

## FINANCE AND CONSTITUTION COMMITTEE

### FUNDING OF EU STRUCTURAL FUND PRIORITIES IN SCOTLAND, POST-BREXIT

The Equality and Human Rights Commission is the National Equality Body (NEB) for Scotland, England and Wales. We work to eliminate discrimination and promote equality across the nine protected grounds set out in the Equality Act 2010: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

We are an “A Status” National Human Rights Institution (NHRI) and share our mandate to promote and protect human rights in Scotland with the Scottish Human Rights Commission (SHRC).

We welcome the opportunity to respond to this inquiry, particularly as the issues raised fall within the remit of the Commission’s strategic priorities, including safeguarding and enhancing equality and human rights throughout the Brexit process. We did not respond to every question of this consultation and instead focused on the questions most relevant to our work and remit.

#### Questions:

##### ***Core approach***

**1. How should Scotland’s share of post-Brexit structural funding be determined? (for example, should it be on measures such as GDP, needs-based, via the Barnett formula; match funding or based on competition?)**

N/A.

**2. Should the existing structural funding *priorities* be retained for any new funding approach post-Brexit or are there other national or regional outcomes, strategies or plans to which future funding should align instead?**

Structural funds are a vital element of the European Union's (EU) Cohesion policy and aim to “reduce regional disparities in terms of income, wealth and opportunities”<sup>1</sup> between regions within the EU. If socio-economic development is to remain the primary objective of the new Fund, equal importance must be placed on the importance and role of people facing socio-economic disadvantage and inequality. A successor fund must continue to recognise the

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<sup>1</sup> Scottish Government (2015), [European Social Fund: citizens’ summary](#) (accessed 23.04.2019).

needs of individuals, particularly of people with, or who share protected characteristics set out in the Equality Act 2010, and address the barriers faced by those trying to access the labour market. Any new fund should complement the existing Scottish Government priority of promoting inclusive growth.

The Commission considers that it is vital to ensure the loss of EU funding, such as the European Social Fund (ESF) and the Rights, Equality and Citizenship Programme, does not undermine the UK's equality and human rights infrastructure. Various research, such as that carried out by Equally Ours (formerly the Equality and Diversity Forum),<sup>2</sup> demonstrates the benefits that this EU funding has delivered for equality and human rights in Britain, including Scotland. Equally Ours' research, for example, found that 60 per cent of the ESF projects across Scotland, Northern Ireland and Wales was aimed at improving the outcomes of people with, or who share one or more protected characteristics.<sup>3</sup> For the 2014-2020 funding period, Structural Funds in Scotland are presently worth around €870 million in total, with around €420 million for ESF.<sup>4</sup> Future funding arrangements must, at a minimum, continue to support equality and human rights at the same level as current EU programmes.

Our forthcoming research report on future funding for equality and human rights,<sup>5</sup> which builds on the above-mentioned research carried out by Equally Ours, demonstrates the benefits such EU funding has delivered for equality and human rights in Britain. It clearly illustrates the importance of this funding to Scotland, particularly the Highlands and Islands, which are classed as a transitional region and therefore receive more funding. It stresses the need for future funding arrangements to, at a minimum, continue to support equality and human rights at the same level as current EU programmes, and the aims of a new fund should reflect equality and human rights as a key priority.

Evidence from research in Wales and England, as well as our own forthcoming research, suggests that long-term funding is best for structural funds, as it allows real, sustainable change, particularly when engaging with those who are long-term unemployed.<sup>6</sup> It also allows for longer-term planning beyond the normal time periods of domestic funding cycles.<sup>7</sup> Longer-term funding should therefore be retained in any new fund to enable projects to engage meaningfully and effectively with individuals, allowing projects to reach

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<sup>2</sup> Equality and Diversity Forum (2018), [Shared Prosperity, Shared Rights: replacing EU funding for equality and human rights after Brexit](#), (accessed 16.04.2019).

<sup>3</sup> *Ibid.*

<sup>4</sup> Iain Thom (2019), [SPICe Briefing: EU Structural Funds in Scotland](#), SPICe, (accessed 16.04.2019).

<sup>5</sup> EHRC (2019), [The future of funding for equality and human rights in Britain](#).

<sup>6</sup> EDF (2018), *op.cit.*

<sup>7</sup> Local Government Association (2017), [Beyond Brexit: future of funding currently sourced from the EU](#), (accessed 16.04.2019).

groups most at risk of facing long-term discrimination and unemployment and increasing the likelihood of building long-lasting, sustainable change.

