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Future European Structural Funds Programmes in Lowlands & Uplands Scotland 2007-2013**RESPONDENT INFORMATION DETAILS**

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Questions and Answers

Clyde Valley Community Planning Partnership recognises that the reduction in structural funds available to the Lowland and Upland Scotland area means that, to ensure the greatest impact, an even more focused and deliberate approach is required for their delivery. In terms of scale, the around £60m per year structural funds available to the LUPS area and population of 4.8 million are dwarfed in comparison to the area GVA (£74bn in 2003). Therefore, to ensure a measurable impact Clyde Valley Community Planning Partnership believes the funds should be concentrated

Question 1: Are there any additional socio-economic factors to be considered – and which Structural Funds can address – in assessing the strengths, weaknesses and opportunities of Lowlands & Uplands Scotland?

on a number of communities and themes. While the analysis given in the document offers a broad outline of the strengths, weaknesses and opportunities in Lowlands & Uplands Scotland it does not sufficiently highlight the disparities within the programme area itself. Regional economic performance within Scotland is weakest within the West of Scotland. In fact, the Western Scotland Objective 2 Programme 2000-2006 Mid Term Evaluation carried out in December 2003 stated in its section, Conclusions of the Strategy Appraisal, 'The conditions in the Programme area have improved in absolute terms, but in relative terms there is little sign of convergence. Since the Programme was approved, the Region's economic position relative to Scotland, the UK, and the EU has not changed fundamentally. In that respect, the issues and challenges facing Western Scotland have not shifted dramatically although there have been shifts in context.' This statement retains validity for West Central Scotland in the present context of the LUPS area's economy and evidence of this challenge is further detailed in the response to question 3.

Question 2: Do the proposed priorities for the 2007-2013 ERDF programme in Lowlands & Uplands Scotland address the strengths, weaknesses and opportunities of the region?

The proposed priorities address these issues to a certain extent but in terms of budgetary allocations and spatial targeting they may not ensure that the areas most in need, and where the greatest increase in competitiveness can be delivered, will have the potential to gain from the benefits of Structural Funds. Clyde Valley Community Planning Partnership understands that the reduction in funds, alongside the earmarking of Lisbon priorities, has seriously reduced the potential for structural funds in the LUPS area to deal with the matter of derelict and contaminated land or inadequate and degraded infrastructure. It should be noted however, that these issues still have the potential to prevent the area achieving its full competitive potential. Therefore, the reduction in ERDF available for such activities, which are a significant factor in the regeneration of many communities in West Central Scotland, is of concern.

It is difficult to agree with coherence in that the spatial targeting and budget allocations to each priority do not appear to fully ensure that structural funds will be targeted on addressing the regional imbalance within the LUPS area. The socio-economic analysis of the programme area clearly shows that the area of greatest need in terms of socio economic disadvantage remains the West of Scotland. Clyde Valley Community Planning Partnership suggests that this conclusion should be addressed in the subsequent structure and relative funding levels of the Programme. In terms of concentration the current proposals for within the Operational Programme for ERDF Priority 1 offers no spatial targeting. In this proposed scenario, structural funds would be available to areas which have managed very effectively without Structural Funds and so reduce the availability of funds to those areas, such as West

Question 3: Do the proposed priorities for the 2007-2013 ERDF programme in Lowlands & Uplands Scotland show appropriate coherence and concentration?

