



eastern scotland european partnership October 2004

mainstreaming SUSTAINABLE DEVELOPMENT IN REGIONAL REGENERATION

REVIEW OF THE ESEP APPROACH
AND GUIDANCE FOR
APPLICANTS.



Europe and Scotland
Making it **work together**





Mainstreaming
SUSTAINABLE DEVELOPMENT
in Regional Regeneration



A series of five light green, five-pointed stars arranged in a diagonal line from the top left towards the bottom right, serving as a decorative background element.

KEY POLICIES GROUP REPORT for EAST OF SCOTLAND EUROPEAN PARTNERSHIP

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Ministerial Foreword

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Deputy Minister for Enterprise and Lifelong Learning
Scottish Executive



As the Minister with responsibility for Structural Funds in Scotland it gives me great pleasure to introduce this valuable report.

It complements two other recent publications; 'Linking Sustainable Development to Regional Development: Learning Lessons from Scotland's European Structural Funds Experience' by the Scottish Environment Protection Agency and Scottish Natural Heritage and 'Equal Opportunities – Making it Work' by the National Advisor on Equal Opportunities for Scotland's European Structural Funds Programmes. These publications explain how the two themes of equal opportunities and environmental sustainability should be incorporated across the Scottish Programmes. This report shows how both these themes have been applied in the East of Scotland.

The report contains essential practical guidance and builds on earlier work developed and pioneered by the Eastern Scotland European Partnership. I know that the European Commission holds in high regard the Scottish approach to mainstreaming the horizontal themes in Structural Funds Programmes. The East of Scotland European Partnership is to be commended for its continuing commitment and developmental work in the area of Sustainable Development.

I should like to take this opportunity to endorse the comprehensive view of Sustainable Development embodied in this report. In doing so I would echo the statement made by Jack McConnell, then Minister for Finance in his foreword to the 1999 ESEP Report in which he set out a vision of Sustainable Development as including;

- economic development and enterprise
- social inclusion and equal opportunities
- the protection and enhancement of the environment

This is very much reflected in the Partnership Agreement of May 2003 which opens “in the next four years of the Parliament, there is a great deal of work to do. Work to encourage and stimulate economic growth. Work to tackle poverty and disadvantage, to improve and sustain our environment and to help all our communities live in peace and safety.”

I am particularly pleased to note the ways in which the East of Scotland Programme impacts across the range of the Scottish Executive’s overall priorities, as well as playing a significant part in tackling the broader issues of social and environmental justice and the early action priorities of resource use, energy and travel.

In conclusion I should like to commend the mainstreaming approach to Sustainable Development practised by ESEP. This report and the guidance it contains are designed to assist in the task of moving from theory to practice. This is no easy task but if we are to sustain economic growth then we must do so in a way which promotes social justice and seeks to protect and enhance the environment for future generations.



Lewis Macdonald MSP

Deputy Minister for Enterprise and Lifelong Learning
Scottish Executive





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"Sustainable development is defined in the Treaty of Amsterdam in the context of financial instruments, including Structural Funds, as follows:

"the Union's financial instruments are required to work, simultaneously and in the long term interest, towards economic growth, social cohesion and the protection of the environment; in other words sustainable development."

The Scottish Executive, European Structural Funds Division, 2 June 2000

Introduction

European Structural Funds are a vital resource for regional economic development programmes in Scotland. In the East of Scotland 2000-2006 Programme, £150m (€251m) of European Regional Development Fund (ERDF) contributes to an overall budget from partner agencies of £390m (€650m). This supports a wide variety of projects, including business development and advisory services, business and training infrastructure, and activity to support local communities. Together these projects contribute to a regional regeneration strategy aiming:

“To promote sustainable economic development in the East of Scotland which is founded on the key principles of enterprise, learning and social justice.”

This strategy is founded on previous Programmes in 1994-1996 and 1997-1999. It has also been influenced by the outcome of a Sustainable Development Project undertaken over 1998-1999. The East of Scotland European Partnership (ESEP), elected to join this European Commission project in which 12 European regions explored how to engage with sustainable development. ESEP's aim was to see how an economic development programme could make its contribution to social inclusion, equal opportunities, and environmental responsibility in a way that would strengthen, and not detract from, the overall Programme.

The project was developed through extensive consultation with partner agencies. They actively supported tackling economic, social and environmental aspects of regeneration together. However, they also felt strongly that it should not be a 'bolt-on', should not detract from the primary focus of economic development; and should develop from the existing framework. As a consequence, the way in which sustainable development is being tackled differs from some other Programmes which treat environmental sustainability (and equal opportunities) as

distinct and separate themes. The outcome was to recommend that sustainable development should be embedded in the Programme as the normal way of doing business. The starting point was to adopt 12 sustainable development core criteria, which would be fundamental to the design, appraisal and selection of all the projects supported by the Programme.

That outcome was subsequently endorsed by the Scottish Executive, and by mandatory requirements from the European Commission: “The 2000-2006 programmes require that the three key elements of Sustainable Development [“combining economic progress with social and environmental justice”] are built into project development, appraisal and selection for support.” (Scottish Executive, 2002, p26)

The ESEP approach aims to meet the shared objectives of the Commission, the Scottish Executive and of its own partners. This report aims to record the progress being made on developing the ESEP approach to sustainable development. It also aims to provide up to date practical guidance for all project applicants and Advisory Groups undertaking project appraisal.

In Part 1, the ESEP approach is outlined. Part 2 describes progress, and the lessons being learned to refine the approach. Part 3 sets out guidance on the core criteria, case studies and project features which the approach advocates.





PART 1

ESEP's Approach to Sustainable Development



PART 1:



ESEP's Approach to Sustainable Development

1.1 The Partnership and the Programme

Structural Funds

One of the major ways in which the European Union supports member states is through assistance from the Structural Funds. These funds support regions which have experienced relative decline and whose economic base is changing. More broadly, they also re-cycle funds from a prosperous centre to a less wealthy periphery, with the aim of securing greater European cohesion in both geographical and socio-economic terms.

The main Funds comprise the European Regional Development Fund (ERDF) and the European Social Fund (ESF). ERDF provides financial support for economic development Programmes which have to set out regional conversion strategies. ESF provides support for training and employment. ERDF funding, under Objective 2, is designed to help transform the economy of regions formerly dependent on traditional industries, e.g. coal mining, heavy engineering and manufacturing, and seriously affected by industrial decline. The primary criterion for EU support under Objective 2 has been the relative level of unemployment, together with dependency on, and decline in, industrial employment.

East of Scotland

Parts of eastern Scotland - much of the Forth and Tay valleys, and Fife between them - have seen a major decline in manufacturing industries such as textiles and engineering, and the run down of the deep mining of coal. The East of Scotland Programme Area includes the former Eastern Scotland Objective 2 Programme Area and the Objective 5b

Programme Areas for Rural Stirling and Upland Tayside, and for North and West Grampian. The Programme Area covers over a quarter of the population of Scotland; it includes urban areas and their surrounding countryside, coastal fishing communities and also peripheral and sparsely populated rural areas. All of these communities continue to face challenges presented by the decline in traditional industries and the impact of globalisation. The biggest challenge of all is to sustain and include local populations and the active workforce in ways which are economically viable and environmentally sustainable.

ESEP

Structural Funds are administered by regional partnerships of local development agencies. The East of Scotland European Partnership (ESEP) is responsible for devising the Objective 2 Programme for the East of Scotland, and has oversight of the Programme Management Executive who manage and administer the 2000-2006 Programme. The main partners in ESEP are:

- The Scottish Executive and its agencies, including the competent environmental authorities: Scottish Natural Heritage (SNH) and the Scottish Environment Protection Agency (SEPA);
- The European Commission;
- The Scottish Enterprise network;
- The Local Authorities in the area;
- Universities, Further Education Colleges and Research Institutions;
- Chambers of Commerce;
- Area Tourist Boards; and
- The voluntary sector/NGOs.

Objective 2 Programmes set out their Regional Conversion Strategy, and are submitted through member states for approval by the Commission. While the Programmes are formally set out in

Single Programming Documents (SPDs), these are accompanied by the Programme Complement. This sets out the strategy in a more accessible form, and specifies the categories (Programme Priorities and Measures) and selection criteria for the funding of projects, for which applications are invited.

Public (or quasi-public) agencies are eligible to make grant applications for the part funding of projects to the Partnership's Programme Management Executive. The Programme Management Executive staff are responsible for giving pre-submission advice on eligibility; undertaking initial technical checks on applications; managing the appraisal process; the processing of project approvals, and the monitoring and evaluation of approved projects.

Thus, in essence, the Objective 2 Programme is a source of grant aid for approved projects, and the types of projects to be recommended (by the Partnership's Advisory Groups) and approved (by the Programme Management Committee) are selected through the strategy and selection criteria set out in the Programme Complement. These two - the strategic framework and the set of projects - are mutually interdependent. Only if projects come forward, and together realise the aims of the strategy, will the strategy be delivered; conversely, only if they accord with the strategic framework, will projects be supported. Responsibility in the main for the initiation and delivery of projects rests with the lead public sponsors.

The 2000-2006 East of Scotland European Programme

The current East of Scotland Objective 2 Programme runs for the 7 years 2000 - 2006. Over that period, it is planned that €251m (£150m, when £1=€1.67) of European Regional Development Funds (ERDF) will have been distributed to support an overall Programme Value of the order of €650 m (£390m).

At the heart of the strategy is the key aim for the Programme to 2006 and beyond:

"To promote sustainable economic development in the East of Scotland which is founded on the key principles of enterprise, learning and social justice."

The Programme is delivered through 3 Development Priorities, each with a number of Measures:

Priority 1.

Strategic Economic Development (€93.5m): There are 3 operational Measures which target the priority of a strong, internationally competitive, and self sustaining economy:

1.1 SME Creation & Development (€59.1m)

1.2 Access to Risk Capital (€11.0m)

1.3 Technology & Knowledge Transfer (€23.4m)

Priority 2.

Strategic Locations & Sectors (€95.0m): There are 2 operational Measures designed to promote the strategic locations of the Programme Area and to advance key economic sectors:

2.1 Strategic Locations & Sectors (Revenue) (€19.0m)

2.2 Strategic Locations & Sectors (Capital) (€76.0m)

Priority 3.

Community Economic Development (€56.6m): To improve the capacity of local communities to create/access new enterprises or employment opportunities, 3 operational measures have been constructed:

3.1 Community Engagement & Capacity Building (€9.0m)

NB. The figures detailed for each measure may be subject to a degree of variation following the MTE.



3.2 CED Implementation: Spatial Targeting (€40.8m)

3.3 CED Implementation: Thematic Activity (€6.8m)

The future of Structural Funds has been subject to periodic review, with changes of priority, scope and eligible areas. The main changes in the East of Scotland since the previous 1994-1996 and 1997-1999 Programmes have been that:

- the European Social Fund (ESF), which provides training and employment support, is no longer administered by ESEP but by the separate Scottish ESF Objective 3 Partnership with whom there is close co-ordination;
- the geography has changed, with the addition of the former Objective 5b Regions of Rural Stirling and Upland Tayside, and North West Grampian;
- there is a greater spatial focus. Areas within regions are now classified as Eligible, Transition and Ineligible areas. The former have major structural and competitive constraints; Transition Areas are seen as having reduced need for support; while other areas - such as Aberdeen and Edinburgh - do not need direct Structural Fund support. Further, one of the 3 major strategic development Priorities identifies specific locations to target resources.
- overall, though the Programme covers a longer period, funding levels are reduced, particularly for the Transition Areas. With the enlargement of the European Union, it is unlikely that funding in the same form and to a similar extent will continue beyond 2006, and projects are required to identify exit strategies.

Sustainable Development

Similarly, the treatment of sustainable development has changed. There were requirements that previous Programmes should take account of the economic, social and environmental situation in the region. Generally, however, aside from one or two incursions into environmental projects, the approach was not strongly developed or fully integrated. In the 1994-1996 and 1997-1999 Programmes, sustainable development - in terms of the integration of economic, social and environmental objectives - was not explicit as a dominant theme.

From 1997, that situation changed. First, and responding to an EC initiative, ESEP made a successful bid to take part in a pilot project as one of 12 EU Regions pioneering a deeper approach to sustainable development. ESEP has subsequently developed this work with enthusiasm and commitment. Second, this work has been reinforced by guidance from the European Commission and the Scottish Executive. Third, sustainable development is now at the heart of the 2000-2006 Programme. It is one of the four central development themes, requiring that as well as their role in economic development, all projects must explicitly address the Strategy's objectives on social inclusion, equal opportunities and environmental improvement.

1.2 Evolution of the ESEP Approach

Early Key Decisions: the Project Steering Group and the Partnership

With the 2000-2006 Programme now in its 5th year, the path taken by ESEP can now be assessed with hindsight, and it may be useful to describe key features of how it unfolded. The first, and perhaps crucial, decision was to form a multi-agency Project Steering Group led by ESEP's Chief Executive. This Group brought together committed individuals with knowledge of sustainable development from ESEP's Programme Management Executive, local authorities, environmental agencies, the enterprise network and the Scottish Office. The fact too that the Chief Executive led the process made clear at all stages that this was not a marginal activity. This Group continues to this day as ESEP's 'Key Policies Group'.

The second decision that affected the way the work was carried out was to appoint a sustainable development consultant. The choice of consultant and approved methodology meant that instead of the approach being devised and reports written up 'externally', the consultant worked with the Steering Group as a member, and also as facilitator and a resource within the team. This bound together a powerful and mutually supportive team, maximising the input of all involved.

The third decision, reflecting the previous two, was a determination from the outset to develop the approach by working with the wider Partnership at all stages. It was foreseen that radical change might be in prospect, and it was considered that this should be owned and guided by the Partnership throughout. There should be no discontinuity, or having to 'sell' alien ideas to partners. What would be devised would be devised with them, taking into account their experience and addressing their concerns.

The Decision to Embed

The fourth decision, while perhaps not made on day one, nonetheless came quite early in the process. This was the realisation that to engage seriously with sustainable development meant building it into the fabric of the Programme. It should influence all activities, not just as one theme amongst many, or through a token strand of 'sustainable development' projects. This was expressed in the Steering Group as "tackle the energy efficiency of all buildings, rather than support one windfarm" even though, as discussed later in Section 1.3, this does not remove the need for demonstration projects.

Careful consideration was given to how best to do this. The basic structure of the Programme is shown in Figure 1 (overleaf). This uses the terminology of the current Programme Complement, which describes the strategic Priorities and, within each Priority, the Measures that specify the categories of support. The Complement then describes the procedures governing the appraisal of applications for the funding of projects, setting out both core and measure specific criteria. The core criteria seek to determine (ex ante) the extent to which each project application addresses the strategic objectives, and the intended impact on the region's regeneration. Measure specific criteria focus on the degree to which projects address the specific requirements, rationale and objectives of individual measures. Finally, when projects are approved and implemented, their outputs are monitored and assessed, with reference to indicators and targets.





Figure 1: Components of the Programme Complement

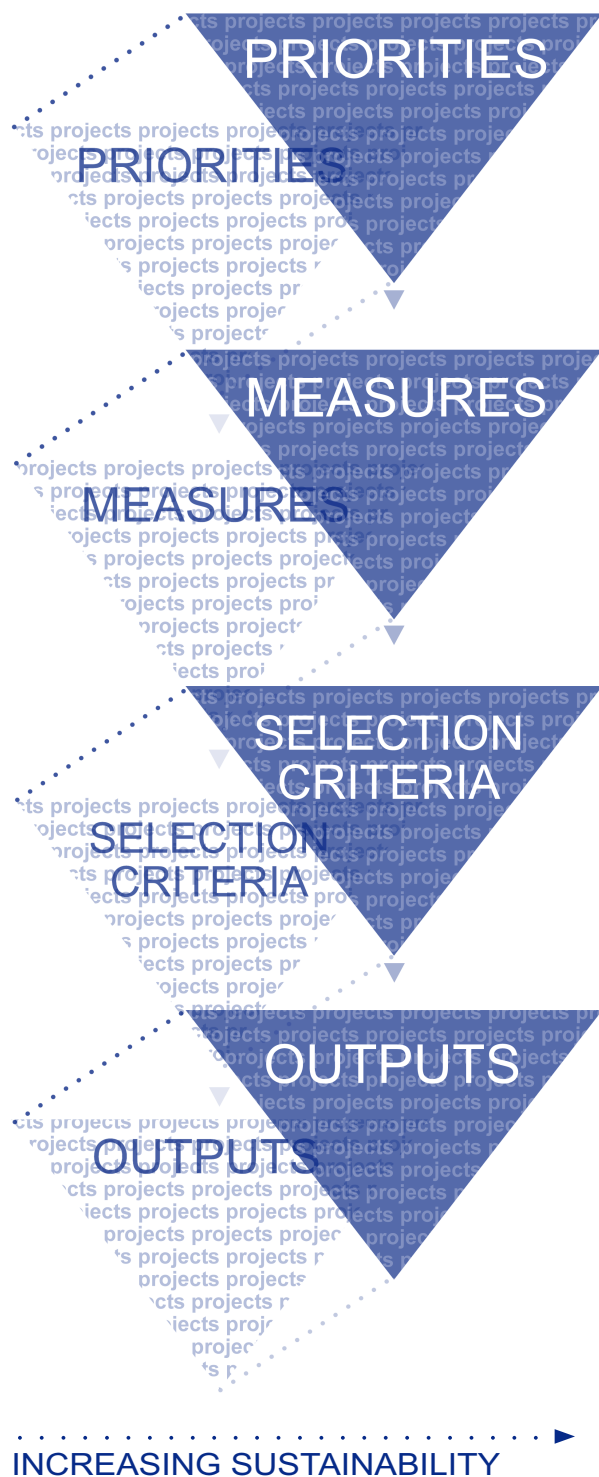


Figure 1 aims to show how the basic relationship between priorities, measures, selection criteria and outputs remains unchanged, but over time each of these is adjusted in order to mainstream sustainable development throughout the Programme. It was soon apparent that the appropriate stage to intervene was the core selection criteria. While the Priorities and Measures would set the strategy, and the outputs measure what was achieved, it is the selection criteria that have the critical influence on the design and selection of projects for funding. Once approved, projects can be monitored to ensure that the outputs specified in applications are being delivered. What in effect we are seeking to do is to keep the existing coherent interrelationships between the key components, but at the same time bring about a transformational shift in practice and outcomes.

The Core Criteria and Sustainable Development

In designing the core criteria, the two strongest influences were the Steering Group's perceptions of what sustainable development means, and the views of the Partnership. The Steering Group adopted a definition of sustainable development from preparatory work produced by ECOTEC Consultants for the Commission which states;

"Sustainable Development aims to pursue three objectives in such a way as to make them compatible for both current and future generations:

- Sustainable, non-inflationary economic growth;
- Social cohesion through access for all to employment and a high quality of life; and
- Enhancement and maintenance of the environmental capital on which life depends" (ECOTEC, 1997)

This definition recognises the importance of environmental limits ("on which life depends"); and the bringing together of economic, social and environmental factors has been fundamental to all subsequent ESEP work on sustainable development. The most significant outcome of the 1992 Earth Summit at Rio was the recognition that tackling environmental issues could only be achieved if economic wellbeing and social justice were also addressed. This tri-partite approach is encapsulated in the European Union's Amsterdam Treaty, itself stressed as the basis for Structural Funds action on sustainable development by the Scottish Executive:

"Sustainable development is defined in the Treaty of Amsterdam in the context of financial instruments, including Structural Funds, as follows:

"the Union's financial instruments are required to work, simultaneously and in the long term interest, towards economic growth, social cohesion and the protection of the environment; in other words sustainable development."

The Scottish Executive, European Structural Funds Division, 2 June 2000

This unification of economic, social and environmental factors was further reinforced through the evolution of the core criteria, summarised in tabular form in Figure 2 (overleaf). These too had a starting point in preparatory work for the Commission. ECOTEC had undertaken work suggesting 16 areas of action for sustainability. The Steering Group took these all on board, but noted that they were primarily about environmental aspects of sustainable development. At a first joint working session with the Programme Management Executive, a main conclusion was that everyone saw the need for social issues to be taken into account: inclusion, participation, access and equal opportunities, and capacity building. Finally, it was particularly stressed through several workshops with partner agencies, that in tackling the social and environmental dimensions, sight should not be lost of either the core economic development rationale of the Programme, or the need to start from how the Programme then operated.





