

Glasgow Economic Forum Secretariat:

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John Rigg
Head of EU Structural Funds Division
The Scottish Executive
Meridian Court
5 Cadogan St.
Glasgow G2

12th January 2007

Dear John,

On behalf of Glasgow Economic Forum may I thank you for the opportunity to comment on the Executive's proposals for the reorganisation of European Structural Funds in Scotland, and for agreeing to accept our submission by 12th January 2007.

Glasgow Economic Forum represents a wide range of stakeholders and it has not sought to answer in detail all of the questions posed, however there are a number of general points which it does feel it is important to make.

Our comments are:

1. The reduction in structural funds is of very great significance to Glasgow. ERDF and ESF have played an important role in the revival of the city's economy and we view with real concern the overall reduction at the Scottish level and its possible impact on Glasgow. The city's new economic development strategy, A Step Change for Glasgow (enclosed) is ambitious, and it is to be hoped that despite the reduction in the overall amounts available, EU funding will play an important role in enabling Glasgow to seize the many new economic opportunities that lie ahead.
2. The ministerial foreword recognises the importance of structural funds being used in a way which adds value and leaves an economic legacy. We agree with these priorities but do not feel they are reflected in the proposals which, in our view, would result in resources being spread more thinly and being less well targeted than at present.
3. We are concerned about the proposed split between urban and rural areas, which appears to be 55% and 45% respectively. This fails to take account of the fact that Scotland's major economic and socio-economic challenges and opportunities are predominantly in the urban areas, as the Executive itself has recognised in the revision to A Smart, Successful Scotland. Under the proposed arrangements urban areas such as Glasgow would, we must assume, be a relative loser of structural

funding compared to rural areas, and more so on a per capita, per SME, or deprivation index derived basis. This is difficult to understand given the scale of opportunity facing Scotland's cities.

4. In general we are concerned that the proposals do not sufficiently address the economic / socio economic disparity between the West of Scotland and the rest of Scotland. For example, it is proposed that almost half (48%) of the total ERDF would be allocated on a non-geographic basis. This is likely to result in much of the available funding going to areas which already have high-performing economies and could increase rather than reduce regional disparities. In our view, the new arrangements for ERDF and ESF should reflect the fact that the West of Scotland not only is an area of real economic opportunity, but also contains the majority of Scotland's socio-economic challenges. It should be a priority to leave an economic legacy there where the deficit and disparity with the rest of Scotland is greatest.
5. Given that ESEP has now been awarded the contract for managing funds for Lowland and Uplands Scotland we are naturally concerned about their understanding of the situation in the West and their ability to maintain or improve service quality to Glasgow and its surrounding areas.
6. In relation to Glasgow, we are concerned that the proposals do not sufficiently recognise that while the city is now achieving strong economic growth and job creation, it still contains an overwhelming share of Scotland's poverty and inactivity/ education/ health indicators which are among the worst in Europe. The strong economic growth now being experienced presents real opportunities for structural funds to add value to local initiatives – ie to use economic performance as a springboard to reduce exclusion.
7. Where funds are allocated directly to agencies there is a risk that local priorities may not be fully understood. We would hope that agency selection, allocations to agencies and guidance re project implementation will be on the basis that Glasgow's relative opportunities and priorities should be supported.
8. We note the proposals to consider local Community Planning Partnerships (CPPs) as Intermediate Delivery Bodies (IDBs). We view local CPPs as being well placed to integrate structural funds activities along side existing activities, especially around area economic regeneration and development as well as social inclusion. We view it as a potentially progressive move to appoint local CPPs as IDBs, as this will help bring together many strands of activity to become a single regeneration fund for Glasgow. In particular, this provides an opportunity to more closely align with local strategies such as *Glasgow's Regeneration Outcome Agreement*, the *New Economic Strategy*, and the *City Strategy on employment*. In principle, we welcome these proposals as they could act as the catalyst to provide a more efficient and holistic delivery mechanism. We would hope that Glasgow CPP would be one of the partnerships selected for the piloting of the new local delivery mechanisms.
9. We would like the proposals to better address the needs of Glasgow's indigenous company base. Despite the presence of some of Scotland's largest and most successful research institutions, the rates of innovation and growth in the company

base remain poor. Whilst support for the commercialisation of research and the encouragement of research based innovation is important, in the Glasgow context – with a large share of Scotland’s SME’s – a broader perspective on support for competitiveness is required. A clear allocation of structural funds to Glasgow to support business development activity would make a significant contribution to closing the competitiveness gap and in doing so address regional disparities in Scotland.

I hope you will be able to take these views into account when finalising the new arrangements for structural funds in Scotland

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Gallacher', written in a cursive style.

John Gallacher
Chair
Glasgow Economic Forum