Central Scotland, which are still catching up in terms of economic performance with the rest of Scotland. Of further concern under this proposal is that areas such as West Central Scotland would then see the available funds moving to the more successful regional economies within the LUPS area. The historic spatial performance of SMART, SPUR and SCIF all bear out this concern. The current, non-targeted, approach would clearly result in a sub-optimal outcome with lower additionality than the alternative, that of spatially targeting funds in the area where the competitiveness deficit is most obvious. While the Partnership fully supports the priority aim of promoting company formation and growth, the greatest deficit in both these criteria, both in relative and absolute terms, remains in Western Scotland. In terms of concentration Clyde Valley Community Planning Partnership would like to see some element of targeting within this priority, in terms of allocations and eligibility. Operationally, however, the experience of Partners in delivering projects in the field requires that this should be done in a manner that places areas of opportunity adjacent to areas of need, similar to the targeting of Regional State Aid. This targeting should also be reflected in ESF Priority 2 on the same basis. The overwhelming majority of deprivation in the LUPS area is concentrated in West-central Scotland. Table 1.1 of the Statistical Compendium of the 2006 Scottish Index of Multiple Deprivation shows that, of the 15% most deprived of Scotland's datazones which fall within the LUPS Programme area, 62% are found within the Clyde Valley Community Planning Partnership area. When the most deprived 5% of datazones is used as a measure, the picture is even more extreme, with 71% being found within the Partnership area. The effectiveness of the final ERDF Programme for Lowland and Upland Scotland will depend on concentrating funds on this area. Geographical targeting and proportionate allocations of funds to the ERDF priorities will both be necessary to achieve this. Significant growth has continued over the life of the past Structural Funds Programme in the urban centres in the Southeast and Northeast NUTS 2 Regions unaided by Structural Funds. It follows that, if the New Structural Funds Programme is to maximise its impact, funds should be targeted on the areas most in need, ie West Central Scotland, and not on areas which will continue to demonstrate growth without Structural Funds support (and thus not be able to demonstrate additionality) e.g. East Central Scotland, Southern Scotland and the Northeast. SLIMS analyses indicate that in 2005 there were 25 VAT-registered businesses in the West of Scotland per 1000 population and 31 VAT-registered businesses per 1000 in Scotland as a whole. Scotland outwith the West therefore has 36 VAT-registered businesses per 1000. This compares closely with the UK average figure of 38 VAT registered businesses per

	<p>1000. The purpose of ERDF is to reduce regional disparities. There is, on the whole, no case for making ERDF available in Lowland and Upland Scotland outwith West Central Scotland because there is virtually no imbalance between the performance of the rest of Scotland and the UK average. The emphasis on the commercialisation of Research and technology needs to be balanced. Whilst the West has significant assets in its research institutions, levels of investment in the commercialisation of such research remain low, and persistently lower than in other parts of Scotland. If the Programme is to contribute to EU targets on job-related growth, it should also be investing in more general Business growth activity.</p>
<p><i>Question 4: Do the proposed priorities for the 2007-2013 ESF programme in Lowlands & Uplands Scotland address the strengths, weaknesses and opportunities of the region?</i></p>	<p>The proposed priorities address these issues to a certain extent but in terms of budgetary allocations and spatial targeting they may not ensure that the areas most in need will have the potential to gain from the benefits of Structural Funds. Again the lack of spatial targeting within ESF Priority 2, which is linked to ERDF Priority 1, is a concern to Clyde Valley Community Planning Partnership for the reasons outlined in the response to question 3.</p>
<p>Question 5: Do the proposed priorities for the 2007-2013 ESF programme in Lowlands & Uplands Scotland show appropriate coherence and concentration?</p>	<p>Clyde Valley Community Planning Partnership welcomes the links established between priorities ERDF Priority 1 to ESF Priority 2 and ERDF Priority 2 to ESF Priority 1. Of more concern to the Partnership is the spatial targeting within these priorities which needs to ensure that structural funds reach those areas that can most benefit.</p>
	<p>Firstly, Clyde Valley Community Planning Partnership welcomes the proportional split in funds between ERDF and ESF and believes this split reflects the overall need of the LUPS area. Clyde Valley Community Planning Partnership believes structural funds should be concentrated on a number of communities and themes to ensure they have maximum impact on those areas which face the greatest socio economic challenge within the LUPS region. The Partnership's concern with the proposed lack of spatial targeting in ERDF Priority 1 has been made clear. The Partnership is also concerned that if this proposal is implemented, almost half the ERDF funds will be available to areas which have prospered, relative to West Central Scotland, without support from structural funds in the current 2000-2006 programme. In terms of the allocations to ERDF Priorities 2 and 3, the lack of information provided in the consultation document on potential models for spatially targeting these funds leaves almost too many potential responses available to ensure coherence. However, assuming that the summary table that appears on page 23 of the programme document (derived from the Scottish Executive Urban Rural Classification) gives an indication of the spatial targeting criteria to be used, then the Clyde Valley Community Planning Partnership</p>

Question 6: What are your views on the proposed balance of funding between priorities for the future ERDF programme in Lowlands & Uplands Scotland?