It is worth recalling the views from the workshops with members of the Partnership. Those views were clear and have endured. For example, the risk of losing the economic development focus was cited as a concern during the 2003 Mid Term Evaluation, 5 years on. The potential benefits and opportunities of incorporating sustainable development more fully into the Programme were seen as:

- Creating a more integrated Programme and projects;
- Producing more effective use of resources;
- Creating comparative advantage for the Programme Area;
- Generating more durable outputs (e.g. jobs that should last longer); and
- Raising awareness and a learning process.

Equally clear were the downside risks, the disadvantages to be avoided:

- Inadequate commitment to, and stakeholding in, sustainable development;
- Losing economic development as the main focus;
- Inflexibility or over-complication; and insensitive use of selection criteria;
- Failure to develop from existing framework (i.e. start from where you are); and
- Lack of support for applicants.

This assessment has continued to guide the development of the ESEP approach. Figure 2 overleaf shows how this evolution affected the core criteria. Developing from the existing framework meant that the core criteria in the 1997-1999 Programme were a key building block. They provided the basis for economic aspects, and for strategic integration and feasibility. At an interim stage (known as the 5-4-5 criteria) 4 criteria on environmental factors influenced by the ECOTEC 16, and 5 on social factors were now to be seen alongside the 5 economic criteria. The last and critical stage was to stop disaggregating the criteria into economic, social and environmental aspects. Sustainable development should be about adopting a more holistic and integrated approach to development. To reflect this, the criteria became one integrated set of 12.

They were then 'road tested' by checking that project sponsors involved in a range of projects found they were a sound way of shaping and presenting projects. The criteria were formally present at a Partnership Conference in the Autumn of 1998. They have since been adopted into the 2000-2006 Programme, and the current version is only slightly amended from the 1998 set.

Figure 2: Evolution of ESEP Core Criteria for Project Selection

Core Criteria 1997-1999	ECOTEC 16	5-4-5	Core Criteria 2000-2006
4. Outcomes – Job Creation		C1 Net Additional Jobs	1. Net Additional Jobs
2. Evidence of Demand		C2 Demand	2. Evidence of Demand
1. Additionality 3. Leverage		C3 Leverage	3. Partnership and Leverage
6 Environmental Sustainability	2. Adequate Infrastructure 7. Brownfield Site Development 8. Serviced Site Development 11. Sectors with low Environmental Impact 12. Environmentally Responsible Transport 13. IT Applications 15. Spatial Planning	E1 External Resource Impact	4. Infrastructure Impact
	3. Environmental Adjustment for SMEs 4. Eco-Industries 5. Clean/cleaner Technology 6. Conservation, Re-use and Recycling 9. 'Green' Products, Processes and Services 10. Production and Use of Renewables 11. Sectors with low Environmental Impact 13. IT Applications 14. Awareness of Sustainability 16. Industrial Ecology	E2 Internal Resource Efficiency E3 Eco-industry	5. Resource Efficiency
	1. Enhancing Environmental Quality	E4 Enhanced Environment	6. Environmental Impact
8. Equal Opportunities	14. Awareness of Sustainability	S1 Access	7. Access and Equal Opportunity
		S4 Local Added Value	8. Local Added Value
		S5 Community Participation	9. Capacity Building
		S2 Skills Development	
		S3 Integration	10. Social Inclusion
9. Strategic Integration		C4 Strategic Integration	11. Strategic Integration
5. Outcomes -Other 7. Project Sustainability		C5 Durability	12. Durability and Feasibility





The Core Criteria

The 12 core criteria for project selection are:

1. Net Additional Jobs

An assessment of the extent to which the project will create net additional jobs including net additional jobs safeguarded.

2. Evidence of Demand

An assessment of the quality, validity and robustness of market research and/or evidence of market failure provided as justification for intervention.

3. Partnership and Leverage

An assessment of the extent to which the project shows partnership between agencies reflected in their contributions of funds, expertise and other resources. Particular priority will be given to private sector contributions. Project applications must demonstrate that grant aid is essential for the implementation of the project.

4. Infrastructure Impact

An assessment of the extent to which the project will impact positively on the region's infrastructure for example by:

- making use of serviced and/or brownfield sites;
- re-use of existing buildings;
- being in or adjacent to settlements and/or public transport;
- making use of, or developing, existing services.

5. Resource Efficiency

An assessment of the extent to which the project in its direct use of resources positively addresses one or more of the following:

- The efficient procurement, and use of: water; energy; raw materials and other inputs;
- The minimisation and management of waste;

- The production of 'green' products and services; the development of cleaner technologies/processes; recycling and re-use activities; environmental monitoring and pollution abatement.

6. Environmental Impact

An assessment of the extent to which the project contributes to the enhancement or protection of the environment in which it is set, or seeks to minimise the negative impacts, whether as an infrastructure development or a revenue activity.

7. Access and Equal Opportunity

An assessment of the extent to which the project actively promotes the full and equal participation of individuals and social groups in the local economy. This may be achieved for example by:

- Ensuring that there are no physical constraints (e.g. lack of transport) preventing individuals accessing employment and personal development opportunities.
- Creating the right conditions in the labour market through active labour market policies.
- Positively tackling the more subtle forms of discrimination and exclusion.
- Providing a supportive learning and working environment including adequate provision and/or assistance for child/dependent care.

8. Local Added Value

An assessment of the extent to which the project has the ability to generate local added value through for example:

- Productive linkages between local employers and training providers or SMEs and centres of R&D.
- Support for local sourcing initiatives and/or activities aimed at diversification within the local economy.

- Assistance for activities which promote local support e.g. extending the Tourism season.
- The active support and participation of the local community in project design and implementation.

9. Capacity Building

An assessment of the extent to which the project addresses identified deficiencies in the local economic and social infrastructure, local organisational competencies or skills and competencies of the workforce, and which act as a constraint on growth and development.

10. Social Inclusion

An assessment of the extent to which the project is directed at integrating disadvantaged communities into mainstream activities. In particular, projects which enhance access by these communities to opportunities and benefits available elsewhere in the Programme Area will be given priority.

11. Strategic Integration

An assessment of the extent to which the project can demonstrate direct linkages and coherence with other related activities and strategies - local, national and European - including statutory Development Plans.

12. Durability and Feasibility

An assessment of the extent to which the project can demonstrate the ability to become self-sustaining over time. This is coupled with an assessment of the feasibility and risks of the project; its design and forecast targets and the capacity and track record of the delivery agent(s) to implement and sustain the project.

1.3 The Stance Adopted

ESEP's overall approach to sustainable development is the key to understanding ESEP's stance on a number of issues. As the approach was developed, as well as debate within the Partnership, there was extensive exchange with others involved in a sustainable development approach to regional regeneration. ESEP was one of 15 participant and observer regions participating in the Commission sponsored Pilot Project. From the UK, the Highlands and Islands, and West Cumbria & Furness regions also took part. A series of seminars initiated by the Commission, took place in Brussels, Berlin and Toulouse. In parallel with the DG Regio Demonstration scheme was an emerging sustainable development research network. This network of academic researchers were interested in drawing on the work of the more practitioner orientated demonstration scheme. This academic group held regional research symposia in Graz and Helsinki at which ESEP gave presentations.

There also has been continuing discussion with Commission officials and with the Scottish Executive. All the Scottish Structural Funds Programmes meet together in a forum to discuss sustainable development. Perhaps most valuable of all, ESEP now receives significant additional input through the appointments of the Scottish Structural Funds advisors on sustainable development and equal opportunities, both acknowledged experts in their fields.

In all these exchanges, there have been a number of recurrent debates about what is meant by sustainable development, and in particular whether to:

- regard the horizontal themes as pervasive or marginal;
- treat sustainable development and equal opportunities as separate or inter-related themes;





- address 'sustainable development' or 'environmental sustainability'; and
- focus on embedding sustainable development or its practical demonstration.

In every case, ESEP's stance stems from the same conceptual framework. This will be set out first, before returning to consider how ESEP has resolved these debates.

The Case for a Joined-up Approach

The debate over the meaning of 'sustainable development' arises frequently and usually holds up practical progress. It is necessary sometimes to step over these differences of opinion, recognising that different participants come to the discussion with their own perspectives which may take time to change. One way is by focusing on the nature of the problems to be dealt with.

The problems which regional regeneration seeks to tackle are complex and difficult to solve. They have economic, environmental and social dimensions. Whilst work is usually organised into functional areas, and organisations are given specific remits, in order to simplify the task and enable specialists to focus on manageable areas, this does not enable us to tackle these multi-faceted problems effectively. Sustainable development is an alternative approach, but as it cuts across the way people think and work in organisations, it is hard for them to understand and adopt. Often, they try to express it in terms which fit with their structures, rather than adapting the way they work to face up to the challenges of sustainable development.

'Economic development' is not just about developing businesses and providing infrastructure to assist them. It is about people, their skills and the communities in which they live. It is not an end in itself; it is pursued in order to improve people's quality of life. To

achieve the full potential benefits from economic development, we therefore have to take full account of the social and environmental implications.

This approach is reinforced from a number of directions. It reflects the international perspective to which reference has already been made, and the reality that accords reached at the UN find expression (and commitments made) at EU, UK and Scottish levels.

In the business world there is increasing emphasis on corporate social responsibility - ensuring that progress is measured by a triple bottom line of economic, social and environmental accounting. This recognises the close inter-relationship between businesses and the community (both local and global), and the responsibility of the business for its impact on the environment. A growing number of companies are realising that their business performance and reputation with shareholders are directly linked with their social and environmental performance - even though this challenges the thinking of many traditional businesspeople. Increasingly these pressures also impact on SMEs too, not least through the supply chain, procurement, and the need to ensure compliance with social and environmental regulations.

The idea of 'best value', which was raised on behalf of ESEP at the Toulouse meeting of the EU regional network, is now established as a means of ensuring that taxpayers get the best overall value from the services provided by local authorities and other public agencies. An approach based on sustainable development ensures that the 'best value' is achieved for the public investment, so that economic development benefits are reinforced, and not undermined, by the social and environmental consequences. The overall benefits and the synergies between them are maximised. This mutual reinforcement between best value and

sustainable development has been recognised and given statutory authority in the Local Government in Scotland Act 2003 and the associated guidance issued by the Scottish Executive.

The Big Idea

In essence, therefore, sustainable development has the potential to become a higher order and unifying policy theme, which is at once cross-cutting and all encompassing. Graham Meadows as a Director in DG Regio in the European Commission (now Director General), stated at a UK conference entitled 'Looking for Lasting Quality: Sustainable Development in the Regions' that sustainable development;

"is the single unifying intellectual concept that connects together the best things we have done in the past ten years of European Regional Policy in the United Kingdom".

He went on to declare that

"sustainable development is the big idea behind the Programmes."

More fundamentally, it describes a coherent and comprehensive regional development framework within which other key policy areas and initiatives are constituent parts and the necessary connectivity, complementarity, and synergies may be achieved.

At the broader policy level, the potential role and influence of sustainable development can be seen, and could have profound effects. In the right circumstances, and with political support, the oft cited desire for joined-up governance can begin to take shape and become a practical reality.

In this perspective, sustainable development provides the common language that can promote the effective interplay of the following policy areas of:

- Social inclusion
- Equal opportunities
- Environmental sustainability
- Economic development

- Spatial and land use planning and development
- Community planning
- The social economy
- Corporate social responsibility
- Financial engineering
- Transport and accessibility
- Social and environmental justice
- Lifelong learning
- Innovation
- Regional policy
- The Information Society

Debates Resolved

The approach adopted by ESEF, and the dogged adherence to a holistic view of sustainable development, is founded on a determination to bring clarity of purpose and coherence to the many facets, layers and components of regional development. The aim is to create policy linkages and financial collaborations that did not previously exist; to forge new joint working arrangements between different public services and other delivery agents; and to assist in the development of more effective, flexible and sustainable forms of intervention that can combine to produce substantial longer term benefits.

The consequence of all this is that 'sustainable development' implies a way of understanding and tackling the particular challenges being faced by the Structural Funds Programmes. In that sense it should be pervasive throughout the Programme, rather than regarded as one particular strand separate from the others.

Pervasive and Cross-Cutting

Returning to the debated topics raised earlier, there is a range of views on how central to place the 'horizontal themes' of sustainable development and equal opportunities. For some, these two are strands amongst many others, warranting some attention, but certainly not centre stage. For others they are to be



regarded as pervasive and cutting across all activities. It should be evident that the ESEP position is unambiguously committed to the 'pervasive and cross-cutting' approach.

To make this commitment does not solve all the difficulties along the way. Traditional ways of dividing up responsibilities, with people's territories and working in departmental 'silos' will not disappear overnight, and breaking out means moving out of comfort zones and taking risks. Inevitably the process takes time. But the commitment to change has been made, and is being sustained.

Inclusive of Equalities

A test of ESEP's perspective has been how to treat equal opportunities. There is an argument that equalities issues warrant being treated separately. However, ESEP had always seen equality of access and opportunity for all to social, economic and environmental well-being as central to its view of sustainable development, irrespective of people's gender, ethnicity or disabilities. Sustainable development aims to address equal opportunities in a manner which is more inclusive, less potentially divisive, and better integrated into the mainstream of economic development.

The risk of separating out specific issues like equal opportunities from the Programme's objectives for the regional economy and environment for special attention and treatment is that they can become compartmentalised and divorced from the mainstream regional development effort. Thus ESEP continues to believe that equal opportunities are strengthened, and not diminished, by tackling them within - and not outwith - the overall sustainable development framework. At the Conference on Mainstreaming Equal Opportunities within Structural Funds Programmes held in Glasgow in November

2003, it was noticeable how often reference was made to sustainable development as the supportive framework for tackling inequalities.

It therefore seemed appropriate to continue with the integrative strategy for mainstreaming and it was felt that a joint approach to mainstreaming both sustainable development and equal opportunities would be the preferred way forward. Many of the issues are the same or similar for mainstreaming both horizontal themes, such as awareness raising and training and it seemed sensible to approach this in a co-ordinated and more resource effective manner and not to set up a separate Policy Group to deal with equal opportunities. In addition the model of sustainable development developed by the pilot project was felt to be sufficiently inclusive to ensure that equal opportunities issues are given sufficient prominence. To this end membership of the Key Policies Group was augmented so that the necessary equalities expertise was represented and the core criteria were re-visited to ensure that equal opportunities is sufficiently visible. This approach has been formally endorsed by the Programme Monitoring Committee.

Beyond Environmental Sustainability

A further long running debate involves those who see "sustainability primarily in environmental terms to a broader understanding encompassing the interdependency of environmental, economic and social aspects" (Moss and Fichter, 2000, p43). This division, reported in the review of the European Pilot Studies, continues. Sometimes the difference is less than it seems. For example, sometimes Commission and governmental guidance tends to emphasise the need to address environmental matters. However, the concern often arises where it is judged that the environment has been relatively neglected. From the context, it may be clear that sustainable development is about much more than the environment alone.

At other times, the difference goes deeper. There is often hesitation about the breadth of interest claimed by sustainable development, and its challenge to traditional boundaries. This is exacerbated by mixed messages from public institutions. Too often, sustainable development responsibility lies in environment departments, sometimes associated with rural affairs. Even when Prime or First Ministers address sustainable development, and talk about its economic and social dimensions, it is labelled as their 'Environment Speech' (see McConnell, 2002). Some environmentalists find this helpful, as it redresses what they feel is an over-emphasis on the economic and social policy dimensions.

ESEP's perspective is that the environment matters, but again that the way to tackle environmental issues within an economic development Programme is as part of an integrated approach, not as a separate strand or theme. Protecting and enhancing the environment, and securing environmental justice, depends on recognising that all economic activity has environmental implications, not just those actions in some separate 'environment' category.

Embed or Demonstrate

The European regions were also divided between those who sought to embed sustainable development throughout their Programmes, and those who opted for a sustainable development theme or specific project. Several regions who took the embedding route drew on ESEP's work: "The early completion and dissemination of the Eastern Scotland report enabled several of the other regions - including Berlin, Nordrhein-Westfalen and Aquitaine - to draw on its core criteria, adapting them to suit region-specific priorities" (Moss and Fichter, 2000, p58).

The influence of the ESEP criteria does not mean that the merits of demonstration projects are rejected: on the contrary, it is clearly beneficial to have practical examples (and, as the assessment in Part 2 concludes, ESEP could benefit from more of this). However, perhaps especially in the UK, there are real risks that demonstration projects become locked in a special category - 'pilot' mode - and do not then enter mainstream activity. The aim has therefore been to work in the other direction: to mainstream sustainable development, so that there are more and more demonstrations. Eventually sustainable development ought to cease to be special, and become no more (and no less) than the normal way of doing things.

Positive positions

That there are debates and tensions, hopefully, reflects that people care about these issues and are, like ESEP, committed to finding ways forward. Reporting them provides an opportunity for ESEP to declare its position.

Overall, ESEP has adopted a robust position on sustainable development, and wants to share and develop that experience. The stance was summed up in the 1999 Report:

"The Project has not treated sustainable development as an optional bolt-on or a specialist sub-component of the overall Programme, but as core business to be embedded in the mainstream. This approach is based on the premise that the Objective 2 Programme will retain its core objective of support for the provision of jobs ... but that it will achieve that objective more effectively over the longer term if the issues of social inclusion and environmental enhancement become integral considerations throughout the Programme."



The Report continued:

“Sustainable development is about making common sense connections that are not yet commonplace.”

These connections include, for example:

- innovative applications of information technology to enable people take up economic and social opportunities previously denied them due to lack of available and affordable transport;
- enabling organisations to implement cost-effective measures to achieve efficiency in the use of energy and all other resources;
- helping businesses develop new and alternative commercial applications for former waste products, such as processed recycled glass as a water filtration medium;
- ensuring that child and dependent care provision, and the physical design of facilities, remove barriers to training and job opportunities, and promote equal opportunities.”

It is interesting to note that there are examples of all these activities in the current Programme. Further examples of real and measurable progress in achieving the connectivity between different policy areas are given in the sections that follow, particularly in Sections 2.6 and 2.7. Guidance on the core criteria, and many examples of project features, are set out in Part 3. However, it was recognised in 1999 that to realise this ‘common sense’ in practice is not easy nor is it often cost free. It has taken much dedicated effort from many people to realise the extent of progress reported in Part 2. There are some ‘win-win’ situations, but in seeking alignment between different aspects of development, there often has to be innovation and learning to find new ways of securing regional regeneration.

The Challenge

Structural Fund Programmes with their regional conversion strategies targeted at strategic growth opportunities and areas of need, present a unique opportunity to promote and bring practical expression to a wide range of public policy objectives. They also illustrate the need - and provide the potential - to promote the essential connectivity that is too often lacking. This is possible due in large part to partnership working. Through the process of engagement and consensus building, all stakeholders and partners agree a common purpose and series of strategic objectives in tackling the underlying structural problems and internal disparities of the regional economy.

This in turn is made possible by the crucial role played by the Programme Management Executive in pro-actively pursuing the implementation of the key policy themes through awareness raising, research, advice and guidance, and training support. It is through this dedicated resource, augmented by other external specialist input, that it is possible to bring about positive and embedded change within and across the many regional development agencies and partner bodies.

Finally, and most important of all, the beneficiaries of support from the Programme, i.e. businesses, groups and individuals engaged in economic activity, can play their part in moving towards a more equitable, just and sustainable functioning economy.





Progress Achieved - The Stage Now Reached



PART 2:

PART 2



Part 2: Progress Achieved The Stage Now Reached

2.1 Embedding within ESEP

Introduction

This part of the report reviews the progress made towards mainstreaming sustainable development in the East of Scotland European Partnership. Two temptations will be resisted. First, there should be no claim that the Partnership started from a blank sheet in 1997/8. Some of the activity now identified as sustainable development was already envisaged or underway, even though it may not have been identified as such. Concern with the environment and for social justice by ESEP and its partner agencies has a long history: what is new is drawing those strands together and trying to give them expression and impetus.

Equally, it should not be claimed that the Programme has 'solved' how to tackle sustainable development. Progress has been made, but it is modest. The report sets out to indicate where there is progress, where some of the difficulties lie, and how further potential can be taken forward.

