportionate with the scale and size of the project, there is less likelihood of mistakes being made – so more emphasis can be placed on monitoring and evaluating outcomes rather than inputs.

## **B Governance Structures of Future Funding**

### **Allocation and Programme Duration**

## **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?**

Before we can answer this question fully there needs to be clarity on the purpose and key principles of the Shared Prosperity Fund. However, at this stage there are a number of positive features of the ESIF programme which we would wish to see retained:





- a long-term horizon (~7-years) for the strategy and goals of ESIF; and
- the focus on capacity building.

The method of allocation of funding across the UK should reflect the overall aims of the successor programme. At this stage, without a consultation we don't know what that will look like. Both a singular approach but the possibility of a mixed system of allocation should not be discounted. For example, a UK-wide competition sitting alongside regional approaches taken forward with budgets allocated by different criteria could be a proposed approach.

Across Scotland there is an ongoing need for place-based projects that operate over a sustained period of time. There is also an opportunity to review how these projects are operated in terms of reporting and accountability. One of the main benefits of ESIF is the long term nature of the programme which should support strategic planning. The importance of clarity at the outset of the programme will be critical to deliver on a longer term approach to deliver economic growth. The successor fund should be similarly long term in terms of setting goals and the funding settlement.

Technology and skills transfer projects to industry are of high priority interest to HEIs and their partners and are potentially of high impact on a regional/national scale – both individual projects carrying out transfer in particular subject areas and capital infrastructural projects.

Currently all ESIF funding is matched and allocated via Lead Partners (which include the Scottish Funding Council, the enterprise agencies and Skills Development Scotland) and, for certain projects, it may be appropriate to allow low risk institutions such as HEIs to act as Lead Partners. HEIs have the experience and infrastructure to manage such funding programmes.

Members have further noted that HEIs need to be part of the structures for designing programmes, calls for proposals and in the selection processes for funding projects, not only in the interests of the universities themselves but in order to benefit from the expertise. UKSPF would benefit from re-instating this approach which was the case prior to the 2014-2020 round of Structural Funds.

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

Where previous programmes across Scotland delivered well, they encouraged greater partnership working, including a strong role for universities.

The system has proved to be very inflexible, unable to react to changing circumstances or to get swift responses to proposed changes. We recognise that the current ESIF scheme can be bureaucratic and this can be of frustration to those involved in the projects. However, it is right that the audit and compliance processes ensure that money is being well-spent. We also believe it could be improved to ensure that the administration of ESIF funds is proportionate. The proportionality element would allow there to be a focus on continual enhancement with robust monitoring and evaluation rather than a paper exercise. It should be calibrated to the reality of the wider accountability frameworks being applied to the delivery partners.

A real barrier with ESIF relates to the management of projects. Institutions have not received sufficient information on future funding which prevents them from committing to longer term undertakings (e.g. recruiting new staff, providing places on courses, particularly undergraduate degrees which are a 3-4 year commitment) because there has not been confidence in receiving funding over a >2 year term.

We would support the fund being operated locally to meet local needs but within a structure that allows collaboration between areas across the UK where appropriate. This will require a framework to set the strategy at the top level but detailed planning on governance and delivery at a local level, setting the strategies as close to the locale of the activity.

To realise the potential for this impact, an important factor for this will be to ensure HEIs and college representatives are a part of governance structures from the start of the programme to develop local strategies and implement programmes. Having HEIs embedded in the governance structures will facilitate working with local partners such as local authorities.



For instance, UHI's experience of working closely with Highlands and Islands Enterprise, local authorities and other key stakeholders, delivered a range of benefits for the region's socio-economic growth through targeted ESIF investment and shared vision. Partnership working must therefore be a strong feature of any future model. We have received positive feedback from members involved with City Region Deals in terms of the joint work across local stakeholders. There may be scope to build on existing structures in local areas, such as those established in City Deals or existing structures in Highlands and Islands, to inform how the ESIF successor operates at a local level. The Enterprise and Skills Review emphasised the importance of regional partnerships which are tailored to the bespoke requirements of each area in Scotland – this locality of decision making, involving HEIs should be an important way of delivering the ESIF successor. Therefore harnessing the cross-cutting benefit of HEIs and other broad-based participants alongside the focus of agencies.