is concerned that its rural communities may not be included. The Partnership is also concerned that a number of communities in West Central Scotland may fall between the Scottish Executive's definitions of 'urban' and 'rural'. A specific challenge facing the villages and local areas in West Central Scotland relates to our small town, village, and neighbourhood centres, particularly in areas such as Clydesdale and rural Dunbartonshire. Whilst it is clear that Glasgow can be expected to be a major driver of employment and productivity growth during the life of the next programme, and this potential has to be exploited, the objective must be one of balanced development across the whole of the sub-region. The small businesses and enterprises which traditionally helped form the character of these places are consistently being squeezed by the increase in competition from larger businesses and by changing patterns of consumption and travel. The communities facing this challenge all contribute to the balanced development of the region and the small businesses which make up their centres are vital for their future sustainability. Working with structural funds support to assist the revitalisation of these communities is an opportunity which Clyde Valley Community Planning Partnership is eager to explore and is keen to see this reflected in the final programme. The discussion of rural issues within section 2.4 of the Operational Programme does not define areas which might be eligible for funding under the proposed rural Priority of ERDF. The analysis appears to focus on remote rural areas as if these were the rural areas most in need. The proposal within the Operational Programme for the relative allocations of funds to the three ERDF Priorities suggests an allocation of funds to rural areas which, if only remote rural areas are eligible, is disproportionate to the scale of the problem and would fail to allocate funds where they would have maximum impact. Table 1.4 of the Statistical Compendium of the 2006 Scottish Index of Multiple Deprivation shows that, of the 15% most deprived of Scotland's datazones, 92.5% are in large urban or other urban areas and only 1.8% of the most deprived datazones are in remote or accessible rural areas (using the Scottish Executive's Urban-Rural Classification 2005-2006). The allocation of funds to Priorities 2 and 3 in the consultation document proposes only 29% for Community Regeneration and 23% for rural development. The actual apportionment of funds to Priorities 2 and 3 of the ERDF Programme must ensure levels of funding which are proportionate. The partnership is concerned, therefore, that if the level of funds proposed for ERDF priority 3 is confirmed, the definition of eligible areas must be as wide as possible. In particular, the Partnership observes that, within the broadest definition of rural areas, those areas with highest levels of deprivation, as demonstrated in the SIMD, are in the small towns and villages in accessible

	<p>rural areas rather than in remote rural areas. If Priority 3 is to be effective at all, it must include these communities. The Clyde Valley Community Planning Partnership proposes that, if the relative allocations of funds are confirmed, then the definition of eligible rural areas used in the new Programme should be Leader+ Partnership areas. This definition has been used successfully in the 2000-2006 Programme in defining eligibility for the Rural Inclusion measure of the Objective 3 Programme.</p>
<p>Question 7: What are your views on the proposed balance of funding between priorities for the future ESF programme in Lowlands & Uplands Scotland?</p>	<p>The rationale for allocating such a large share of ESF funds to Priority 3 has not been made clear in the Operational Programme. It is not possible to anticipate what might be delivered through this separate Priority which might not be delivered in a more integrated way through more broadly-described Priorities 1 and 2.</p>
<p><i>Question 8: Do the proposed priorities outlined in the draft Operational Programmes focus sufficiently on the right priorities in Scottish domestic policy?</i></p>	<p>The analyses of the socio-economic and policy contexts contained within in the Operational Programmes, accurately capture the major issues for Economic Development and Regeneration in the LUPS area. The proposed Priorities within the ERDF Programme, in particular, fail to reflect these issues in the proposed direction of funds in the new Programmes. The proposed actions are not consistent with the valid conclusions of the analysis.</p>
<p>Question 9: What are your views on how the principle of environmental sustainability has been integrated into the Operational Programmes?</p>	<p>Clyde Valley Community Planning Partnership welcomes the continued integration of environmental sustainability into the programmes. The Partnership welcomes the principle of conducting a Strategic Environmental Assessment. As the SEA says at page 8 of the summary “The impact of the Programme will largely depend on the detail of the actual projects that are supported. As this is not known at this stage and there is limited scope to meaningfully assess specific environmental impacts the assessment identified ways in which the Programme could minimise negative impacts or maximise positive environmental impacts.” One analysis which would have been possible, even at this stage, would have been an evaluation of the relative sustainability benefits of the allocation of different levels of funding to the proposed Priorities and geographies. This would have clearly shown that funds awarded to West-central Scotland will not only produce greatest outcomes in terms of the Lisbon agenda but will also achieve most in terms of the Gothenburg agenda. Just as there will be little economic and regeneration additionality achieved by allocating Structural Funds to parts of the LUPS Programme area which are already thriving economically, such as East-central Scotland and the Northeast, Structural Funds will not achieve additional environmental sustainability outcomes in these areas. Similarly, the point has already been made that ERDF allocated to remote rural areas with low population densities will produce a lower economic and regeneration benefit than would awarding</p>