Within the 2000-2006 Programme

In institutional terms, the turning point was the Partnership Conference in the Autumn of 1998 followed by the launch of the Final Report of the Sustainable Development Project in 1999. In the foreword to the Report, the ESEP approach was endorsed by the then Minister for Finance at the Scottish Executive, Jack McConnell. He wrote:

"Scottish Ministers are determined to put sustainable development at the heart of policy and more explicitly to put sustainable development into policy for economic

development and enterprise. Too many people still see sustainable development as referring solely to environmental issues. I am therefore glad to endorse the Eastern Scotland European Partnership's approach in this report which includes within the remit of sustainable development: -

- economic development and enterprise
- social inclusion and equal opportunities and
- the protection and enhancement of the environment.

Together these are the building blocks for a sustainable Scotland and our new Executive will ensure that its own policies and those of its agencies fully take on board its principles and practice."

With the Partnership's approval and Ministerial endorsement, the central element of the approach - the 12 sustainable development core criteria - was built into the 2000-2006 Programme from the outset. As such, it now forms a central part of how projects are selected through the work of the Programme Management Executive and the Advisory Groups who make the recommendations on which projects should receive funding.

Further, the Programme Complement, which sets out the rationale for the 2000-2006 Programme, gives a much higher profile to sustainable development. As the document evolved, earlier drafts reflected some of the ambiguity about whether sustainable development is the overriding theme, or simply one theme amongst many others. It is still the case that there is little on ecological limits: it could not be yet that the Programme aims to make a major contribution to reducing greenhouse gas emissions or abating destabilisation of the climate. However, as the Programme Complement was revised and finalised, the commitment to sustainable

development became more sharply focused. As well as setting out the core criteria, sustainable development is built into the key aim, is the first of the four central development themes, and informs the other themes. The document is explicit in its commitment: "Sustainable Development forms the basis of the East of Scotland SPD 2000-2006" (p12).

The result is a document which reflects the extent of progress made. Both explicitly and implicitly, the Programme frequently recognises the inter-dependence of economic, social and environmental realms. For example, in the selection of the strategic locations for Priority 2, the criteria for designation draw directly on the 12 core criteria as a template. Overall, it is a major step forward.

Key Policies Group

Within ESEP, responsibility for mainstreaming and developing the approach to sustainable development lies with the Key Policies Group. This is the direct successor to the former Project Steering Group, and has retained continuity of membership. Its role is advisory, not executive, working alongside the structure of Advisory Groups which have responsibility for each Priority.

It is chaired by ESEP's Chief Executive, and its work is managed by one of the 3 Programme Managers. This has retained the crucial leadership role. The direct involvement of the Chief Executive puts the group in a much more powerful position than if it had to have its decisions approved at some further level. It has also retained diverse expertise, with its membership drawing not only on the Programme Management Executive, but also on Scottish Enterprise, the environmental authorities of Scottish Natural Heritage (SNH) and the Scottish Environment Protection Agency (SEPA), local authorities, and independent sustainable development advice. This has been strengthened by the Scottish Structural Funds advisors on Equal Opportunities and

Sustainable Development, and by representation from the Scottish ESF Objective 3 Programme.

The Key Policies Group work programme is set out in its Mainstreaming Sustainable Development Action Plan. This identifies two main priorities:

- Continue and develop the programme of awareness raising; and
- Initiate the assessment of the horizontal themes into the standard monitoring of projects.

The Group has regularly reported progress against these Action Plan priorities, and this report takes that process further. The next two sections review progress made on the two priorities of awareness raising and monitoring.

2.2 Progress on Awareness Raising

Awareness raising has centred on what is now an extensive series of workshops. The first were held with project applicants, designed to assist applicants and raise awareness about the sustainable development core criteria. The next priority identified was to hold a session with key staff of the Programme Management Executive (PME). Following this workshops were conducted with each of the Advisory Groups. Since then the focus has shifted to implementing monitoring (described in section 2.3), and work with specific proposals.

Applicant Workshops

The Key Policies Group initiated and conducted six half-day workshops in November 2001. They were held in Livingston, Aberdeen, Elgin, Alloa, Dundee and Dunfermline, and overall 135 people attended. Each workshop was run to the same format, one that had been pioneered with Stirling Council earlier in 2001. After an initial presentation, the workshop examined a number of projects against the 12 sustainable





development core criteria. Those who took part ranged from some very familiar with the East of Scotland Programme, including Advisory Group members, through to those relatively new to European Structural Funds. Similarly the projects presented and discussed at workshop sessions ranged from well established projects in receipt of funding to potential project ideas at an early stage of development. In all, 16 projects were presented and assessed in the workshop sessions: 19 if the Stirling workshop is included.

Reactions to the workshop process were very positive. Some of those taking part thought that discussion of the kind held at the workshops with colleagues and partner organisations might be used more generally to help applicants devise and present projects. It is sometimes argued that people will resist sustainable development, or find it difficult. This was not experienced. If anything, the concern was that people might cast applications and projects in the language now being sought, but that delivery might not match the potential. It was also felt that as sustainable development features become more commonplace, assessing the merits of the comparative strengths of different projects would become more complex.

Some of the other points raised about the Programme included:

- the need to communicate where funds may appear to be under-committed;
- concern that the special needs of rural areas be recognised;
- the importance of aftercare in training and business start-up projects; and
- the need to re-design the ERDF (and ESF) application forms.

Overall, the workshops showed that the 12 sustainable development criteria work. This applied not only to ensuring that more sustainable development features might be incorporated into project design, but also - and this was not fully anticipated - because the

criteria are comprehensive, they provide a means for presenting and considering projects in the round (and not 'just' the sustainable development features). For almost every project, all 12 criteria proved directly relevant; often some project features contributed to several of the criteria, and ways were found of suggesting improvements to most of the projects considered.

Turning to feedback about the projects themselves, the sample of 19 projects was sufficient to generate some general impressions. Projects are evolving, and some are now being explicitly designed to integrate economic, social and environmental benefits from the outset. Others, particularly CED projects seen originally as primarily economic and social, had more to contribute environmentally than initially appreciated. Conversely, projects which might have been seen as primarily environmental - such as woodlands restoration or management of moorlands - could offer delivery of significant economic and social benefits. Perhaps the projects with most to learn were business infrastructure projects, where the social and environmental potential was not always expressed or realised. The application of the criteria, through the workshop format, drew out ways of doing this.

Programme Management Executive Workshop

The next priority identified by the Key Policies Group was to hold a workshop with key staff of the PME. The workshop aimed to get feedback from staff about ESEP's approach to sustainable development: their assessment of progress, its strengths and weaknesses, and what should be the priorities for further work.

Positive reactions were tempered with realism. The approach was assessed to be beneficial, and making a difference. However, there was a range of views, and therefore some uncertainty, about how much difference was being achieved.

Progress ranked an average score of 3 on a scale of 1 to 5. While all projects are being judged against the criteria, and the criteria provide an effective and complete scoring system, practical progress has been varied, and is not seen as cascading into all partner organisations. The Programme Management Executive share the concern from Project Applicant workshops that more effort may be invested in crafting the rhetoric of applications, whereas if delivery is to be achieved, what matters is that there has been a conscious effort to incorporate sustainable development into the project.

Attention was drawn to the lack of competition for funds. Particularly because of difficulties partner agencies have in securing matched funding, the issue has been one of getting sufficient applications of adequate quality, more than selecting which have been the best projects to fund. There is also a question of 'balance' in the Programme. Some projects with origins in the environmental sector have made a real effort to score highly against the 12 criteria because they are aiming to deliver economic and social benefits as well as environmental ones. By contrast, some more traditional business support projects (in targeted sectors, such as biotechnology, for example) may have some way to go in addressing their social and environmental potential.

The main priority for further work was seen as improved monitoring, including visiting projects and then being able to disseminate good practice based on real examples. It was also suggested that project sponsors who have engaged with sustainable development less than others might be targeted for follow up action.

Advisory Groups Workshops

The Key Policies Group's commitment to hold a series of awareness raising and training workshops was completed by sessions with each of the three Advisory Groups in November

2002. These workshops included extensive debate on the horizontal themes.

The views of all 3 Advisory Groups on whether ESEP's approach to sustainable development and the 12 core criteria were making a difference to the Programme were decidedly mid-range. They were, in broad terms, at ease with the criteria, and welcomed the discretionary approach to their use. Applicants now have to consider the full range of issues, and there are fewer poor applications. Improvement, even when limited, is in the right direction. However, there is concern at the slow pace of change, and that sustainable development too often remains 'lip service' or a 'bolt on'. Advisory Groups wanted to see aspirations and potential turned into delivery. The movement in application forms from 'not applicable' to a standard statement of relevant policy (particularly on equal opportunities or environmental matters) now needs to move to practical statements of what will be done in projects.

The priorities for the Programme were seen as:

- promotion, and learning from, good practice;
- advice to applicants, including continuing workshops and the vital revision of the application forms; and
- the Advisory Groups undertaking robust scrutiny to embed the core criteria, and applications to cover all aspects or risk rejection.

Members wanted to see projects that are more imaginative and innovative (and therefore perhaps more risky), and wanted to see more active engagement with:

- Equal opportunities;
- Sustainable transport;
- Environmental improvement;
- Resource efficiency;
- 'Green' jobs; and
- Social cohesion: links between job creation and areas of disadvantage.





They remain concerned about problems with matched funding and about the scale of disadvantage. They also questioned if projects are sufficiently large, innovative and durable to achieve the transformation sought, while at the same time recognising that ERDF resources are limited and only a small part of the overall picture.

Throughout there was no hint that the horizontal themes are seen as a diversion: on the contrary, partners wish to see them adopted, embedded and delivered. It is believed that this commitment may not be understood or appreciated in the wider public policy community.

2.3 Assessing Progress in Mainstreaming Sustainable Development

Structural Funds have an important part to play in influencing in a positive way the activities and operations of all project promoters and not solely those activities supported by the Structural Funds. The aim is to do so in a manner which positively impacts in the long term in the integration of sustainable development into the mainstream of economic development and regeneration. The fundamental question here is how do we effectively measure progress when essentially what we are trying to achieve is a change in behaviour, if not culture, of development organisations in moving to a position where Sustainable development is the norm.

This fundamental change process is based on raising awareness, positive promotion and support leading to changes in attitude and behaviour. It is our conviction that this cannot be assessed effectively by using a conventional approach which will tend to rely on the extent to which vertical priorities or measures deliver specific environmental outputs or equal opportunities benefits. An assessment based

on quantification of outputs will at best only provide a partial assessment of performance. The overlay of a qualitative evaluation will more adequately assess progress towards fully integrating sustainable development, describing the learning experiences of project promoters, and recording improvements in their understanding and capacity to deliver the wider benefits embodied in the sustainable development approach.

A key component and essential pre-requisite of any evaluation is good quality and reliable monitoring data. This in the main is provided through the regular monitoring returns provided by project applicants. However, with regard to a qualitative evaluation, a higher order and more intensive monitoring system requires to be undertaken. The Programme Management Executive as delegated by the Scottish Executive in its capacity as managing authority is required to undertake a minimum level of monitoring visits across all approved projects on an annual basis. This project monitoring involves an assessment of progress being achieved by the project in terms of spend and implementation and also involves a rudimentary checking of the financial and monitoring systems of the project applicant.

ESEP has now developed and augmented the standard project monitoring system to incorporate an assessment of progress being achieved by the project in mainstreaming the horizontal themes. This approach now provides an opportunity for a greater interaction between the Programme Management Executive and the project sponsor in assessing progress, identifying difficulties and potential obstacles, providing advice and agreeing any follow-up action required by both parties. The approach provides invaluable feedback both to the project sponsor and also to the Programme Management Executive in determining the level of progress being achieved in mainstreaming the horizontal themes across the Programme. It also allows for improvements to be made in the level and quality of guidance, and also affords

the opportunity to determine good practice and the dissemination of that good practice more widely.

Progress on Monitoring

So far, there have been two phases of monitoring projects for progress on the horizontal themes. The first, conducted in March 2002, was a pilot study on the monitoring methodology. The second, in the latter part of 2002/2003, was to apply that methodology for a further set of projects. Following assessment of progress, the approach is now being carried forward through mainstream monitoring.

2002 Pilot Study on Monitoring

For this study, the Programme Management Executive selected 4 projects. These were:

- Stirling Business Gateway;
- BRAG Enterprises: School for Social Entrepreneurs;
- Dundee Youth Hostel; and
- Dundee & Angus Oil Venture Group.

The primary purpose of the pilot was to devise and test a monitoring methodology. Unexpectedly, in term of coverage of the 12 core criteria, the interview based approach proved less comprehensive than workshop sessions. The main reason was that project sponsors refer to the application forms, and the form then in use did not structure information against the criteria. However, what was very productive were the candid exchanges about issues of concern to project sponsors, and for sharing how projects might take up more activity characteristic of the horizontal themes.

The pilot study projects showed varied progress towards mainstreaming the horizontal themes. It was not yet possible to say "common sense is becoming commonplace". Like the earlier workshops, monitoring showed that some community based activities and projects on environmental topics offer the prospect of performing well against the core criteria. In

more traditional job creation and business support activities, it was often necessary to point out opportunities. To take three examples, that job and training opportunities arising from capital projects might be accessible to excluded groups; that energy efficient design applied in one project might be replicated in others; or the potential when diversifying to explore more sustainable options. Also, there was more progress where the lead partner agency itself had an explicit mainstreaming policy - at least the entry on project application forms was no longer 'not applicable'.

Horizontal Themes Monitoring 2002/2003

Following the pilot study, a further 4 projects were selected for monitoring visits in early 2003. These covered 7 approved applications across the three Programme Priorities, and covered both eligible and transition areas; all 4 projects, or their successors, are reviewed in the case studies presented in Section 2.7. The projects and their main features were:

• A. Tourism Niche Marketing:

A large, completed, project to support the development of niche tourism marketing in the East of Scotland, and thereby create significant support for SMEs and additional jobs. An independent economic evaluation showed this project had performed well, and increasing provision for the roles of women and for the disabled was a strength. The need, and opportunity, to reassess the Scotland-wide Green Business Tourism Scheme was reported.

• B. Kilncraigs:

A capital project for the restoration of a former woollen mill in Alloa to provide two Centres: one for social entrepreneurship, the other for creative industries and enterprise, both in an area of deprivation. The building works have strong environmental features, and effort has been made to ensure that the building will be inclusive, and meet special needs, in its operation. Mobilising the potential demand,





financial viability, and a role for an adjacent derelict section of the mill, remain challenges.

• C. Midlothian Business Development Programme:

A project which provides business development support for micro-businesses and SMEs in Midlothian, employing specialist advisers and offering both grant and repayable grant schemes. Strengths of this project include its ability to recycle funds and mutual referrals with other agencies, especially with the Business Environment Partnership on resource efficiency. There was scope for expanding social economy activity. A proposal to use grant award letters to final recipients on the importance of sustainable development and equal opportunities was a further welcome feature.

• D. Angus Rural Transport:

A community based transport initiative using ICT to link underused transport resources with actual and latent transport demand in the depopulated rural glens of Angus. This project is an innovative example of sustainable development. It has the potential for multiple spin-offs, ranging from rural regeneration locally to jobs from commercial applications of the transport mapping software and technology. The core business - providing transport - is intrinsically difficult in a sparsely populated area, made more complex by the multiplicity of agencies involved.

While it is risky to generalise on the basis of such small samples, there appeared to be more under-stated progress and less underdeveloped potential than a year earlier. The projects also showed that the embedding of sustainable development had not distorted the Programme, or inhibited the primary focus on economic development. All 4 projects showed clear awareness of sustainable development and equal opportunities issues, which were either being addressed directly or by linkage to related resources. The extent of outcomes varied, more because of the nature of the projects than the extent of commitment or understanding of

those responsible. However, addressing equal opportunities may be too dependent on linkages to training provided by others.

The 2002/2003 monitoring confirmed that the methodology worked and was cost-effective, again noting that this would be assisted when the revised application form, together with its guidance and revised monitoring forms, all based on the 12 criteria, come into use. It was recommended that monitoring visits be carried out by Programme Managers, who would be best placed to then disseminate good practice.

Monitoring 2003/2004

As recommended through the pilot studies, full scale mainstream monitoring of 36 projects was conducted directly by Programme Managers in 2003/2004. This combined the standard monitoring of project progress with monitoring of the horizontal themes. This much larger sample enabled more robust conclusions on the new approach to monitoring and confirmed that there was no need to have separate horizontal themes monitoring visits.

This assessment also produced some general conclusions on progress on the horizontal themes. On the basis of the information on the monitoring forms, it would not be possible to show that sustainable development in the round has been mainstreamed across all parts of the Programme. There is, however, rather more evidence of mainstreaming equal opportunities than of environmental matters, for example, perhaps in part at least because there is a separate section of the old application form (see section 2.4) to record this aspect. Many, if not most, projects are addressing in some way issues of female participation, access for those with disabilities and (where relevant) ethnic minorities. Overall, there continues to be a stratification with three types of project: those where equal opportunities and/or sustainable development are central; those where there is some explicit recognition or engagement; and others where there is little more than token reference to applicable policies.

2.4 Specific Action on Feedback

Re-design of the ERDF (and ESF) Application Form

The clearest feedback right from the outset of the workshops with project applicants was very simple. The ERDF (and ESF) application form then in use did not enable applicants to show how their projects would meet the core criteria. The form - the design of which is subject to lengthy approval procedures - has to cover a number of topics relating to compliance and financial planning as well as descriptions of what is proposed and its justification. It included sections on 'the environment' and 'equal opportunities'. Prior to the introduction of the core criteria, too often the response in these sections had been either 'not applicable' or little more than that the project would be subject to the lead agency's standard environmental or equal opportunities policies.

As an interim measure, a template was prepared showing how best to use the forms to deploy information on all 12 criteria. That has now been replaced by a new form where the project justification section is based directly on the core criteria. This approach could be adopted because the experience of the workshops was that as the criteria range over all aspects of projects, they provide a robust and convenient basis for describing projects in the round.

There are four other benefits of this approach. First, there is no better way of reminding applicants of the importance of the core criteria, and aiding project design, than to put them at the heart of the project application form. Second, it should make it easier for the Programme Management Executive and for Advisory Groups to assess projects against the criteria when information is laid out in this way. Third, draft guidance already issued on the core criteria could now be updated and related

directly to the format of the application forms. The intention is for it to serve as desk guidance on how to complete the justification section of the form; this guidance is set out in Part 3.2 of this report. Fourth, the experience of monitoring was that project managers (rightly) regarded their approved application as being their 'contract' with ESEP, and thus the key document against which their performance should be assessed.

With the new format, it will become much easier to assess progress against all the criteria. However, inevitably progress on this will be slow. For some time most projects subject to monitoring visits will have made their applications on the older forms; and the current monitoring forms were not designed to fit the new application form format. In the meantime, a brief guidance note is being prepared to assist Programme Managers. This will aim to help ensure that discussion at visits covers the scope of the core criteria, and that there is more comprehensive and consistent recording of progress on the horizontal themes.

Refinement of the Core Criteria

Feedback on the core criteria has been consistently positive. Even where the challenge of being able "to press all 12 buttons" had seemed daunting at the outset, with few exceptions, applicants found that they could present their project against all 12 criteria. Having said that, there were one or two concerns - people not certain how to distinguish between 'environmental impact', 'resource efficiency' and 'infrastructure impact', for example. At a stage when it was 3 years since the core criteria had been approved, it seemed prudent to have a working session of the Key Policies Group for them to be re-visited.

The main conclusion of this re-assessment was to avoid tinkering with a system which was working well and with which people had become familiar. Key positive features of the criteria were that they are holistic; those involved in the



Partnership have ownership of them; they are focused at the right level, and they provide a common standard. Nevertheless after careful consideration, three small but important modifications were considered warranted.

It was felt that in the criterion on Leverage, what mattered was the quality of partnership, and not funding alone, though this remains vital. It was recommended to add in explicit reference to Partnership. Similarly, while Access and Opportunity had been intended to cover Equal Opportunities, this too should be made more explicit. Equal Opportunities has been too often seen as a matter of compliance - avoiding discrimination - and not enough one of opportunity to ensure access to all, especially those for whom barriers have existed. Finally, it should be clarified that Resource Efficiency is about the direct use of resources by a project, whereas Environmental Impact concerns the wider environment in which the project is set. These refinements to clarify the core criteria have been adopted and incorporated into the new application forms, and the associated guidance which is both in this report and on the ESEP website.