Funding also needs to be allocated at a local level, where knowledge of communities and needs is greatest and support can be targeted towards the key local issues.<sup>8</sup> The operational plans for the ESF and European Regional Development Fund state that the programmes take a nation-wide approach through strategic interventions and are implemented by community-led local development.<sup>9</sup> Our research found that stakeholders involved in EU funding see the local dimension as vital, allowing the establishment of a local focus and local priorities based on the knowledge and experience of the local communities the projects are targeted at.

It is also vital that the establishment of ‘domestic priorities’ reflects the needs of the devolved nations and does not undermine the devolution agreements,<sup>10</sup> such as the Scottish Government’s inclusive growth priority.

As outlined below in our response to Question 8, better collection and use of equalities data is needed in order to be able to measure impact.

**3. In terms of the proposal for a UK Shared Prosperity Fund - where should the responsibility for any decisions about funding levels and allocation be taken (for example UK Government, Scottish Government, Local Government or local stakeholders) and what level of autonomy should they have in deciding how funding is allocated?**

Our forthcoming report demonstrates the importance of funding and decisions being devolved to the appropriate level and the need to give proper consideration to devolution, localisation and targeting of funds, while simultaneously supporting a GB-wide strategy. Such an approach should enable devolved governments, including the Scottish Government, and local authorities to cater to the needs of national and local populations.

Our research further highlights the need to focus particularly on stronger localisation and better targeting of funds, which the research suggests would allow smaller organisations to apply for and potentially win funding to deliver highly localised, targeted interventions addressing local need.

**4. To what extent should the current system of allocating funding to strategic interventions across Scotland through lead partners etc be retained or changed by any post-Brexit funding approach and why?**

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<sup>8</sup> *Ibid.*

<sup>9</sup> Iain Thom, *op.cit.*

<sup>10</sup> EDF, *op.cit.*

N/A.

### ***Barriers to funding projects***

**5. What barriers limit strategic intervention funds being committed to individual projects under the current programmes and to what extent should any new structural funding approach address these barriers?**

N/A.

**6. To what extent should any rules relating to post-Brexit structural funding enable a flexible approach to the range of local projects that can be supported or should the rules focus on funding specific outcomes or purposes (such as through ring fencing)?**

While our forthcoming report highlights the importance of taking a flexible approach to local management, it also demonstrates the importance of focusing on equalities and human rights outcomes and purposes. In Scotland, the focus on inclusive growth should entail that projects need to demonstrate how that inclusivity is demonstrated in action and has been achieved.

Any potential ring fencing would need to ensure that the UK's and Scottish equality and human rights infrastructure should not be undermined by any changes to the funds, reflect equality and human rights as a key priority and ensure that, at a minimum, support for equality and human rights is maintained at the same level as current EU programmes.

**7. Are there examples of current structural fund priorities being more effectively supported by other funds (or core funding) such that they should not form part of any post-Brexit structural funding approach?**

EU funding is not restricted solely to EU Structural Funds. There are a number of other funds that play an important role in contributing to the reduction of inequality in the UK. The Rights, Equality and Citizenship Fund (and DAPHNE, its precursor) for example, have supported domestic work on equality and human rights at a local and national level. Current structural fund priorities linked to equality and human rights should form part of the post-Brexit structural funding approach. Rather, the development of a new fund also provides an opportunity to incorporate other important objectives into post-Brexit structural funding. There have, as yet, been no public commitments to replace the Rights, Equality and Citizenship Fund as part of the UK Shared Prosperity Fund.

## **Administration**

### **8. What changes to the current monitoring, evaluation and compliance activities would reduce administrative complexity for any future structural funds approach while maintaining sufficient transparency?**

The research from Equally Ours has found that data on the use of Structural Funds is often complex, lacks transparency and that it is unclear to what extent human rights and equality issues are incorporated or delivered.<sup>11</sup> The Commission recommends that equalities data should always be sought on the protected characteristics of the beneficiaries of the work, and better use should be made of this data to measure impact, which complements the Scottish Government's inclusive growth focus. This would mean that effective monitoring and evaluation can be carried out on the impact of projects on people with, or who share protected characteristics. Equality Impact Assessments will also be required as part of this process.

Our forthcoming report also highlights some challenges linked to the data collection on equalities in relation to the current structural funds in Scotland. Compared to England and Wales, it was not possible to show an overview of project beneficiaries by protected characteristic in Scotland, as the publicly available data was insufficient.

Civil society, particularly people with, or who share protected characteristics and representative groups, should play a role in the decision-making process to determine the monitoring, evaluation and compliance of any future funds. The monitoring, evaluation and compliance activities should ensure that clear equalities and human rights standards are upheld and that desired equalities and human rights outcomes play a central part of this process.

Our research also highlights the need to allocate adequate time and resources to enable such monitoring and evaluation to take place.

### **9. Should the system for making claims change for any future funding approach?**

N/A.

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<sup>11</sup> *Ibid.*