In establishing the future funds we also see a valuable role in engaging with academic expertise to help to ensure monitoring and evaluation is built into projects.

Members have also noted other models worthy of consideration, including the Strategic Delivery Body approach of the 2007-13 programmes, which facilitated longer-term, sequenced planning and synergy with other policies/initiatives and delivered strong packages of activities.

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

Within the scope of ESIF investment there is a diversity of existing activities and therefore the delivery model of the UKSPF should be tailored to the diversity and place. Ideas include:

- Synergy with existing funding streams i.e. the SFC University Innovation Fund
- Provision of match funding to leverage additional investment
- Projects to retain graduates in local areas, contributing to the local economy
- Programmes to enhance lifelong learning provision to support up- and re-skilling
- Supporting research and innovation infrastructure to enable HEIs to work with businesses
- Support businesses to access graduate talent via placement schemes
- Sustaining and growing the number of Graduate Apprenticeship opportunities
- Continuing to support businesses, particularly SMEs, to innovate and work with HEIs. For example, the work of Interface a central hub connecting organisations from a wide variety of national and international industries to all of Scotland's universities, research institutes and colleges. Interface was funded by ERDF to deliver innovation vouchers and recent evidence showed that businesses supported by Interface generated £64.2M GVA/year supporting 1,060 jobs
- Supporting research capacity building by supporting the recruitment of research students and early career researchers
- Providing undergraduate level education to provide individuals with sought after higher level skills

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

We have noted in response to other questions the challenges faced by smaller organisations in participating in the programmes to date.

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

We believe that the current success of the ESIF can be attributed to a number of factors which should be replicated in the successor scheme. First of these are the long-term approaches, approximately every seven years, and the second is the focus on capacity building. Universities are committed to making the ESIF successor programme a success.





We have received feedback from members, particularly UHI where ESIF has been hugely valued and impactful. The success of the current system has allowed, in principle, for a more strategic, coordinated approach to ESIF delivery. However, in practice, it has often failed to achieve its objectives (and annual financial targets) due to insufficient involvement of delivery agents (in our case, the universities) at the planning stage. We would, therefore, recommend a detailed analysis of what has – and what has not – worked well in the current system, as well as previous systems, and use these ‘lessons learnt’ in the development of a customised approach for the new UKSPF. We do wish to draw to the attention of the Scottish Government to the fact that the UK Government will have to consider carefully how the transition between ESIF and the successor programme is managed given the long planning and delivery cycles of projects. It’s not unusual for members at the moment to be planning for up to four years before programmes come “online”.

Members have highlighted the following issues with the current (2014- ) programme, particularly from UHI:

- There is concern that funding mechanisms are not transparent and there is limited visibility on the process for developing priorities
- Where HEIs are involved with ESIF the experience is that reporting and auditing is overly burdensome. This creates inefficiencies in programme delivery due to the level of effort expended in dealing with such requirements
- There have been a number of challenging situations where lengthy and complex processes have led to delays in securing funding which in turn can delay projects, or put them at risk
- There have been examples where a lack of early engagement with local stakeholders or inflexible processes have caused delays in programme initiation and delivery.

The government should introduce a transition fund to smooth the passage between ESIF and the UKSPF and ensure the sustainability of approved and committed ESIF projects. Members have stressed the need for urgency in developing and introducing the replacement to EU structural funds, avoiding a long hiatus at the end of the current ESIF programmes. Delays between the 2007-13 and the 2014-20 ESIF programme caused significant difficulties for universities and other partners, including redundancies of project support staff. Gaps in funding at the local level between ESIF and UKSPF must be avoided.

We see the above issues with Structural Funds as being surmountable in a successor fund. Whilst it is important to take this opportunity to improve governance and delivery mechanisms, we need to remember the significant added value that EU structural funds have given to skills, research and innovation across Scotland over decades. We must therefore make sure that the legacy from this approach is not lost in any replacement.

**End of document**