2.5 Lessons being Learned

Mid-Term Evaluation 2003

The Mid-Term Evaluation (MTE) of the current Programme was completed in 2003. This was carried out by independent assessors to evaluate the Programme's performance and guide its future. The Evaluation report endorsed, and commended, the holistic approach adopted by the Partnership and the Programme. It stated:

"the engagement with, and integration of, sustainable development and Horizontal Themes can be regarded as high and is well reflected in all Programme documentation. The partnership's commitment towards sustainability is reflected in its continuous drive to improve Programme management processes and to

provide an efficient basis for mainstreaming processes to take place."

The evaluators went on to state that the: "operation of the Key Policies Group, the employment of external advisers, the undertaking of pilot studies and training sessions, all ensure that Horizontal Themes are highly visible throughout the East of Scotland Objective 2 Programme and its management procedures."

This level of endorsement was particularly welcome, as this was the first independent assessment of ESEP's approach since the European comparative evaluation by Moss and Fichter in 2000. However, at the same time, the MTE also tended, on occasion, to assess progress on the horizontal themes by the narrower categories of female participation and environmental improvement alone. Here, as with our own assessment from project monitoring, there was less evidence of environmental improvements than of progress on equal opportunities, though more generally, the MTE noted that there was significant under-reporting with regard to horizontal themes indicators.

In addition to advising that ESEP should highlight its Mainstreaming Sustainable Development Action Plan, and the revised approach to monitoring, the Mid Term Evaluation made a number of specific recommendations on the horizontal themes. These were:

- "undertake further training and awareness raising of PME staff, Advisory Group members and project sponsors to improve overall awareness and understanding of the importance and relevance of Horizontal Themes, so that a wider range of indicators is selected and reported upon in future" (Recommendation 12);
- "undertake an annual/bi-annual environmental impact assessment of overall project activity of the Programme" (Recommendation 14);

- “develop a monitoring method or trend analysis format on the basis of the existing twelve sustainable development criteria, in order to enable the Programme to report progress on its core, strategic aim” (Recommendation 15); and
- “develop partnerships with Horizontal Theme organisations to encourage their greater involvement in project delivery, either through technical assistance to existing ERDF projects, or through developing their own projects incorporating economic development funded by the Programme” (Recommendation 16).

The Key Policies Group found these recommendations very helpful, and all are being taken forward.

Commitment yet Barriers

Contrary to conventional wisdom, working with all those involved in this Partnership (ESEP) has shown the extent of commitment by individuals and groups to mainstreaming sustainable development. Subject to ensuring that projects also meet their economic development aims, they want to do more, and want to see more done. To some extent individually, and certainly collectively, they know what needs to be done. At the workshops there was concern that delivery is not matching the potential.

Some of the barriers, such as lack of matched funding and a sense of bureaucratic burden, have been mentioned. One specific request was that ESEP should communicate if an under-commitment of funds is foreseen. One response has already been to run seminars with the forest products and food and drink industries to generate more activity in relation to the potential for ERDF support for these sectors; another has been to use the opportunity of the Mid Term Evaluation to seek to transfer funds between measures. However, besides funding, it is considered that one of the main barriers to delivery is institutional in nature.

While some agencies are taking sustainable development seriously, others may be little more than ‘pencilling it in’. The message from Ministers has been clearer and stronger on some topics - the planning system is a good example - than on others. For example, the constructive stance on sustainable development in the Scottish Executive’s ‘Framework for Economic Development in Scotland’, was not followed through in ‘Smart, Successful Scotland’, the Ministerial guidance to the Enterprise network. As a result, committed individuals in Scottish Enterprise and the LECs have sometimes found it difficult to make headway. However the stance on making “contributing to sustainable development” a requirement of Best Value, and applying this not just to local government but to all public agencies, is potentially very constructive.

There is also a shortage of means to share good practice. Even where people may know what ought to be done, they may not know how to do it, or how to access expertise and share experience with those making progress. The workshops and monitoring showed this was the case both with resource efficiency - where there is some over-dependency on the showcase work with SMEs of Midlothian Enterprise Trust and the Business Environmental Partnership - and with equal opportunities - where there is too much reliance on issues being covered by ESF training. While there is on-going commitment to continue the process of awareness raising (of which this report is part), there is still a need to find better ways of sharing expertise and growing the skills base in these topics. Section 2.7 of this report aims to contribute by setting out a range of case studies from across the Programme.

Measuring Progress

A key question in trying to assess progress, is how to measure success. In an ESEP paper on monitoring progress it was recorded: “Because sustainable development and equal opportunities are multi-faceted, there is no





simple yardstick or precise measure of progress. This monitoring process aims to form a judgement on the direction of change against the spectrum provided by the 12 core criteria.” In a public policy culture of measurement, there has to be caution about naïve targets. Traditional economic analyses have problems assessing just how many net jobs are created or safeguarded from particular investments; more so when it comes to expenditure multipliers trying to estimate the direct economic benefits from, say, a particular investment in tourism marketing.

Experience of trying to measure matters dependent on a mix of factors, where even those which are quantifiable may be difficult to compare - say reduction in energy use and female participation rates - suggests there can be no single calculus. This will always be the case when trying to measure ‘apples and pears’, unless there is reversion to questionable efforts to convert these into financial measures. Attempts such as ecological footprint, for instance, may help to raise awareness, but take into account only some of the environmental factors, and then conjoin these by highly debatable assumptions. Provided the basis on which calculations and decisions are based are visible and applied consistently, it is then properly a matter of judgement and informed debate.

ESEP’s scoring methodology (described in the Programme Complement, Section 3) recognises these issues, and advocates a mixed approach. It grades what can be measured, “providing a transparent and consistent framework for debate, leading to a considered assessment.” This approach is well suited for assessing progress on sustainable development. Multi-faceted assessment, indicating direction of travel, rather than attempting to measure distance covered, was used by Fife Regional Council for their pioneering work on sustainable development indicators. It is used by planning authorities for reporting progress on plans (e.g. monitoring the Ayrshire Structure Plan). It also

has a close parallel in the ‘balanced score card’, and similar methods, used in business.

ESEP plans to continue this approach, recognising the problems with measurement, but aiming to make trade-offs explicit. An Advisory Group will still have to form a judgement selecting between, say, one project strong on resource efficiency (including greenhouse gas reduction), and another strong on local capacity building and equal opportunities. Further work will explore the potential for linking in to the Scottish Executive’s work on indicators, the first clear statement of which was set out in “Meeting the Needs ...” (2002), and subsequently updated in “Indicators of Sustainable Development for Scotland: Progress Report 2004”.

Competing Strands

There are continuing problems caused by the difficulty described earlier between the holistic view of sustainable development and seeing sustainability as primarily environmental. Even though ESEP has championed the former, the guidance and influence from a variety of agencies, including the Commission and government, results in mixed messages. Even the work of the Key Policies Group has sometimes had to treat equal opportunities alongside, instead of being integrated with, sustainable development. The ambiguity is there, too, in some parts of the Programme Complement and the report of the Mid Term Evaluation. This competition can threaten the coherence of sustainable development, and risk diverting energy from the common cause.

The Scottish Executive’s ‘Building a Sustainable Scotland’, their report on Sustainable Development and the Spending Review 2002, is particularly helpful in cutting through these mixed messages. The document is clear that sustainable development affects all areas of policy. It also provides a framework to enable ESEP to present its Programme showing how it accords with, and is a key delivery mechanism

for, the Executive's priorities. This provides a useful way of reviewing ESEP's overall Programme, and is set out in the next section.

2.6 Contributing to Government Priorities

One of the outcomes of an integrated approach to sustainable development is that it enables what were formerly perceived as sectoral programmes to be appreciated as contributing to the wider policy agenda. This is consistent with the move towards more joined-up governance, and the thrust of community planning: that public agencies should support each other, and by so doing, help others to achieve their objectives as well as their own.

In the Scottish Executive's report on Sustainable Development and the Spending Review 2002, the Executive's five priorities for action are identified as health, education, crime, transport and jobs. In addition, it draws attention to the main priority areas for sustainable development of resource use, energy and travel.

The Scottish Executive's Priorities for Action

It is therefore worth exploring the extent to which the current East of Scotland Programme may be contributing to this wider agenda. In terms of the Scottish Executive's five priorities:

Health:

In strategic terms, biotechnology and life sciences are identified as one of the 6 growth sectors for support under Priority 2, Strategic Locations and Sectors. This includes prioritising support for the Dundee MediPark, noting "Dundee is now one of the UK's foremost biotechnology centres and a global player in certain fields such as cancer research." In the Lothians South East Wedge / A701 Corridor, it is noted that "the main opportunity for economic

development ... is provided by the internationally important biotechnology / life sciences / earth sciences cluster which has grown up along the A701 Corridor, and by the major biomedical developments associated with the South East Wedge." There is further potential in other areas, including the Forth Valley.

Two projects in receipt of ERDF support exemplify this strategic priority. Advance biomedical units adjoining Ninewells Hospital in Dundee aim to remedy a market failure in the provision of quality advance accommodation for biomedical start-up companies. Support for the Edinburgh Biomedical Research Institute, specifically for commercial spin-off of research and development, is the largest ever single ERDF grant. This contributes to the development of a national resource, based around the new Edinburgh Royal Infirmary, researching into the major diseases that affect health in Scotland.

Education:

Although ESF support is no longer within the East of Scotland Programme, explicit provision is made to provide ERDF support for training infrastructure that links to the Objective 3 Programme. For example, Community Economic Development initiatives, which may provide training funded from other sources, receive ERDF capital support for buildings and training facilities, and revenue support for the administration of those facilities. This applies to the other Priorities too; and ERDF resources support provision of facilities for a variety of specialist and vocational training needs ranging from tourism to IT. For example, ERDF support has enabled the physical conversion of workshops at Lauder College to provide a microelectronics skills development centre. This includes the only clean room available for microelectronics training in the area. Education, including innovation and life skills, is integral to many projects, even where the explicit objective is not training.





Crime:

There is no reference to crime in the East of Scotland Programme. However, throughout the Programme there is a pervasive concern with social and economic exclusion, and the disadvantages experienced by marginalised communities and groups. It can be argued that Community Economic Development - in particular capacity building in disadvantaged communities - is one of the best antidotes to crime. Further, the attempt to ensure that the training and job opportunities which the Programme generates are accessible to all and, where appropriate, targeted to excluded groups, is likely to contribute to reducing the causes of crime.

Transport:

ERDF Programmes have long made contributions to key transport infrastructure. There has been support for the infrastructure for the Ferrytoll park and ride scheme at North Queensferry, and for access to the Rosyth Ferry terminal and marketing the Superfast ferry service to Zeebrugge. The Programme also makes provision for community transport schemes such as travel to work and travel to interview schemes. Transport in remoter rural areas for those without access to cars poses particularly intractable problems. The East of Scotland Programme is supporting an innovative project in the Angus Glens which is part of a European R&D programme on what is known as Demand Response Transport. This accords with the Executive's Partnership Agreement commitment to "support demand-responsive transport (DRT) initiatives, particularly in rural areas."

Before turning to the fifth priority, jobs, which is relevant to all aspects of the Programme, it is worth assessing the extent to which ERDF support is directed to these four priorities: (Percentages estimated June 2004)

Jobs:

The Programme remains centred on the provision of employment, and net additional jobs is a core criterion for all project support. In total, the regional economic development strategy is aiming to create 17,000 new and additional jobs, safeguard a further 15,000 jobs and generate nearly £1.1 billion of additional turnover for Small and Medium sized Enterprises (SMEs) in the Programme Area.

The three priorities of the Programme target support for job creation and business in three ways. Overall, the focus is on SMEs because they have the potential to deliver growth, yet are most in need of support. Support is further targeted at sectors identified as regionally significant, and having potential for wealth and job creation. The 6 sectors are:

- tourism and cultural industries;
- biotechnology and life sciences;
- food and drink;
- forest products;
- creative industries; and
- electronics / opto-electronics.

Finally, there is special emphasis - through the Community Economic Development Priority - on tackling the needs of areas disadvantaged by economic exclusion, remoteness and economic fragility.

The outcome is a diverse range of support. Some is for existing large scale activity where a multiplicity of SMEs is already active: support for marketing tourism is a good example. Other activity targets areas where there is potential - for instance the under use of renewable natural resources such as forest products or activity which will develop from the Millennium Link canal - but existing activity is relatively small scale. Similarly, support spans from encouraging frontier developments in biotechnology and electronics, through to social economy organisations working at the leading edge of social regeneration and capacity building.

Figure 3: % of ERDF Committed on Government Priorities by Measure

Programme Measure	Scottish Executive Priority			
	Health	Education	Crime	Transport
1.1 SME Creation and Development			30.7%	
1.3 Technology & Knowledge Transfer	6.5%	16.9%		
2.1 Strategic Location & Sectors (Revenue)	3.3%	5.8%		
2.2 Strategic Location & Sectors (Capital)	18.8%	9.1%		1.0%
3.2 CED Implementation: Spatial Targeting	4.5%	61.9%	3.5%	5.2%
3.3 CED Implementation: Thematic Activity	1.8%	46.8%		1.8%

(Percentages estimated June 2004)

The Priority Areas for Sustainable Development

The Scottish Executive's priority areas for early action on sustainable development - resource use, energy and travel - are also being addressed. The efficient use of resources, of which a key aspect is energy use, is now one of the core criteria. While tackling resource efficiency in SMEs has become particularly associated in the east of Scotland with the work of the Business Environment Partnership (set out in section 2.7), every project seeking ERDF support has to show how it will contribute to minimising resource use. The key here is to raise awareness of the business case for sustainable development. This is irrespective of whether the approach is the 'triple bottom line' of economic, environmental and social

accountability, or starts from a narrower cost minimisation perspective and grows into the potential for 'green jobs'.

Part of the business case for resource use efficiency is to find new uses, and then new markets, for 'waste' products. This activity should grow, with the support of the National and Area Waste Strategies, and the commitment in the Executive's 2003 Partnership Agreement to "create significant opportunities for new products manufactured from waste". This in turn should contribute to the Executive's commitment to "work with business to develop and implement a green jobs strategy."





Efforts to tackle resource efficiency also directly address energy use. The kind of business support outlined above extends into encouraging businesses to adopt energy management best practice. Within capital building projects supported by ERDF, additional cost effective energy measures, beyond the requirements laid down in Building Regulations, are now encountered (and encouraged) as a matter of course. Similarly, revenue projects are increasingly adopting audits of energy use to monitor and reduce running costs. There is further potential. For example the Dundee and Angus Oil Venture Group is helping companies with expertise from work for North Sea oil and gas developments to diversify into overseas markets. Given the extent of the Executive's commitment to renewable energy, there is great potential for using indigenous engineering skills for diversifying into this market, both for import substitution and, ultimately, exports.

As well as the Programme's support for transport (outlined above), the core criterion of infrastructure impact has as a central theme the preference for locating activities to reduce the demand for travel, and reduce dependency on private car use by enabling movement by more efficient and sustainable modes. It does this by advocating the use of serviced and/or brownfield sites, re-use of existing buildings, and locating near existing services, in particular public transport. This is all consistent with the Executive's guidance on planning (and several ERDF supported projects are central to local development plan strategies).

Further, as well as making a contribution towards the early action priorities, ESEP is also aware of the First Minister's broader vision for sustainable development, set out in his Dynamic Earth speech of 18 February 2002. This champions social and environmental justice. These themes too are taken up within the East of Scotland Programme.

While it could be argued that social justice is primarily addressed through the Community Economic Development (CED) Priority, because social inclusion is included in the core criteria, this too is a theme across the Programme as a whole. This coverage has two benefits. First, in targeting disadvantaged communities through CED, it is not assumed that local needs can only be met locally. In fact, it is the opposite: people in such areas should not be excluded from participation in wider opportunities, and a central feature of many CED projects is enabling people to access mainstream opportunities. Conversely, the core criteria aim to ensure that jobs and training in all activities, including high technology and leading edge science, are as accessible to as many as possible. For example, it was relevant to the Edinburgh Biomedical Research Institute project application that a Health Academy has been set up in Craigmillar, an adjacent area of deprivation, so that there is at least the possibility that people from that area may access some of the new job and training opportunities in - or in support of - medical research.

Social and environmental justice cover a broad agenda. Many Community Economic Development projects not only provide access to training and employment opportunities in the wider community, but also seek to build local capacity, some tackling environmental improvements in the locality. ERDF support for BRAG Enterprises, working with former mining communities in central Fife, resulted in a self-build co-operative restoring the building which now provides the organisation's administrative, training and social facilities.

When the East of Scotland Programme supports projects which might be seen as primarily 'environmental' - native woodland restoration by the Woodland Trust is a good example - they have to pass the same set of criteria. Often they score well in terms of social and economic benefit. Ensuring that projects, ranging from paths in the National Parks to cultural facilities in Dundee, are accessible to all is a key aspect of environmental justice.

2.7 Case Studies

Introduction

As well as trying to show how the overall Programme and ESEP's approach to sustainable development accords with the Executive's priorities, it is valuable to look in more detail at what is happening on the ground.

A cross-section of projects from across the Programme's priorities illustrates the progress being made; several have already been mentioned in trying to show how the Programme reflects the Executive's overall policy agenda. The case studies presented here aim to have a reasonable geographic spread, but are neither a random sample nor just a cherry-picking of the best examples. They aim to portray a range of projects, which between them show:

- how traditional support for mainstream business and Community Economic Development is increasingly engaging with the horizontal themes of sustainable development and equal opportunities;
- several pioneering projects are pushing back the frontiers in terms of technology or innovative ways of providing services and working with people;
- that the Programme's interventions cover the spectrum from supporting leading edge, high technology, through to engaging with deprivation and disadvantage; and
- while individual projects may start out with what seems an economic, social, or environmental rationale (and all have to be economically sound in an economic development Programme), there is increasing spread into a more comprehensive approach.





Three factors should be borne in mind when examining the case studies. First, the information presented has been culled from a variety of sources: the project applications and project sponsors; from Programme Managers and monitoring reports; and from internet sites and project publicity. While some projects have been completed, others are underway and may have described aspirations rather than achievements. Second, some projects will fail. Even though funding bodies take every precaution to safeguard public funds, public sector intervention arises because of market imperfections or failure. The areas where many projects engage - with leading edge technology on the one hand, or communities who have experienced profound problems - are difficult, and not every project can guarantee success. Third, any assessment of the case studies will confirm the assessments already reported: that while progress is being made, it is only partial.

What the following case studies show is how a more comprehensive approach to development - bringing together social, economic and environmental strands - is gradually coming into practice. It has not been possible to credit all the agencies taking this work forward, but hopefully this section is both a tribute to them and offers both encouragement and support to others trying to do the same.

The matrix overleaf (Figure 4) is intended to provide some guidance to the types of case presented, and some of their features. It is intended to be indicative, and is not an objective assessment of their performance.



Figure 4: Case Studies: Types of Project and Features

Project (Short Title)	Type of Project	Business Support	Business start ups	Technological innovation	Life Long Learning	Energy	Environmental Improvement	Regeneration	Equal Opportunities	Community Development
Midlothian BDP	Business Support (page 46)	√√				√	√		√	
BEP	Business Support (page 47)	√√		√		√√	√			
ISICLE	Energy Technology (page 48)	√√	√√	√√		√√	√			
Microcredit	Business Support (page 49)	√√	√√						√√	
Tourism Niche Marketing	Business Support (page 50)	√√	√				√		√	
Dundee Youth Hostel	Regeneration (page 51)						√√	√√		
Scottish Dance Theatre	Regeneration (page 51)							√√		√
AdvanTech	Microelectronics Skills Centre (page 52)	√		√√	√√	√		√	√	√
EBRI	Biomedical Research (page 53)	√√	√√	√√	√	√			√	
ACE, Abertay	Business Support (page 54)	√√	√	√√		√√	√			
Glen Finglas	Rural Development (page 55)				√		√√	√		√
East Cairngorms Access	Rural Development (page 56)				√		√√	√		√
Angus Glens Rangers	Rural Development (page 57)				√		√			√
Kilncraigs	Regeneration (page 58)	√√	√	√	√	√	√√	√√		√
Fife St Learning Centre	Learning Centre (page 59)				√√	√	√	√√	√	√√
CLRC, Falkirk	Learning Centre (page 60)				√√				√	√√
Stirling Community Paths	Regeneration (page 60)				√		√√	√		√√
BRAG Enterprises	Social Economy (page 61)	√√	√√		√√			√	√	√√
Abbeyview Low Carbon	Energy Technology & Community Devt. (page 62)	√		√√		√√	√	√		√√
DARTS	Demand Responsive Transport (page 63)	√		√√		√				√

Key: √√ Project is, or intended to be, active in this aspect
 √ Project potentially also contributes to this aspect





Priority 1: Strategic Economic Development

The purpose of this Priority is to secure a healthy and durable base of small and medium-sized businesses as an essential requirement for the East of Scotland's future economic

development. The Measures within the Priority include support for SME creation and development; access to risk capital; and technology and knowledge transfer. The four case studies are therefore all 'business support' projects, but the activities they support range from 'micro-businesses' to work at the technological frontier.

MIDLOTHIAN BUSINESS DEVELOPMENT PROGRAMME (MBDP) - MIDLOTHIAN COUNCIL

This is a mainstream business support programme, providing both advice and financial support to SMEs and micro-businesses in Midlothian. Advice comes through specialist advisers, while financial support takes the form of small grants and/or repayable grants to assist businesses, particularly with relocation, expansion, adaptation, and improving environmental standards. The programme is designed to encourage innovation, new business development, and growth. It aims to provide a coherent service delivery through close joint working with partner agencies.

Strengths of this project include its ability to use repayable grants to recycle funds – even allowing for a degree of write-off because the scheme operates at the risky end of the market - and mutual referrals with other agencies, especially with BEP/MET (q.v.) on environmental aspects of sustainability. Further, there was evidence of resource efficiency being combined with local added value, where businesses undertaking recycling have been put in touch with local firms using recycled materials as raw materials for their businesses. A company collecting glass for recycling is now linked to a firm treating recycled glass to convert it into a high value product for industrial filtration. Similar links have been made between wood recycling and demolition companies; and with tree pots made from recycled plastics.

The connections in the social inclusion and equal opportunities fields are more diffuse, but appear to cover an impressive range (MiTech, New Leaf, Childcare partnership, the regeneration team). There may be some gaps and further potential here – including strengthening activity in the social economy – but it is commendable that the project has already considerably exceeded its target for gross new jobs for women. A proposal to use grant award letters to final recipients to advise on the importance of sustainable development and equal opportunities is a further welcome feature.

Website: <http://www.midlothian.gov.uk/Services/Business.htm>

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THE BUSINESS ENVIRONMENT PARTNERSHIP (BEP)

Working with SMEs to tackle resource efficiency has been championed by the Business Environment Partnership. BEP has grown from an initiative started within Midlothian Enterprise Trust (MET), and now has geographical coverage from North-East Scotland to the Borders. The East of Scotland Programme has provided ERDF support, as one of several funding partners, for their Waste Minimisation and Environmental Management Initiative.

The aim is “to allow Scottish SMEs to realise the business benefits of improved environmental management: cost savings; reduced risks; improved competitive advantage.” BEP provide free assistance and work with businesses in a stepped approach:

- They assist companies to identify and implement cost saving recommendations through waste minimisation, water management, and process and energy efficiency, all aiming to increase resource efficiency.
- An Environmental Placement Programme where students work with host companies for 8 weeks to assist the implementation of environmental recommendations.
- Assistance is given to help companies implement an Environmental Management System to attain ISO14001 accreditation, the internationally recognised standard, and 50 have achieved certification in the last 3 years.
- The outcome sought is described as ‘Success & Sustainability’, with improved competitive advantage including environmental product and service development and the creation of ‘green’ jobs.

Overall, the BEP has completed 796 projects for 655 companies. Over £5.8m of cost savings have been realised - £12 for every £1 of BEP funding – and £13.8m of new sales opportunities through the development of products and services with associated environmental benefits. Projects range from industrial ecology, raising awareness across an industrial estate with potential for waste exchange, to assisting the development of a novel water filtration media that uses crushed recycled glass.

The direct value of this activity now has two multipliers. First, as the service is now offered across the Partnership area, other business support projects have been able to access the expertise and experience which the BEP have developed. Second, other agencies have seen the importance and growth potential in this business efficiency field, and have been supported to offer similar and complementary services.

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INCUBATOR AND SEED-FUND FOR INNOVATION IN CARBON LOWERING ENTERPRISES (ISICLE), UNIVERSITY OF EDINBURGH

The UK energy sector is undergoing rapid change. The landscape of Scotland is changing with the appearance of large wind turbines; offshore wind, tidal and wave projects may follow, and further hydro schemes are envisaged. Less conspicuous low carbon technology changes are also accelerating, as in the use of novel building materials, intelligent building control, and changes to the distribution of electricity. Products, processes and services previously regarded as peripheral are soon set to become mainstream, and past experience is that early involvement is essential to being able to realise future competitive advantage.

Much of the research underlying these technologies is under development in Scotland. ISICLE, founded by the Universities of Edinburgh and St Andrews, seeks to act as a hub and will provide specialised incubation services to pull through near market opportunities to the benefit of the whole sector locally. Its outputs will be:

- the formation of dynamic new start-up enterprises, which can make significant contributions to the region's low carbon economy;
- business mentoring support for existing small companies also able to contribute to a low carbon economy; and
- enhancement of, and support for, the low carbon business climate at all levels of the supply chain.

It will operate through a consortium of academic, industrial and not for profit organisations with the University of Edinburgh as co-ordinator and host. It will aim to ensure that SMEs gain the greatest available benefit from access to world class expertise and resources. ISICLE will rely on technology emerging from the research base of the founding Universities and the broader community. Specific technologies include:

- Solid Oxide Fuel Cell Design. At the forefront of technologies for environmentally friendly, efficient means of energy conversion and storage is the Solid Oxide Fuel Cell (SOFC) which it is hoped will find widespread application in the conversion of chemical to electrical energy. This design holds particular promise for power generation, especially for combined heat and power operations.
- Hydrogen Generation. The hydrogen economy offers radical change to our current energy economy, and may form the cornerstone of devolution of energy supply. Like electricity, hydrogen is not a primary energy resource, and is only as clean as the primary energy used to produce it. The main driver for a hydrogen economy is transport, and clean fuels –such as hydrogen - need to be generated using renewable energy if clean transport is to be achieved.

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MICROCREDIT, SCOTTISH ENTERPRISE

Research indicates that, in the past, women have been less likely to access mainstream funding sources like banks and building societies. To tackle these issues, the Microcredit Programme is a new service available in the Scottish Enterprise area to help more people to start or develop a business. Microcredit provides low-cost, flexible loans as well as help and support to enable businesses to start up and develop more effectively. The maximum loan available is £5000 - and the minimum level of loan is £500.

The aim is to improve the start up rate, survival and growth prospects of small businesses, predominantly owned by women or by people from disadvantaged areas. Access is open to pre-start businesses – those with a developed idea and business plan – new start businesses, and business people seeking support from others. Microcredit encourages and promotes self-employment as a viable option for individuals in priority areas. Small groups of around 8-12 members are formed to meet regularly to discuss their business needs, and tailored training aims to enhance the survival rate of both the group and the individual businesses. Microcredit Executives provide regular and sustained support to improve business skills and knowledge. Group members often continue to meet beyond the lifespan of the programme to benefit from peer mentoring and the encouragement provided by other members.

Low cost flexible loans, processed and agreed by groups in a supportive environment, together with assistance with childcare and travel expenses during meetings and training, aim to combine provision of resources with provision of support (from both peers and experts), to enable businesses to start up and develop more effectively. The pedigree of this approach draws from experience overseas especially in the Third World, and has been tested by both a Scottish pilot project and by independent assessment. This project's strengths can be seen in its economic development rationale, female participation, local added value, and capacity building.

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Priority 2: Strategic Locations and Sectors

This Priority reflects the increased emphasis on spatial and sectoral prioritisation in the Programme. Priority 2 is complementary to the

other Priorities which support the development needs of individual enterprises or local communities, by seeking to maximise the impact of support by focusing on 9 targeted locations (which include the two new National parks) and 6 key economic sectors. The six case studies illustrate this complementarity.

TOURISM NICHE MARKETING EAST OF SCOTLAND TOURIST BOARD CONSORTIUM

A series of significant projects in the East of Scotland have supported the marketing initiative focused on niche tourism markets – such as golf and business related tourism - identified within the Scottish Executive's 'New Strategy for Tourism' of 2000. The Tourist Boards feel very positive that these projects are contributing to the sustainability of tourism.

It was recognised during the Sustainable Development Pilot Project that the juxtaposition of tourism and sustainable development presents a conundrum. On the one hand it is scarcely sustainable development to encourage people to travel, spend and consume. On the other hand, it is better that where such activity takes place it is both resource efficient and accessible to all. Further, and at a more fundamental level, since environmental quality and cultural diversity are assets which generate tourism, it can be a means by which the environment and local culture are valued, and resources generated to secure their protection and enhancement. It can also deliver jobs, and recreation, to those otherwise economically excluded.

Tourism is a major industry in the East of Scotland, and is delivered through a vast array of SMEs; it is properly identified as a priority for support in the East of Scotland Programme Complement. Independent assessment has shown that these projects create significant support for SMEs to generate increased sales and additional jobs.

The projects have stressed the participation of women, recognising that women make most choices regarding holiday destinations, and are the majority of tourism providers. There is increasing provision for the disabled, with the emphasis on access for all, though it could be argued that the numbers of those with disability might warrant their own niche market. In similar vein, tourism marketing aims to assist visitor management to avoid adverse environmental impact (e.g. on SSSIs or woodland management). Still more might be made of the potential for 'environmental' or 'green' tourism, seeking to reduce impact or even enable visitors take an active part in environmental improvement, such as opportunities for volunteers with the National Trust.

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DUNDEE YOUTH HOSTEL

SCOTTISH DANCE THEATRE NEW STUDIO, DUNDEE REP THEATRE

Dundee is the biggest settlement in the Programme area, and is undergoing transformation from an industrial town to a balanced small city. Crucial to this is to restore the heart of the city, and secure its social and cultural renaissance. Two very different projects exemplify support for this process.

The Gardyne's Land project, in Dundee's High Street, one of the most important urban conservation projects in Scotland, is being undertaken by the Tayside Building Preservation Trust. The empty buildings on the north side of the city's main shopping thoroughfare form not only one of Dundee's oldest historic landmarks, but exemplify Dundee's mercantile heritage. Three buildings cluster round an internal courtyard, the oldest a Merchant's House dating from 1560, first owned by John Gardyne, the only surviving such house from an era when Dundee was Scotland's second most important city. The first phase made the building wind and water tight, and the aim is to convert the building into a hostel. Located right in the city centre, it will create a new market in Dundee for the diverse range of people now back packing or travelling on a tight budget.

The Scottish Dance Theatre (SDT), Scotland's principal contemporary dance company and only national company to be based outwith the central belt, was awarded support from the East of Scotland Programme in 2003. This, combined with a Scottish Arts Council National Lottery Award, is enabling construction of a new £1m dance studio at Dundee Rep. This will transform SDT's working conditions and help extend links with the local community (out of which the SDT originally grew). The project is based on ensuring accessibility. Building on previous investments, this will result in the Dundee Repertory Theatre being the best equipped performing arts centre in Scotland: another important milestone for the city's regeneration, reinforcing Dundee's cultural quarter.

Gardyne's Land:

Website: <http://www.taybpt.org/Gardyne's.html>

e-mail: taybpt@btconnect.com

Contact: Neil Grieve, TBPT Chief Executive, Gardyne's Land, Gray's Close, 71 High Street, Dundee, Tayside DD1 1SD

Scottish Dance Theatre:

Website: <http://www.scottishdancetheatre.com/home/>

e-mail: abarnett@dundeereptheatre.co.uk

Address: SDT, Dundee Rep Theatre, Tay Square, Dundee DD1 1PB
Tel. 01382 342600





MICROELECTRONICS SKILLS DEVELOPMENT CENTRE, LAUDER COLLEGE (“AdvanTech”)

AdvanTech is Lauder College’s £1.6m state-of-the-art centre for microelectronics and computing. It was formed by the conversion of existing 1970s engineering workshops into a flexible learning space to provide specialist high technology training facilities. It is designed to help local people, young and old, develop their technology skills to meet the needs of local employers; it caters for learners at all levels from basic IT skills to degree level computing. In addition to tapping into existing infrastructure – by adapting an existing building – new services aim to improve energy use by 40%, while e-learning will reduce the need to travel.

There is a reception area and employers contact centre; electronics workshop; and the only clean room available for microelectronics training in the area. The clean room provides an environment to prevent contamination when manufacturing sensitive products. As nano-technology becomes increasingly prevalent in product design, prospective employees trained in the operation and use of an ultra-clean environment becomes essential.

Although the project has created jobs directly (in construction and training), the main and wider impact arises from the skills development in this growth sector. The centre is designed to meet industry standards, has support from business partners, and keeps up to date through membership of the Scottish Microelectronics Skills Consortium. Demand has been assessed through market research, and account taken of the needs of socially excluded groups.

Open access provision includes up to 24-hour use on site with security access, and with the potential for a smart card system, designed in. With flexible bookings available, there is also access to the College’s nursery and catering facilities, community and business links, as well as access for those with disability. The project aims to help address the gender imbalance in the computing industry, and the overall approach is to foster inclusion. For example, the design, modelled on open shopping mall environments, is much less institutional than traditional learning facilities, and the reception and chill-out area create a more relaxed entrance. The comprehensive access provision extends to guidance, support and fee subsidy, while remote access options include direct links to community learning centres in West and Central Fife. All hours and remote access are valuable features in terms of resource efficiency and relevance to social inclusion.

Website: <http://www.lauder.ac.uk/goto/article.cfm/code-000748a> and <http://www.lauder.ac.uk/goto/article.cfm/code-000749a>

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EDINBURGH BIOMEDICAL RESEARCH INSTITUTE (EBRI), UNIVERSITY OF EDINBURGH

The £53m EBRI will house 670 research staff working on innovative approaches to diagnosis and treatment of some of Scotland's most serious diseases, including heart disease, diabetes and multiple sclerosis. It is located alongside the new Royal Infirmary of Edinburgh, the University's Medical School, and a proposed biomedical research park for company investment. ERDF grant of £5.5m – one of the largest European grants to a single project in the East of Scotland – is specifically to promote and assist the crucial commercial spin-off components to a world class research and development facility.

There are two main drivers behind this development. First, is the importance of bringing together the expertise and resources to tackle major health care problems in Scotland. There will be a special emphasis on developing products to treat heart and circulation problems – two of the biggest causes of disability and death in Scotland today. Improving people's health is a central quality of life issue. This in turn is material to the wellbeing of the regional, and the Scottish, economy. Second, it will contribute to building up the capacity of east central Scotland to be one of the three leading regions in the UK for the development of biotechnology and life sciences (the others being Cambridge and Oxfordshire). Biotechnology is one of the fastest growing business sectors in lowland Scotland, and the number of companies involved has grown to ten times the number there were in 1985 – a growth rate twice the European average.

Other issues have not been neglected. The relocation of the Royal Infirmary, the Medical School and EBRI to a peripheral site has had a catalytic effect in clustering related activities nearby and enhancing the use of public transport and development of social infrastructure. Advanced energy and material management are being incorporated from the design stage. In terms of equal opportunities, research posts already employ a high and increasing proportion of women, and progress – both in terms of numbers and promoted posts – will be monitored. The site is being designed to be fully accessed by those with disability. The major development of which EBRI forms part is adjacent to an area of multiple deprivation. The project will result in several hundred net additional jobs, including construction, direct employment, and the jobs arising from business start-ups, licensing and spin-out activity.

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ABERTAY CENTRE FOR THE ENVIRONMENT (ACE) - UNIVERSITY OF ABERTAY

This is a £5m project to house ACE, a new environmental science centre based at the University of Abertay, Dundee. The first phase is to remodel existing laboratories on the fifth floor of the main campus building in the city centre, with future phases seeing the creation of a new sixth floor containing laboratories, office and seminar space, and roof gardens.

ACE is designed to help small and medium-sized companies across eastern Scotland to access expert professional environmental advice, have less impact on the environment and also develop new, more environmentally friendly products and services. Within ERDF Objective 2 assisted areas, this service is free. Help is provided in a number of areas:

- Identifying environmental opportunities and threats to business;
- Overcoming environmental challenges, e.g. waste minimisation, energy use, environmental management, contaminated land, water and wastewater management, and air pollution;
- Reducing environmental compliance costs; and
- Increasing competition and encouraging innovation through solutions to environmental problems.

Around 20 staff will be based at ACE, working with 65 existing specialists in Abertay's various environmental science research and consultancy units; the research work will aim to maximise female participation. The University is planning for at least 75 companies to be aided by ACE during its first three years, creating or safeguarding upwards of 100 jobs. ACE also aims to help Scottish companies secure a share of the rapidly growing global market for environmental technology, which they estimate to be worth 355 billion dollars a year, and predict will grow to 620 billion dollars by 2010.

The Centre shares common aims with the work of BEP, but its environmental science and analytical facilities offer potential complementarity. Three practical examples of work underway are:

- a pilot project, supported by the Energy Savings Trust, is examining the potential for solar panels in ACE's own building, with a view to demonstration and further applications to businesses;
- biological management of green waste: working with 3 SMEs in Fife to develop green waste composting, resulting in a product saleable as either landscape material or soil conditioner; and
- reducing the environmental impact of golf courses, and improving their playability, through analysing soil structure, identifying fungal problems, and advice on low input solutions.

Web: <http://www.abertay.ac.uk/News/NewsDetails.cfm?NewsID=457>

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RETURN OF THE FOREST: GLEN FINGLAS - WOODLAND TRUST

Following the purchase of a 4000 ha estate, the Woodland Trust Scotland obtained ERDF support to implement a programme that would create a popular visitor destination at Glen Finglas in the Trossachs, within the Loch Lomond and Trossachs National Park. Notwithstanding progress slowed by a serious fire in a re-planted part of the forest in 2003, Glen Finglas is a very attractive place. It is one of Britain's largest surviving areas of upland woodland pasture, set to become one of Scotland's largest native broadleaved woods. It is also a working sheep and hill cattle farm.

The project includes:

- restoration of a historic native woodland across its full natural range, and management of wildlife habitats;
- promotion of sustainability in terms of integrated multi-purpose land use;
- participation by the local community and others;
- creation and upgrading of a network of access paths; renovation of an existing building to create a visitor reception point; and promotion of many and varied opportunities for access and enjoyment; and
- publicity to raise awareness and encourage visits.

The vision is to create a living landscape with people, livestock and trees. Practical efforts are being made to provide for users with disabilities, where the terrain permits. There is a strong commitment to the re-use of timber, and recycling generally. As well as the transformation of the ecology, reducing grazing pressures by cattle, sheep and deer, and encouraging native woodland and its associated biodiversity, the project brings considerable economic benefit.

During the development phase, the net additional direct jobs were estimated at 41 FTE. However, there is also local added value to other businesses, especially in tourism, with a wider range of activities for visitors, and the potential to extend the season and attract more day visitors. Free access is encouraged at Glen Finglas and both 'short walk' visitors and serious walkers are catered for. There is also an excellent mountain bike trail on the main estate track. A network of paths has been built on the lower ground, and car parking and access into the heart of the estate are being improved. Currently, 15,000 people are visiting annually.

Web: <http://www.glen-finglas.org.uk>

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Priority 2 (Strategic Locations and Sectors) & Priority 3 (Community Economic Development)

projects which merited support both in terms of relating to a priority location and sector, and delivering economic benefit to specific local communities.

Some projects straddle more than one Priority or Measure. The following three case studies are

EAST CAIRNGORMS ACCESS - ABERDEENSHIRE COUNCIL/ ANGUS COUNCIL

Angus and Aberdeenshire Councils have both formed partnerships to improve visitor access in the eastern part of the Cairngorms National Park. Essentially, the project will deliver an integrated programme of heritage protection, access development and improvements to visitor facilities within and between the mountains and glens of Angus and Upper Deeside allied to a strategic marketing and promotion initiative.

The aim is to create a series of differentiated opportunities, providing tourist opportunities and economic benefit, yet also managing visitors so that the bulk of the people are attracted to where they will cause least environmental damage. Some of the most eroded and popular mountain paths are being restored. Existing path networks are being upgraded with locally sourced material being used for path building, and circular walks and linking routes within and between the glens are being created. There is also a conscious attempt for low level paths to be inclusive – for example, to provide for wheelchair access. As well as providing disabled access, there are aims to involve children, and to examine the potential for public and alternative transport provision.

For example, Angus Council will be building and improving paths around Kirriemuir over the next two years to create a signposted path network. Routes will wherever possible be accessible to cyclists and horseriders as well as to walkers. Some paths will be suitable for use by wheelchair users and families with pushchairs. The level of consultation and engagement with the local communities, and user groups has been considerable, with members of the public having been asked to provide information on paths which are currently used and offer views on where paths should be improved or where new paths are required.

Web: <http://www.angus.gov.uk/ccmeetings/reports-committee2003/infrastructure/2003/657.pdf>

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ANGUS GLENS RANGER SERVICE - ANGUS COUNCIL

The East of Scotland Programme also supports Angus Council's project in the Angus Glens. Glen Clova, with an estimated visitor number of 75,000, is the straightest, deepest and most popular of the Angus Glens. Most of the heather-clad hills are managed for sporting interests and sheep grazing, but are also much used by the recreationalist, be they hillwalker or naturalist. All this is vital to the socio-economic structure of the glen communities. The Angus Glens Ranger Service, established in 1998, is based at Braedownie Farmhouse, situated in Glen Doll. The service helps to ensure that visitors get the most from their time in the Glens and are available to give advice and information on the area through guided walks, workshops and presentations.

This is a ranger service in the best traditional sense, responsible for wildlife management, natural heritage interpretation and visitor management in an area which includes National Nature Reserve (NNR) and Special Area of Conservation (SAC) designations, and is within the Cairngorms National Park. However, the wider emphasis is on capacity building and social inclusion in the community. Central to this is securing a dialogue between the local landowners, visitors and local people. This ranges from education and training, involving schools and youth clubs; a Hillphone service to walkers on stalking activity; through to a key role in the promotion and management of the Angus Glens Walking Festival.

In August 2002, a committee consisting of members of the local community council and business community, was set up to establish an annual Walking Festival in the Angus Glens. The main aims were to develop walking in the Angus Glens for the mutual benefit of both land managers and those seeking outdoor recreation, and to raise awareness of the natural environment, landscape and working practices through the Ranger Service and Tayside Biodiversity Partnership. The Festival was aimed at all levels of walkers, from beginners to the experienced. Many of the walk leaders were people who live and work in the Glens with local knowledge of the wildlife, flora, geology and human history.

Website: <http://www.angusglens.co.uk/web/site/home.asp>

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KILNCRAIGS MILL, ALLOA - CLACKMANNANSHIRE COUNCIL

Kilncraigs consists of two listed buildings (1936 and 1904), the former home of the once famous Patons and Baldwins Wool Mill in Alloa. Phase 1 of this magnificent redevelopment has successfully refurbished the 1904 building, retaining and combining the many splendid features of its era. The aim is to provide modern 21st century offices and workspace, including for social entrepreneurship organisations and for creative industries, in an area hard hit by substantial job losses.

The restoration is a crucial part of an integrated brownfield development designed to kick-start the economy of Alloa and the surrounding area, tackle unemployment and bring large areas of derelict land back to life. The development is located on the edge of Alloa town centre, on a landscaped, tree-lined walkway linking the centre to low income housing and to the 14th century Alloa Tower. Tesco, the supermarket foodstore chain, who have part funded Kilncraigs, are significant private sector partners in the wider development of which this project is part. A new Tesco superstore alongside has generated 290 jobs, of which 109 are reported as being former long term unemployed: this is a beneficial output, albeit indirect, of the project.

Although much of the former mill complex is now demolished (20th century mill buildings), the project is an impressive combination of new and old. The striking new glass atrium – a symbol of the renewal of the building and of Alloa itself - is designed to contribute to natural ventilation throughout the building, and is supported by computerised energy management. Utilising the highest grade of roof insulation adds significantly to the building's energy efficiency. There is extensive re-use of materials, such as slates and timber flooring, while the whole project brings back into use a Listed Building, with fitting out to a high standard retaining original features, yet also providing the latest communications technology.

Nor are the social and equal opportunities aspects neglected. Thought has been given as to how to manage a range of activities which span the social spectrum. In addition to the provision of lifts and ramps, sensitivity has been applied to the issue of accessibility. The initial impression was that the two entrances provide 'first' and 'steerage' class access. However, the project manager persuasively argues that different users would be comfortable with different facilities. Effort has been made to make provision for people with special needs – such as a café planned to employ people with learning disabilities. Sitting alongside not for profit agencies will be both support services and commercial enterprises.

Projects like this receive public funding where there is market failure. The achievement of benefits carries risk. In this case, there remains an adjacent derelict section of the mill; the upper floors of the restored section are not yet brought into use; and it will take time to mobilise demand for all the facilities. Yet, what has been achieved is the replacement of derelict buildings in the heart of the town with a multi-purpose and prestigious facility in the midst of a SIP/CED area which complements other private and public sector investments.

Web: <http://www.clacksweb.org.uk/dyna/kilncraigs/>
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Contact: Ken Macdonald, Clackmannanshire Council, Kilncraigs,
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Also: [http://www.scottish-enterprise.com/sedotcom_home/about_se/
local_enterprise_companies/forthvalley/forthvalleyinitiatives/kilncraigsmill.htm](http://www.scottish-enterprise.com/sedotcom_home/about_se/local_enterprise_companies/forthvalley/forthvalleyinitiatives/kilncraigsmill.htm)
<http://www.clacksweb.org.uk/print/press/295/>

Priority 3: Community Economic Development

Priority 3 reflects the Programme's commitment to social justice, and that exclusion (in all senses) from economic opportunities represents an under-utilisation of resources, which constrains the pace and direction of economic

growth. The central goal of this Priority is to encourage communities and excluded groups to examine, assess, and determine their own economic and social development needs and opportunities, and to translate these aspirations into practical achievable projects.

The six case studies here are all local responses to local situations, though each has lessons and potential for wider application.

THE FIFE STREET LEARNING CENTRE, MACDUFF - BANFF & BUCHAN COLLEGE

The Fife Street Learning Centre has an interesting story to tell. The newly refurbished centre providing courses for local communities is the result of a collaborative project between Aberdeenshire Council and Banff & Buchan College. In the region of half a million pounds have been invested, and the result is a sympathetic and clever refurbishment of an old primary school. It has re-used the building which is well located and accessible in the centre of Macduff, and the refurbishment includes innovative natural lighting and energy efficient heating. Inside are four high specification classrooms, two which will be IT rooms, a student common room and an onsite nursery for students with young family.

Making use of existing infrastructure, seeking to minimise resource use, and make environmental improvements are all welcome features, but only part of sustainable development. Not only does the project propose to draw on the Council's policies and procedures for Equal Opportunities, and the social inclusion policy of Banff & Buchan College for students with learning difficulties and disabilities, but probably more importantly has been the highly responsive approach to the local community throughout.

As a brand new outreach centre of Banff & Buchan College, Fife Street Learning Centre has been able to provide an essential service for students unable to travel to the main campus in Fraserburgh. But the Centre also provides a valuable facility for everyone within the area who wants to study – be that full-time, part-time or evening classes. The aim is to meet the needs of local people and local communities, and courses include offering qualifications that will help young people into employment, help those who are unemployed into work, and help those who are employed to progress or change career. The Centre has a number of public access computers, with internet and e-mail access, which anyone can come in and use free of charge. What was once a derelict building has now been replaced with a new facility opened up to meet the training needs of the local community - needs being identified with them.

Website: http://www.banff-buchan.ac.uk/domain_web/02learningcentres/lc-fyfest.php

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COMMUNITY LEARNING RESOURCE CENTRE, FALKIRK - FALKIRK COUNCIL

In Community Economic Development, learning resource centres aim to get people in disadvantaged communities into jobs or further training. This multi-faceted Centre achieves this, working effectively in the community of Dawson in Falkirk. What is particularly noteworthy is its responsiveness and its client centred approach, with staff dedicated to providing the best service available for their client group. This is not just in formalised procedures and working arrangements, but especially through informal meetings, community access and mutual support. As one parent learner put it: "having a local centre and classes to go to stopped me feeling isolated and meeting other people, especially other parents, has been a lifeline. Plus it gave me the chance to learn and realise I did have a brain!"

The staff employed are local, and there has been recruitment of disabled volunteer staff. There are specialist placements for local people with learning difficulties. The Centre has also worked to develop capacity in the local community, through awareness raising, participation in fund raising, and reactive responses to community needs. Examples include: development of a book sale project; encouraging local people to use the centre's own recycling initiatives; and linking with parents and carers in conjunction with Family Support. Perhaps the best tribute to the open access and supportive environment is when family members encourage one another to use the facilities: "I've come to help my mum access I.T."

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STIRLING COMMUNITY ACCESS PATHS PROJECT - STIRLING COUNCIL

The core of this project is developing and encouraging safe and practical access, to provide easier routes to local employment, and access to shops and the broader economy. For disadvantaged communities such as the Raploch in Stirling, provision of access can rank next in importance after provision of jobs and training opportunities.

As well as the direct provision of improved access, the project has delivered valuable environmental and social benefits. In particular the community capacity building and empowerment provided through this project has widened beyond the scope of the original application for funding. The path routes have been identified with the local community; bridges, fencing and signage have all been locally produced and carried out by local organisations; and local volunteer inspectors have been created and trained to monitor maintenance of the paths.

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SCHOOL FOR SOCIAL ENTREPRENEURS - BRAG ENTERPRISES

BRAG Enterprises, based in Crosshill, is a 'not for profit' organisation, delivering community-based learning provision and economic regeneration in the Central Fife Coalfields Area. It was originally established in 1988 by the people of Benarty in response to coal industry closures and subsequent high unemployment. It retains strong local support and ownership. The East of Scotland Programme has provided both capital and revenue support to provide facilities, and business development and start-up, and enable the establishment of training programmes, all in partnership with local people and community based organisations. BRAG aim to tackle economic and social exclusion in one of Fife's most deprived areas, and its support has helped hundreds of people of all ages into new jobs, on to further education or into self-employment.

In addition to ESF-supported learning and training activities, the work of BRAG Enterprises includes:

- Local economic development: supporting existing and developing community businesses; and supporting communities and individuals in accessing funding;
- Small business development: supporting the growth of small businesses and developing new managed workspace locally; and
- The School for Social Entrepreneurs, a specialist learning centre which aims to empower local people to act innovatively for social benefit by providing business contacts, mentors and peer support.

The core physical facilities provide not only BRAG's offices, but managed workspace for local business, childcare as well as training and support, and an internet café. Every effort is made to ensure that barriers are broken down and that access is genuinely open.

ERDF support for the creation of the School for Social Entrepreneurs was for the refurbishment of premises. This was undertaken by a local self-build co-operative, who are both environmentally aware (making use of re-cycled materials) and promoting equal opportunities (using women tradespeople, especially to do jobs for women and single householders). BRAG's environmental concern includes a 'wheels to work' project addressing gaps in public transport provision with car sharing and low cost vehicle hire.

Website: <http://www.brag.co.uk/>

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ABBEYVIEW LOW CARBON COMMUNITY OFFICE - FIFE COUNCIL/CSBS

Community Self-Build Scotland (CSBS) has developed a low carbon building design system which is suitable for both housing and community office use. The design incorporates the use of a softwood timber post and beam structure with steel connectors. The external walls of the building are infilled with straw bales. A breather membrane and timber rain-screen complete the innovative hybrid combination for the external walls.

A feasibility study, drawing on inputs from Glasgow Caledonian University and Building Research Establishment, East Kilbride, Scotland, estimates that the design will use a high proportion of home grown timber, supporting the policy of the Scottish Forest Industries Cluster Group to increase the use of this local and under-used renewable resource. A house built using this design is estimated to use 20% less embodied energy and 28% less operational energy than an equivalent conventional building.

Abbeyview (population 9183) is one of 4 Regeneration Areas established by Fife Council to promote a partnership approach to improving the physical, economic and social infrastructure of relatively deprived communities within Fife. Two demonstration projects are underway – a self-build housing project with support from Fife Special Housing Association and Fife Council – and the Community Office supported by the East of Scotland Programme. The office will be built on a serviced brownfield site in an area of locally high unemployment, and where there is no provision of office space for rent. The offices will be affordable and have barrier free access. They will include 3 small offices with shared facilities including for a meeting room and canteen which will be made available for use by the local community, who have provided support and input to the project.

Both projects will be subject to monitoring and evaluation by the Energy Savings Trust / Forward Scotland to assess the buildings' performance in use, and the estimated carbon savings. In addition CSBS has obtained ESF grant towards a training project for young people from the Abbeyview area. This will enable them to gain SVQs in carpentry and joinery, and gain experience on the construction of the Abbeyview Community Office.

Website: <http://www.selfbuild-scotland.org.uk/>

Web: <http://www.selfbuild-scotland.org.uk/assets/pdf/springnewsletter.pdf>

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DEMAND RESPONSIVE ANGUS RURAL TRANSPORT (DARTS) - ANGUS TRANSPORT FORUM

Transport is essential for access to jobs and training, as well as to maintaining social relationships and independence. Transport providers often have spare capacity – such as part-load journeys, empty return trips or time between trips – which are inaccessible to potential users. The essence of ‘demand responsive transport’ is to link potential travellers to such spare capacity using a call centre as a virtual hub, with computer software to match journeys to capacity, plan routes, and communicate with vehicles. Apply this to the depopulated rural hinterland of small towns, and there is the added potential for new transport provision to contribute to rural regeneration.

The DARTS pilot scheme initiated by the Angus Transport Forum, operates services between the remote Angus Glens and the nearby towns. This kind of ground breaking project is not easy. Tackling transport provision in a sparsely populated area is a tough challenge. It will take time to generate confidence that the former long term decline in rural transport provision will be reversed, and that an improved service will last. Dealing with a multiplicity of operators, some public sector, others commercial, all with different accounting conventions for transport costs, takes time and patience. The population levels in the project’s catchment area are sufficiently small and sparse that demand may be modest, but even a modest level of take-up may make a significant difference.

Benefits are being experienced both locally and further afield. While increasing the efficiency of resource use and improving accessibility are central to the project, there are benefits for employment, equal opportunities and social inclusion. Locally, transport can be tailored to the needs of individuals, including people with disabilities. Drivers have been trained to recognise the varying needs of passengers to provide as high a quality of service as possible. Already, transport provision is promoting rural regeneration, ranging from taking trainees to rural workplaces, to tourist activities such as walking events.

Wider benefits include those from collaborating in an EU exchange of experience, while the technology employed is itself innovative and has commercial potential. A company in Larbert has created further jobs to develop the transport mapping software and technology, and a demonstration shows its potential for virtual training of bus drivers. A split screen simultaneously shows a bus route and the driver’s position on a map, and the driver’s view from the cab. However, the most valuable spin-off of all is when projects enter and influence the mainstream. Speaking at an international conference in Carnoustie in February 2004, the Transport Minister confirmed that grants of more than £1.45m would be awarded to 4 city councils to improve demand responsive transport services over the next two years.

Web: <http://www.scotland.gov.uk/pages/news/2004/02/SETD177.aspx>
<http://www.angus.gov.uk/new/releases-archive/2002/2002-04-15a.html>

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2.8 Assessment and Ways Forward

Achievements

ESEP's main achievement has been to design and embed a set of sustainable development core criteria at the heart of its Programme and administrative processes. This approach is quite elegant in its simplicity. The criteria run through from the Programme Complement to the application forms and progressively into project monitoring; they are in use by the Advisory Groups, Programme Management Executive and applicants.

That this has happened is due to two forms of leadership: from the top, with the Chief Executive steering the process; but also shared. If asked, who in ESEP is responsible for sustainable development, it is hoped the answer would be "we all are". The approach was designed fully involving the Partnership in the process. They wanted neither to lose the Programme's economic focus, nor to see sustainable development as a 'bolt-on'. They also wanted an approach that would not be inflexible or over complicated. This high level of participation is continuing, through awareness raising workshops, new monitoring procedures, and current support for projects in development. There are many ways of engaging with sustainable development, and no one right way: but it is believed this approach is right for ESEP.

The outcome is reflected in the breadth of the Programme, where much of the activity, and not one strand alone, aims to contribute to sustainable development. The aim of a holistic approach is to start making joined-up governance a reality, and see different programmes and strategies mutually supporting one another. The breadth can be seen by setting activities of the Programme alongside the Scottish Executive's priorities in "Building a Sustainable Scotland". Overall impact - whether the approach is

making a difference - is assessed by both the Advisory Groups and by the staff of the Programme Management Executive to be mid-range. Even if delivery is not yet at its potential, there is a sense that both the Programme and its component projects are pointing, and starting to move, in the right direction.

More Effort Required

This positive appraisal must be tempered by candour. ESEP's resources, and those of partner agencies, are limited, while the scale of regeneration required is vast. If the Programme is to play its full part in tackling economic, social and environmental justice in the East of Scotland, and contribute to wider issues including the need to reduce climate destabilisation, then delivery is not yet near the scale and pace required. Unless delivery and output increasingly match the language and rhetoric of aspirations, then the approach could too easily be discredited. It must be more than warm words.

Progress on the Regional Strategy depends on projects. It is therefore dependent on partner agencies bringing applications forward. The project selection criteria were devised against the expectation that the number of applications would exceed (in value) the funding available. However ERDF grants cannot exceed 50% of qualifying expenditure and in most cases the maximum intervention rate is around 40%; in practice there are significant problems with the availability of matched funding. The East of Scotland need for regeneration is no less pressing. Indeed precisely because it is pressing, there is severe competition for matched funding (especially for local authorities and local enterprise companies), and in

consequence the overall level of applications is lower than expected. Further, towards the latter part of the 2000-2006 Programme, the availability of ERDF funds is itself becoming constrained, particularly for the Transition areas.

With hindsight, one consequence of the emphasis on mainstreaming across the Programme, may have been to highlight that there are insufficient demonstrations of good practice, though this could be offset by making more of what has been achieved. Could the Programme be used to show an expert Scandinavian visitor clear evidence of ESEP's progress towards sustainable development? The answer at present would have to be cautious - it could be done, as the case studies indicate, but only with careful preparation and selection.

The Key Policies Group have concluded that they should investigate further the potential of demonstration schemes or other positive actions to enhance progress on the horizontal themes. The Mid-term Evaluation underscored this point, recommending that ESEP should: "Develop partnerships with Horizontal Theme organisations to encourage their greater involvement in project delivery, either through technical assistance to existing ERDF projects, or through developing their own projects incorporating economic development funded by the Programme." (Recommendation 16)

Where there has been significant positive progress - for example the Business Environment Partnership's work on resource efficiency with SMEs - ESEP would like to see similar good practice replicated elsewhere, spreading the skills base. ESEP has already been willing to champion projects which are innovative demonstrations of sustainable development themes. For example, the prospect of ERDF support for Demand Responsive Transport was initially met with caution, but now has received explicit support, and accords with the Scottish Executive's Partnership Agreement. Further examples,

drawn directly from the Partnership Agreement, would include:

- Participation in renewable energy projects;
- Opportunities for new products manufactured from waste; and
- Activities which promote diversification in the use of forests and of timber; and encourage the use of forest products in buildings.

Demonstration schemes and positive actions can help illustrate particular features of sustainable development and equal opportunities. The challenge is to ensure that such action does not become locked into a 'special' or pilot category, but is capable of replication and becoming mainstream. Invaluable though further explicit demonstration will be, it remains the central thesis of ESEP's approach that sustainable development should increasingly characterise all the activity it supports. Over time, this embedding should become increasingly evident in project outcomes across the Programme.

The big impact will come when more of ESEP's partner agencies follow suit. One of the most encouraging comments was when one Advisory Group member acknowledged that they had had to incorporate sustainable development into a project because "colleagues were coming at me from all sides". The most valuable outcome of ESEP's sustainable development activity would be to see this influencing the mainstream activities and programmes of its partners (i.e. beyond projects receiving Structural Funds support). Then there could be a real scaling up of impact.





Further Steps

ESEP will continue to report progress on sustainable development to the Commission; and the Key Policies Group have action in hand in response to the recommendations of the Programme's Mid-term Evaluation. The Group will also continue to provide help to applicants, whether through workshops or targeted support for specific proposals.

Support has been given to strengthen or develop major project proposals, particularly their sustainable development dimensions. This applied to the (successful) funding application for the Edinburgh Biomedical Research Institute, and to work with Stirling Council for a major and comprehensive regeneration programme for the Raploch area. ESEP has access to the Scottish sustainable development and equal opportunities advisors, and have helped set up and run conferences and project development workshops. Further assistance will be offered, subject to available staff time, to bring forward further project proposals.

As the Mid-term Evaluation recommends (Recommendation 12), there will be further training and awareness raising with PME staff, Advisory Group members and project sponsors to increase understanding of the importance and relevance of the horizontal themes. Consistent with Recommendation 14, the PME will undertake a dedicated exercise to assess the impact of the horizontal themes on the Programme, including both environmental impact and provision of equal opportunities. Monitoring and visiting of projects will develop, based on the twelve sustainable development criteria and with more involvement with Programme Managers. Recommendation 15 of the MTE points out this should enable the Programme be in a better position to report progress on its core, strategic aim.

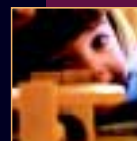
There will be further work too identifying good practice and guidance (to which this report is intended to contribute). Also in accordance with the guidance in "Building a Sustainable Scotland", this will extend to exploring the potential for linking to the indicators work started by "Meeting the Needs ...". Finally, the need to influence the mainstream funding programmes of partners, and to find creative financial engineering ways to recycle funds, should also be stressed. These are vital, given the short time-frame remaining for the current Programme, and the uncertainty of Structural Funds post 2006.





Guidance

PART 3



PART 3:



Part 3: Guidance

3.1 Purpose of Guidance

The Guidance part of this report is intended to help those involved to be able to design good projects and then to present them in a positive and accurate manner. As well as being aimed at project applicants, it is also intended that this material will provide a useful source of reference for the Programme Management Executive and Advisory Group members. For a wider audience, it aims to illustrate and explain in practical terms the points made in Parts 1 and 2, and to give a feel for the character of emerging good practice.

The next section, 3.2 on the 12 core criteria, has been designed specifically to help applicants with completion of Part 3 of the Programme's ERDF Application Form.

Part 3 of the form, setting out the justification for project applications, has been re-designed and has a new format. Because the 12 sustainable development core criteria express the economic, social and environmental attributes of projects, they also serve to describe projects in the round. Setting out the justification for projects against the 12 core criteria aims both to enable applicants to present proposals in a more comprehensive and coherent way, and to show section by section how projects will address the core criteria for project selection. This presentation of projects against the core criteria will also become used as the basis for project monitoring. This re-design is a direct result of feedback from project applicants, the Programme Management Executive and Advisory Groups at workshops held on the core criteria.

The current Guidance itself is not new, though it has been strengthened and updated. Where appropriate, additional references to potential further sources of information have been added. The guidance draws directly from the draft issued in 1999/2000 as part of the outcome of work on the Pilot Project on mainstreaming sustainable development (Eastern Scotland European Partnership: The Sustainable Development Project Final Report, ESEP, December 1999). What is new is to try to make the guidance more accessible, in particular presenting it in a format that directly mirrors the application form. This guidance section has been published on the ESEP website since mid-2003, and can be accessed at:

www.esep.co.uk/download/guidance/Part3_guidance.pdf

It is intended to keep the usefulness of this guidance under review. Feedback from anyone consulting this guidance, particularly from project applicants and Advisory Group members, will be welcomed and - as section 2.4 of this report tries to show - will be taken into account in any revisions.

Section 3.3 complements the step by step approach on the core criteria by setting out an array of project features, to show in direct practical terms the kind of aspects which projects should aim to incorporate.

3.2 The 12 Core Criteria

(A). NET ADDITIONAL JOBS

Please provide an indication of the extent to which the project will create net additional jobs including net additional jobs safeguarded.

An assessment of the extent to which the project will create net additional jobs including net additional jobs safeguarded.

The main aim of a sustainable economic development programme is to promote economic wellbeing and to create jobs. This includes support for enterprises, especially SMEs, whether new starts, or existing businesses; and for people, providing advice and support for training infrastructure. All jobs created by assisted projects should be expressed as full-time equivalents (FTEs).

In addition to jobs created in SMEs, capital projects will generate temporary jobs (and, potentially, training opportunities) during construction. Management of training facilities and community or environmental resources are likely to require permanent staff. These should be taken into account as well as down stream employment potential.

Project proposals will be expected to answer the following questions:

- How many, and what types, of jobs will be directly created by the project?
- How many, and what types, of jobs will be safeguarded by the project? What would happen to these jobs if the project does not take place?
- Is it expected that the project may create additional jobs as a multiplier effect? How many such jobs may be expected, and is there a reasoned and justified case for the multiplier used? Are some of the jobs temporary (e.g. in construction)?
- What displacement of existing jobs may be caused by the project? Does this displacement include a similar multiplier to that used for the jobs to be created?

In the case of projects which support training infrastructure:

- Can the project show how the training provided will bring people more effectively into the labour market, and meet established labour market needs?
- How many jobs will be created in training provision, either directly or in support services?

Projects which do not create, or support the creation of, jobs, or which can be shown to result in a net reduction in employment will not normally be supported.





(B). EVIDENCE OF DEMAND

Please provide a brief summary of the key

findings of market research and/or evidence of market failure provided as justification of intervention

An assessment of the quality, validity and robustness of market research and/or evidence of market failure provided as justification for intervention.

Project proposals must include specific evidence of demand for the project and explain the market failure which the project is designed to overcome. Indicators of demand may come from an existing track record of sales, throughput or successful delivery, whether in the same enterprise, or related activity elsewhere. Conventional market research may be supplemented by techniques such as scenario planning or other foresight methods. Support for the business case may be found in strategic or policy frameworks, including identified growth sectors or clusters, or more specific impact and feasibility studies. This can include governmental or independent research showing the need for service provision, partly to create the market demand. Applications should be careful not to over-state benefits, especially of visitor numbers and expenditure multipliers.

The justification for project support may include adjusting to market deficiencies such as lagging responses to economic instruments, supply chain pressures, information deficiencies, and regulatory changes, any of which may indicate demand, now or forthcoming.

Project applications will be expected to show:

- What is the evidence of demand for the project? Is there quality evidence based market research and/or other robust independent research to support this evidence?
- If the project is for a new product or service, or extension of a product or service into new markets, what techniques have been used to justify that there will be a demand for it?
- Whether wider strategic plans for the area support the case for the projected demand?
- What is the nature of the market failure which the project is designed to overcome, and how will it be overcome?

Further Advice:

The ESEP Programme Complement gives guidance on priorities for support for different types of activity especially, but not only, in regard to strategic locations and sectors. This sets the context within which demand for individual projects should be assessed. It can be found on the ESEP website: <http://www.esep.co.uk/>

Further guidance on strategic demand may be found on the priorities of partner agencies. Scottish Enterprise's Cluster approach is currently focusing formally on 7 clusters and they have developed action plans for Biotechnology, Creative Industries, Microelectronics, Optoelectronics, Food and Drink, Forest Industries and Tourism. Energy is also being tackled via a cluster methodology; Scottish Enterprise also aims to accelerate the competitive capabilities of companies in Scotland through the use of e-Business applications. SE's services to industries can be accessed from:

http://www.scottish-enterprise.com/sedotcom_home/sig.htm

(C) PARTNERSHIP AND LEVERAGE

Please provide a justification of why grant aid is essential for the implementation of the project.

Please also detail project partners and their contributions of funds, expertise and other resources, including in-kind contributions.

An assessment of the extent to which the project shows partnership between agencies reflected in their contributions of funds, expertise and other resources. Particular priority will be given to private sector contributions. Project applications must demonstrate that grant aid is essential for the implementation of the project.

Projects are expected to demonstrate a genuine partnership between agencies, with clear complementarity of roles and working arrangements in place to support all stages of the project. Some partners may have a particular role in initiating activity, or referring client businesses or entrepreneurs to the project; others may contribute more to exit strategies or aftercare.

Applications should state:

- Which partners will be involved in the management of the project, and what roles they will undertake
- Who will be responsible for the continuation of this activity after the project comes to an end?
- Overall, to what extent does the project bring together partner agencies, and other projects and activities, in order to bring about significant change and move towards regional transformation?

In assembling project funding, the ideal proposal requires a small, but essential, contribution from Structural Funds. In other words, address market failure, but contain and manage the risks. Proposals must demonstrate that grant aid is essential for project implementation, and show what additional impact would be enabled by Structural Funds assistance. Contributions in funding and in kind from the project delivery agency may be taken into account, but care should be taken that these do not jeopardise cash flow or financial robustness.

At the same time, projects must also show that funds have been committed or levered from other sources. The sources and scale of funding can be informative: support from other economic development agencies may corroborate assessment of demand. Weight is attached to private sector contributions which may give an additional signal of market viability or potential. Funding from a variety of sources, in particular leverage achieved from sources which are primarily environmental or social, is more likely with multi-faceted projects in line with sustainable development principles. Similarly a mix of private and public funding may enable commercial elements to cross-fund community and environmental elements, and may assist in ensuring that the added value will be retained within the project once it has been created, and spreads the burden of risk.

Project proposals must demonstrate why the project cannot proceed without Structural Funds assistance, and that funds have been committed or levered from other sources.

- What funding sources have been approached, and with what outcome?
- What conditions apply to funding commitments received?
- Is there funding from the private sector?
- What contribution, whether of funds or in kind, is from the project delivery agency, and how does this affect the financial strength of that organisation?



(D) INFRASTRUCTURE IMPACT

Please describe in what ways the project will impact positively on the region's infrastructure

An assessment of the extent to which the project will impact positively on the region's infrastructure for example by:

- Making use of serviced and/or brownfield sites;
- Re-use of existing buildings;
- Being in or adjacent to settlements and/or public transport;
- Making use of, or developing, existing services.

By making use of existing infrastructure and minimising impact both on and off-site, sustainable development activity can reduce costs imposed on others. It may also reduce the costs of the development, though there can be additional costs for site treatment and adaptation to site constraints including avoiding impositions on neighbours. The costs which developments may impose on public agencies or other users must be fully considered. Well sited proposals, and the re-use of land and buildings in or adjoining settlements, can complement, rather than detract from, existing development by increasing the potential for inter-change between organisations, and demand for public transport and other facilities. Existing facilities can reduce their infrastructure load through management of transport demand.

Project proposals should indicate how their infrastructure impact has been minimised:

- Are the site and development located and designed to make use of existing services and buildings? What is the justification for any new build or use of a green field site? Does the proposal comply with the sequential test set out in SPPs and NPPGs?
- Can the development's requirements be met by existing infrastructure, or is upgrading or extension necessary? This should include assessment of transport facilities, water supply, fuel and power supplies, waste generation and management, drainage and sewerage. What costs will the development impose on public agencies or other users?
- Has the development been sited to reduce the demand for transport and to enable the use of alternative modes of travel? What are the transport demands generated by the development? Is there a green commuter or transport plan which shows how the transport needs of all those who use the development can be met without increasing dependency on private car use?

Any potential for the development adding to the viability of existing services, including enhancing public transport provision, should be noted; similarly, will the infrastructure required for the project provide benefits to other businesses or communities? Adverse effects on existing services should also be reported.

Further Advice:

This guidance for ensuring positive infrastructure impact should accord with Scottish Planning policies and guidance (SPPs, NPPGs and PANs), and with local planning authority development plans. Early consultation with planning authorities is recommended; authorities may also hold information on under-used land or buildings.

(E) RESOURCE EFFICIENCY

Describe how the project in its direct use of resources positively addresses one or more of the following:

- The efficient procurement, and use of water, energy, raw materials and other inputs
- The minimisation and management of waste and
- The production of green products and services, the development of cleaner technologies/processes, recycling and re- use activities, environmental monitoring and pollution abatement.

An assessment of the extent to which the project in its direct use of resources positively addresses one or more of the topics listed above.

Enterprises, particularly SMEs, continue to under-appreciate the potential to make cost effective improvements in the reduction, and then efficient use, of basic resources. Structural Funds have a role in helping to remove these inefficiencies, not to subsidise them. Reductions in core and operating costs, with direct impact on the bottom line, may be worth far more than equivalent increases in turnover.

A number of factors are driving organisations towards the production of goods and services which are resource efficient in themselves, and produced by more efficient methods. These include economic instruments, such as the landfill tax and climate change levy; regulations, e.g. the Packaging Directive; supply chain pressures and consumer demands. In turn these factors are helping to spawn businesses in recycling and re-use, pollution abatement, and environmental controls and monitoring. There is further potential in 'waste' - products for which markets have yet to be identified.

Project proposals should address:

- In what ways will the design and construction of the project seek to reduce and make more efficient the use (and re-use) of construction materials and of energy?
- How will the development ensure the efficient use of energy, water and other raw materials when the project is in use? Appropriate use should be made of life-cycle analysis.
- In what ways will the products and/or services to be provided by the project reduce resource use?
- How will resource use be managed and monitored; and how will resource efficiency be maintained?
- What mechanisms will ensure that all users are aware of resource aspects of the project, and enable them to play their part in waste minimisation? Has consideration been given to the use of permeable surfaces and Sustainable Urban Drainage Systems (SUDS)?
- How the project will be consistent with the aims of the National Waste Strategy and Area Waste Plans?

Further Advice:

The Scottish Energy Efficiency Office, run by the Scottish Executive, can offer information, advice and assistance on energy efficiency and waste minimisation. They can be accessed at: <http://www.energy-efficiency.org/>.





Support and advice is also available from the Scottish Environment Protection Agency. Their waste minimisation programme is set out at: <http://www.sepa.org.uk/wastemin/>. The Scottish Institute for Sustainable Technology (SISTech), a partnership between Scottish Enterprise and Heriot-Watt University, aims to “promote, through education, business development and research and development, the practical delivery of sustainability by business”. Their website is: <http://www.sistech.co.uk/>. The Business Environmental Partnership, working through Midlothian Enterprise Trust has established expertise in working with SMEs on resource efficiency. Contact: MET or <http://www.met.org.uk/>. Energy Savings Trust, 112/2 Commercial Street, Edinburgh, EH6 6NF, T: 0131 555 7900 F: 0131 555 7919 or www.est.org.uk

(F) ENVIRONMENTAL IMPACT

Please describe how the project contributes to the enhancement or protection of the

environment, in which it is set, or seeks to minimise the negative impacts whether as an infrastructure development or a revenue activity

An assessment of the extent to which the project contributes to the enhancement or protection of the environment in which it is set, or seeks to minimise the negative impacts, whether as an infrastructure development or a revenue activity.

Projects, of necessity, must comply with environmental law, secure necessary planning permissions and other consents aiming to ensure that there is no demonstrable harm to interests of acknowledged importance (including designated sites and buildings). Where an environmental assessment forms part of this consent process, it should be submitted with the application for Structural Funding assistance. Project selection will also have regard for measures proposed in the application to reduce, off-set, or compensate for, any environmental damage arising from the proposal.

Protection of the environment should include measures to protect:

- Designated sites, including European (e.g. SPAs and SACs), national (e.g. SSSIs; Listed Buildings and Ancient Monuments) or local designations (e.g. Conservation Areas, Listed Wildlife Sites, Sites of Importance for Nature Conservation, Urban Wildlife Sites);
- Existing semi-natural habitats, such as water courses, hedgerows, woodland and scrub; and
- Species, including nationally protected and vulnerable species such as badgers, bats, great crested newts, as well as locally vulnerable species such as water voles.

However, environmental impact is not only about seeking to avoid, minimise and to remedy

environmental damage. Many projects also provide opportunities for environmental enhancement, ranging from:

- Restoration of existing buildings and their surroundings;
- Species identified in the Local Biodiversity Action Plan as targeted for enhancement;
- Extending areas of existing habitat, for example improving a river corridor with appropriate woodland planting;
- Creating areas of new habitat, including woodlands, ponds and wetlands;
- Creating ecological corridors, linking new and existing habitats;
- Habitat management plans; and
- Environmental interpretation, awareness raising and education.

Environmental resources, like human resources, are invaluable assets which can be conserved and enhanced by intelligent and sensitive development, which in turn can enhance business, job and training opportunities.

Project proposals should identify in an assessment of the environmental impact of the project:

- What impacts, positive and negative, will the project have on the external environment? What steps are proposed to mitigate or off-set any negative impacts, including measures for reducing and managing proximity, pollution and risk?
- If the project involves construction, what steps will be taken to ensure that adverse environmental impact is minimised?
- Does the project provide opportunity for environmental improvement, or for the delivery of environmental goods and services? How will it contribute towards raising environmental awareness, and encouraging a positive value of – and attitude towards – the environment?
- Does any environmental management or improvement give rise to further opportunities for employment or training? Does it provide any other economic or social benefits?
- How will the environmental performance of the project be managed, monitored and maintained?

Further Advice:

The key sources of advice are Scotland's two national environmental agencies: Scottish Natural Heritage:

<http://www.snh.org.uk/> and

Scottish Environment Protection Agency:

<http://www.sepa.org.uk/>.





(G) ACCESS AND EQUAL OPPORTUNITY

Please describe in what ways the full and equal participation of individuals and social groups in the local economy will be achieved. This may be achieved for example by;

groups in the local economy will be achieved. This may be achieved for example by;

- Ensuring that there are no physical constraints (eg lack of transport)

preventing individuals accessing employment and personal development opportunities

- Creating the right conditions in the labour market through active labour market policies
- Positively tackling the more subtle forms of discrimination and exclusion and
- Providing a supportive learning and working environment including adequate provision and/or assistance for child/dependent care

An assessment of the extent to which the project actively promotes the full and equal participation of individuals and social groups in the local economy. Examples of how this may be achieved are set out above.

One of the most significant under-used resources is people. The Programme is based on Equal Opportunities, and will require that projects, as a minimum, do not give rise to barriers because of sex, race, age, or disability. Positive measures to enhance access and opportunities to enable people to fulfil their potential will be encouraged. These include:

- Physical access, ranging from provision of ramps and doorways for wheelchair users, through to arrangements for, or information about, public transport provision;
- Care for dependants, and integration of such care with other support services;
- Training to raise awareness of barriers, and redress the lost opportunities arising from them. This includes bridging gaps or perceived gaps between labour market requirements and available human resources.

Particular benefit can arise through linking training and job opportunities to support for the long term unemployed or excluded groups, including those returning to the labour market. This is equally true whether the jobs arise through inward investment, new business starts or existing local companies.

Under this criterion, applicants should not only consider what Equal Opportunities policies, procedures and resources will be in place, but also explain how these will make a positive difference to the project.

To ensure that projects do not give rise to barriers to access and equal opportunities, and promote opportunities, applicants will be expected to indicate:

- What, if any, limitations does the project impose on equal access for all regardless of sex, race, age, or disability? Are there physical barriers inherent in the project and, if so, how will these be addressed?
- What arrangements does the project make to ensure that those who have responsibilities for dependants, and those who do not have access to private cars, are able to take up the opportunities which the project will provide?
- How can the project address the special needs of those from disadvantaged communities, or those new, or returning after long absence, to the labour market? Has consideration been given to making specific provision for those with special needs?
- What provision is made in the project for dialogue with those who may present barriers to opportunities, to establish a learning process taking account of where problems arise and what solutions work?

The ESEP website, <http://www.esep.co.uk/>, provides links to the main agencies offering advice on avoiding discrimination and on good practice guidance on issues relevant to disability, race equality, gender, work/life balance, and age.

(H) LOCAL ADDED VALUE

Please describe the manner in which the project has the ability to generate local added value through for example;

- productive linkages between local employers and training providers or SMEs and centres of R&D

- support for local sourcing initiatives and/or activities aimed at diversification within the local economy
- assistance for activities which promote local support eg extending the tourism season; and
- the active support and participation of the local community in project design and implementation

An assessment of the extent to which the project has the ability to generate local added value. Examples of how this may be achieved are set out above.

The corollary of making best use of existing infrastructure, is that projects can secure mutual benefit if they add value to, as well as derive strength from, local community assets. Local sourcing of labour, trainees, and goods and services can all strengthen the market in which a project is established. Going beyond consultation to public involvement in proposals can win community support for projects. Where benefits from projects are seen to accrue locally, it is more likely that there will be continuing support for enterprises and for their future aspirations, and thus for their durability and adaptability. Links between training providers and local employers, including for modern apprenticeships and workplace training placements, can better connect local training opportunities to the needs of the local labour market.

Project proposals should not reduce local autonomy or result in a net loss of resources from the locality. Some projects may be designed specifically to recruit or retain skilled people in a locality.

Project proposals should show in what ways they are able to:

- Diversify the local economy
- Counter seasonality of business activity
- Use or make connections between local resources, including:
- Local sourcing of materials (including traditional materials)
- Local sourcing of goods and services, and using local contractors
- Local sourcing of professional services
- Using local labour
- Providing local training
- Adding to, or retaining, local expenditure
- Adding value locally when primary materials or produce are used
- Enhancing the quality of the local environment through, for example, diversifying the local ecology
- Facilitate community involvement in project design, implementation or management.





(i) CAPACITY BUILDING

Please describe how the project addresses identified deficiencies in the local economic and

social infrastructure, local organisational competencies or skills and competencies of the workforce and which act as a constraint on growth and development

An assessment of the extent to which the project addresses identified deficiencies in the local economic and social infrastructure, local organisational competencies or skills and competencies of the workforce, and which act as a constraint on growth and development.

Building capacity means enabling and equipping people to be able to help themselves. This may involve identifying what may be crucial for a community or a local economy to thrive, or even to survive. This could be provision or retention of local shops; a health centre or recreation facility; transport links or training provision. The limitation on capacity may be money: this might require innovation in providing access to funding, whether through mainstream providers, through access to risk capital, or through credit unions or LETS projects. While not all of these examples are eligible for Structural Funds support directly, community based organisations and local authorities are often well placed to identify how best to build capacity locally. Funding support for community based organisations can help to tackle some of the key underlying constraints. These may be a lack of expertise, or skills; or a lack of confidence or the ability to take and manage risk.

Similar considerations apply to building up the SME base, and entrepreneurship, in an area. Part of the process is to build on existing capacity to support indigenous enterprises through the next stage of growth. This could be straightforward business expansion into a different scale or type of operation, or a diversification of product or market. Important gaps in infrastructure in support of training provision remain to be filled, in particular an expansion of modern apprenticeships as an alternative to the HE/FE options. There are also opportunities for activities to move from the informal to formal sectors: for example, to assist local voluntary groups becoming social economy organisations, providing services on behalf of statutory agencies.

Project proposals will be expected to show in what ways they support capacity building:

- Does the project tackle an identified deficiency in provision and/or does it build on established strengths?
- In what ways will the project enhance the capacity of the community development agencies and people in receipt of assistance?
- How will this enhancement contribute to the wider transformation of the area or community concerned, and to developing the skills and capacities to deliver more sustainable development?

(J) SOCIAL INCLUSION

Please describe the means by which the project will achieve the integration of disadvantaged communities into mainstream activities.

Projects which enhance access by these communities to opportunities and benefits available elsewhere in the Programme Area will be given priority

An assessment of the extent to which the project is directed at integrating disadvantaged communities into mainstream activities. In particular, projects which enhance access by these communities to opportunities and benefits available elsewhere in the Programme Area will be given priority.

This criterion does not apply just to those projects targeted at areas of disadvantage. Potentially all projects can make a contribution to social inclusion, irrespective of whether tackling inclusion is their main objective. This can be direct, through providing jobs and training opportunities in or close to disadvantaged communities; or indirect, through ensuring that affordable and accessible transport links exist or will be provided to job and training opportunities. Irrespective of where a project is sited, there can be a specific policy of recruiting and training long term unemployed. Projects may also make explicit provision for other excluded groups.

Tackling social inclusion is also both an attitude and a matter of justice. It is about ensuring that the long term unemployed and disadvantaged communities have access to resources of all kinds. This includes fast track routes into self-employment or high technology jobs, and not just onto the lowest rung of an imposed ladder of social progress. People with a range of current and potential skills need access to a choice of jobs and training opportunities. Some of the most promising initiatives are those in which agencies establish firm links between the employment service, support for participation and inclusion, and business start-ups.

In what ways does the project potentially contribute to integrating disadvantaged people:

- Does the project intend to locate in or near communities experiencing disadvantage?
- In what ways does the project make provision for the employment and training of disadvantaged people?
- How does the project ensure that disadvantaged people will be able to take up the opportunities of jobs, training or other service provision through, for example:
 - Provision of public transport?
 - Provision of training?
 - Recruitment policies and programmes?
- Does the project make any indirect contributions, e.g. improving accessibility for disadvantaged communities to other services, through supporting public transport provision?





(K) STRATEGIC INTEGRATION

Please describe how the project can demonstrate direct linkages and coherence with other related activities and strategies (local,

national and European) including development plans, structure plans, ESF Objective 3, RDR and relevant CIs

An assessment of the extent to which the project can demonstrate direct linkages and coherence with other related activities and strategies – local, national and European – including Development Plans.

Structural Funds have evolved from funding of specific projects towards support for coherent strategies to transform the economy of regions. The contribution of individual projects can be greatly enhanced where they fit with other physically related or functionally complementary activities. This approach is now reflected in the Strategic Locations and Sectors Priority. This mutual enhancement can arise through complementarity, bringing together economic, social and environmental objectives, to secure the efficient and effective use of public and community funds. This may be achieved by conformity with public policy strategies (through which, over time, other actions should reinforce the project; and in turn, the implementation of projects strengthens the strategy), or by direct relationships to other projects. Priority will be given to projects which demonstrate integration with, or adding value to, other ERDF and/or ESF assisted projects.

A particular opportunity for strategic integration is through ensuring that Structural Funds Programmes and project funding are well matched to the statutory Development Plans prepared by local authorities, which are major instruments in regulating project approval. There should be increasing opportunity for strategic integration as work progresses on Community Plans and Local Economic Fora.

Project proposals should explain:

- In what ways do they conform to local, national and European strategies?
- Have the relevant partner bodies been consulted, and what has been their response?
- Which other publicly assisted projects does the proposal relate to?
- How does the proposed project integrate with, or complement, those other projects?
- In what ways is the proposal additional to, and different from, existing provision, or earlier phases?
- Overall, what added value is foreseen, arising from the relationship between the project and relevant strategies, both for the Programme and for the Partners' strategies?

(L) DURABILITY AND FEASIBILITY

Please describe the means and intended actions which have or will be undertaken in

order that the project will become self-sustaining over time. Where appropriate please attach a business plan.

An assessment of the extent to which the project can demonstrate the ability to become self-sustaining over time. This is coupled with an assessment of the feasibility and risks of the project; its design and forecast targets and the capacity and track record of the delivery agent(s) to implement and sustain the project.

Project support under Structural Funds is not intended to secure only short term benefits with no lasting value. The Programme seeks to support projects which will happen, will last, will deliver the planned outcomes, and will do so in many cases with increasing self-sufficiency. With no certainty that the region will be in receipt of ERDF beyond 2006, it is vital that there are clear exit strategies, wherever possible demonstrating a capability for activities (or their benefits) to continue beyond the end of the Programme period.

These requirements need long term planning, realistic design and forecasting, and the capacity and commitment to deliver. The Partnership will wish to take stock of projects in the round, and will have regard to the track record of the delivery agent(s).

However, while track record will be important, the Partnership also wishes to promote innovation. The Partnership recognises this will involve risks, but this should be based on an awareness and understanding of what is involved. Shared appreciation of what is at stake between the project team and funding partners better enables all involved to mitigate and manage risks. Clearly, ambitious projects which depart from established practice, are likely to require additional work to establish their feasibility.

Project proposals need to assess:

- To what extent has project design and financing taken into consideration the need for longer term self-sufficiency?
- Is financial assistance pump-priming a new kind of activity, or does it contribute to enhancing or augmenting already established activity?
- What would be the effect on the project of progressively reducing levels of grant aid?
- What financial control mechanisms and risk management or contingency planning will be in place?
- What exit strategies have been identified?
- In what ways will responsibility be taken on by others to maintain the project or consolidate its benefits; and how will expertise and understanding be transferred to project managers?
- The delivery of outcomes:
- What assessment has been made of how realistic and achievable are the forecast project outcomes?
- What flexibility has been built in to adjust to changing market circumstances and technological developments?
- At what stage is it likely that outcomes will be delivered (including whether jobs created are short or long term)?
- What mechanisms will be in place to monitor the delivery of outcomes, including their quality and effectiveness?





Monitoring and Evaluation

In addition to the 12 Core Criteria, the ERDF Application Form also asks applicants to describe their system of monitoring and

evaluation, the frequency of monitoring and any reporting arrangements which will be applied to their project.

Scottish Executive guidance (see references below) makes clear that monitoring is a fundamental part of project management and programme evaluation. Projects are monitored for two main purposes: first to ensure financial probity, and second to ensure that projects achieve (and may be helped to achieve) what they set out to do as described in the application forms. The first of these includes the arrangements for financial management and control, audit trails, and procedures for the completion and submission of claims forms. Separate guidance is issued in this regard, and information on these aspects is required in Parts 1 and 2 of the application form.

This section of the application form should describe how the project will be monitored and evaluated to assess its performance against what is set out in the application form. This includes the procedures which will be in place to assess progress against the project's features, objectives and targets which form part of the application. If, for example, the application states intentions to achieve a specified number of additional jobs, a female participation rate, and delivery of specific environmental benefits, then this section should set out the process by which the achievement of these will be measured and monitored. The description should also set out how the project partnership will operate to support this process: how frequently will progress be reported, how, and to whom?

Major projects in particular may involve specialist interim evaluations, including seeking information on outcomes from final recipients. Any such evaluations should contribute to the monitoring process. So too may published materials from projects, which not only give evidence of publicity, but also give supporting information about project activities planned or underway.

It is also recognised that projects may, for a variety of reasons, evolve over time. Early objectives may prove inappropriate, and be replaced or supplemented by other objectives. Monitoring and reporting arrangements should be designed so that any such changes are recorded, justified and agreed with the Programme Management Executive through the monitoring process.

Further Reference: Scottish Executive 2000 "Measuring Progress: A Handbook for Monitoring European Structural Fund Projects"

Accessible at: www.scotland.gov.uk/esf/mon_hand-00.asp

Scottish Executive Monitoring and Evaluation Group 2001 "European Structural Funds Project Monitoring Visits: Guidance for Scottish Executive, Programme Management Executive and Project Applicant Staff."

It should be noted that in parallel with the re-design of Part 3 of the application forms, procedures for project monitoring by the Programme Management Executive will be based on information requirements matching those of the application forms. A pilot evaluation of monitoring methodology carried out in 2002 noted that when projects were visited, the project application forms provided a central reference point for those taking part in the monitoring visits. It is intended to build on this process, and use the re-designed application forms as the basis for dialogue in project monitoring visits by the Programme Management Executive.

3.3 Project Features Sought

The aim of the core criteria is to see projects designed, selected and implemented in ways which will strengthen the overall Programme. As in previous guidance, one way of trying to show the implications of the core criteria for projects is to set out the kind of features it is intended to see coming through in project applications, and then into delivery.

The following is not a checklist, but a set of examples to try to illustrate the range of topics to help project managers to design sustainable development in from the outset, by giving some practical suggestions for adding value in line with the criteria. The list of examples has grown since the last guidance was published. This is a direct result of the workshops held with project applicants, but also takes into account the Guidance on the Performance Indicator Framework. Many of these features now score directly against the Programme's indicators which measure activity and outputs.

Some of the features could be the focus for a project; others one aspect amongst others. They are not intended to be exclusive or exhaustive, but indications of what is possible. The list is intended to help answer questions such as "What does this mean in practice for project development?" or "So what can we do to make our project more sustainable?" Clearly, not every project is expected to show every one of the features illustrated, but over time it is expected that these features should become commonplace within the Programme as a whole.

• Equal Opportunities

Providing, from the outset where possible, facilities for disabled access. Clear targeting of disadvantaged or excluded groups, be they women, men, the young, the elderly, middle-aged, ethnic minorities, those returning to work, or the long-term unemployed.

• Support for dependants

Making provision, whether directly or indirectly, for the care of children or other family members (and associated transport) to enable take up of employment or training opportunities. This includes the provision or enhancement of, or links to, childcare or crèche facilities. Encouragement of flexible working arrangements (and flexible opening hours), home-working and a wide choice of shift patterns. Organisations can be strengthened, and staff retention increased, by introducing active equal opportunities and family friendly policies and practices.

• Strengthen training into work linkages

Encouraging workplace placements, employer links to training providers, job link schemes, use of local labour and trainees in construction, and other means of securing the transition into the labour market, and avoiding a cycle of retraining and unemployment. Many projects benefit through links to FE/HE institutions, or links to associated European Social Fund (ESF) training provision; while others provide or upgrade training or learning facilities (including technology training).

• Local Sourcing

In addition to strong links to local employers and industry, the economy in a locality may be strengthened (and transport demand reduced) by the local sourcing of materials and professional services. Projects may also aim to retain key groups - actual or potential entrepreneurs - in the more remote or rural areas.





- **Transport provision, and information on transport**

Assistance with transport, including links to public transport provision, and the development or improvement of community transport schemes. These can be especially valuable for the start of training and employment, and may contribute substantially to higher take-up/lower drop-out rates. Lack of transport and accessibility can be one of the greatest barriers to business, especially in rural areas.

- **Green commuter or travel plans**

Businesses and training establishments are uniquely placed to know the mobility requirements of their activity, and to reduce car dependency and broaden the travel options for the mutual benefit of all users.

- **The use of brownfield sites, existing buildings and infrastructure**

In general, the re-use of land or buildings offers a more efficient use of resources including access to existing communities, and to services including public transport and existing infrastructure. Re-use of former shops or community premises can result in economic, social and environmental benefits.

- **Clusters and nodes**

Support may also identify activities which benefit from association and clustering - e.g. high technology/innovative SMEs and research facilities; and those activities that can be dispersed and out-sourced - e.g. call centres; publishing; accounts - providing local accessibility and reducing demands for travel. The economic benefits of clustering, including initiatives which link to - or directly strengthen - Scottish Enterprise business clusters, may be complemented by reducing travel demands or enhancing the viability of public transport.

- **Environmental management and enhancement**

Projects may provide direct environmental benefits, ranging from landscaping and access improvements to increasing the area of nationally designated natural habitat managed through agreed management plans. Improved management of natural resources may also be associated with activities such as improving and enhancing visitor access to facilities, including green tourism.

- **Green Construction**

Where capital projects involve construction, this can combine provision of local job and training opportunities with the use of sustainable building practices including using materials that have low embedded energy and can be recycled. There is a role too for support of workers' co-operatives and self-build schemes, which can generate further economic activity.

- **Use of underused resources and minimisation of waste products**

Waste minimisation programmes, and projects to recover and re-use or recycle those products which would otherwise be waste, show potential cost savings, new markets, and environmental benefits. There may be a role for developing community waste management facilities. There is potential for underused renewable resources, e.g. forest products; or underused services, e.g. transport provision, to be brought into beneficial use. Also relevant is support for marketing and promotion, to enable more extensive use to be made of existing activities.

- **Energy and resource efficiency**

Similarly, the potential to use energy and other raw materials more efficiently, and to switch from non-renewable to renewable resources, continues to be under-appreciated. It may be valuable to link to existing initiatives which raise awareness amongst SMEs about environmental and resource issues. In capital projects, energy efficiency can be enhanced by the orientation, massing and layout of buildings; insulation; design and management of heating and lighting; encouragement of natural ventilation, heat recovery and CHP. Environmental management, where appropriate through EMAS and ISO14001, can increase the efficiency of resource use and/or reduce environmental impact. This may include audits of, and targets for, resource and materials use; green office practices, purchasing and travel management.

- **Innovation and Environmental Technologies**

Use of new and cleaner environmental technologies, and opening up of markets for environmentally sound and socially responsible products and services. Applying new technology to enable better use of resources, and diversifying existing businesses into committed new growth sectors, including renewable energy, and waste minimisation and management.

- **Information and Communication Technology (ICT)**

Encouraging the use, take-up and application of these technologies, including encouragement of e-commerce and e-learning; creation or improvement of community ICT facilities; use of shared resources in Business Centres; and enabling remote or home-based access to work and training.

- **Combine job creation, training, and delivery of social and environmental goods and services**

There is scope for more multi-faceted projects to achieve the delivery of environmental improvements and care services through schemes which also create jobs and provide training. Projects can also harness the economic and social value of environmental, natural and cultural heritage resources. Conversely, land management projects can be designed to provide a mix of enhanced economic, social and environmental benefits.

- **Securing local ownership and involvement**

New developments inaccessible to nearby people seeking jobs, training and opportunity can exacerbate alienation and exclusion; conversely local stakeholding is more likely to provide a supportive context for new enterprises. This means local community involvement in the development of projects, ranging from local support to ownership of projects, use of facilities by community groups, undertaking community appraisals, and preparing community action plans to address community needs and opportunities.

- **Access to resources (including finance)**

'Empowerment' may be an empty concept if those being 'enabled' do not have access to resources. In addition to training and information, access to decision makers and to money may be critical. Credit unions and LETs schemes may have key roles to play particularly in Community Economic Development. In entrepreneurial activity, mentoring, business angels, and access to risk capital may be the key resources.





• Targeting on greatest need

An increased focus, drawing together funds from different Priorities where appropriate, is planned for areas of high unemployment, lack of training provision or take-up, lack of diversity in local economy, and quality of the local environment. Wherever possible, there should be clear linkage between new developments with job and training opportunities, and areas of disadvantage; this may range from physical access to specialised training provision to enable people to access job and training opportunities. There is a role too for actions that tackle deep seated problems which undermine economic performance and quality of life in the region: these include improving the health, diet and fitness of people in the region.

• Shared vision with other agencies

To achieve strategic integration, make partnership a productive reality and to secure potential multiplier effects requires development of a shared vision and agenda with other agencies. Joint working in the preparation of Development Plans offers one means for doing this. So too does support for comprehensive renewal programmes, SIP area strategies, and strategic and cross-sectoral environmental plans (including coastal zone plans and local biodiversity action plans).

In addition the ways in which projects can be managed can secure, or add, further benefits. For example:

- Provision of aftercare support to project beneficiaries, to secure more durable success;
- Seeking, achieving and, where appropriate, maintaining recognised quality awards (such as IIP or Environmental management); and
- Applying innovation, evaluating success and establishing the capacity for replication.





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Information about the East of Scotland European Partnership is available on our website: www.esep.co.uk. On the website you will also find further contact details, together with downloads of the Programme Complement; project application forms and guidance notes.





A CHANCE TO HAVE YOUR SAY

This report, and its predecessor, are the result of much discussion among the ESEP partners and contributions from many practitioners in economic, business and community development.

However, it's by no means the final word in Sustainable Development. We continue to learn from each others' experience in applying the principles of Sustainable Development to real life situations, and to monitoring progress.

We need to continue to learn together – and your feedback, experience and imagination can help us do this. So don't be shy, set out your thoughts below, or in an e-mail or letter, and send them to Susan Tamburrini at the ESEP Programme Management Executive, Tel: 01383 622537, E-mail: stamburrini@esep.co.uk

All feedback will be carefully considered by the Programme Executive and the ESEP Key Policies Group.

FEEDBACK AND SUGGESTIONS.

All questions are optional – but the more feedback you can provide, the better. Please tick ☐ the relevant boxes in questions 1 & 2.

The questionnaire is also available on our website if you prefer – go to www.esep.co.uk/sdupdate/feedback/asp

FEEDBACK AND SUGGESTIONS.

1. Have you read the report?	Most /all of it	
	Parts of it	
	None, or not much	

2. Did you find this report:	Not at all	Not very	Quite	Reasonably	Yes,very	Don't know
a. Relevant to your organisation?						
b. Practical and helpful?						
c. Clear and easy to follow?						
d. Thorough?						

3. What, if anything, did you find particularly useful?	
4. What, if anything, was confusing or unclear?	
5. What could be done to make future guidance more helpful or relevant?	

6. Please let us have a brief description of any projects which you know of, which you feel provide lessons for sustainable development (both positive and negative lessons). These need not be EU-funded projects. Further details can be attached separately.

Who could we contact for further details of this project if required?

Name:	Organisation:
Position:	Date:

Many thanks for your feedback





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