	<p>those same funds in urban, urban fringe or more accessible rural towns and areas. If Structural Funds are to make a contribution to environmental sustainability that has meaning, then this has to be, predominantly, where people are.</p>
<p><i>Question 10: What are your views on how the principle of equal opportunities has been integrated into the Operational Programmes</i></p>	<p>Domestic legislation has also had a powerful affect on ensuring equal opportunities are mainstreamed but Clyde Valley Community Planning Partnership recognises the part that Structural Funds have played over the years in encouraging good practice in this area and agrees that it should continue to be targeted horizontally through the Programmes.</p>
<p>Question 11: What are your views on how the Operational Programmes will ensure complementarity between Structural Funds and other EU funding streams?</p>	<p>Clyde Valley Community Planning Partnership is keen to use structural funds support for a number of sectors and activities within its area. The table on Rural Development and ERDF on page 66 of the ERDF programme document was an example of a helpful tool in assisting partners to distinguish between eligible activities and could perhaps be extended to include other structural funds such as Objective 3 Territorial Cooperation.</p>
<p><i>Question 12: How can the challenge-fund approach be improved to make it more effective in delivering outcomes and more efficient in operation?</i></p>	<p>If funds are directed to a smaller number of larger projects run by larger partnerships on a more strategic basis than in the current 2000-2006 Programme period, it is important that the challenge fund approach be delivered in a way which ensures transparency, even-handedness and consistency throughout the length of the Programme on the part of the IAB. During the 2000-2006 Programme period, not all of the PMEs observed this approach and this, combined, in some cases, with the absence of a formal appeals procedure, led to arbitrary decision-making. Clyde Valley Community Planning Partnership would like to see more support provided to applicants at the project design stage, a more collaborative approach to project development, less focus on getting application right for advisory group scoring and more emphasis on ensuring projects are strategically integrated with relevant regional and local strategies. In particular, in order to forestall any repetition of problems with N+2, more weight should be given in awarding funds to experience, capability and track record of applicant than was the case in the 2000-2006 Programme period. In this regard it is fundamentally important, and this was a finding common to all of the previous mid term evaluations, that there should be a much clearer link between actual project performance and future funding. In effect, there should be an evidence-based performance related system.</p>
	<p>Clyde Valley Community Planning Partnership strongly supports the proposal that delivery of Structural Funds could be effectively managed in this manner. The Partnership believes this could be an effective and innovative way to further integrate local regeneration with Community Planning. In view of the reduction in</p>

Question 13: What would be the most effective approach to using Community Planning Partnerships and other local partnerships for the delivery of elements of the programmes?

funding and the need to focus this on areas most in need it is perfectly logical that an existing and proven partnership should be utilised for delivery of certain elements. In terms of capacity the more mature Community Planning Partnerships in the LUPS area have a number of years of experience in delivering activities, are familiar with the strengths of partnership working, and already have the internal mechanisms in place to ensure consultation and dialogue with partners representing all sectors.

Question 14: What are your views on spatial targeting for community regeneration under ERDF Priority 2 and ESF Priority 1?

The document points toward the 15% most deprived datazones as potential targets. Clyde Valley Community Planning Partnership believes these are the beginning of a sound basis for spatial targeting but does not offer the flexibility that these priorities will want to have to ensure that funds go to the areas where community regeneration is actually required and where it would be effective. There would be limitations in terms of spatial targeting if only SIMD 15% most deprived is utilised as, within a given Partnership area, the worst 15% datazones may be widely dispersed. The experience gained in recent years in relation to using an inflexible micro zoning system to target activities suggests that it can present a number of challenges for effective project implementation. Therefore, Clyde Valley Community Planning Partnership suggests that efforts are made to ensure that the spatial targeting criteria agreed for these priorities are considered carefully to ensure that while projects focus on the 15% most deprived datazones, there is enough flexibility within this model to ensure that regeneration projects are supported in a cohesive manner in the wider area.

Question 15: What are your views on spatial targeting for rural development under ERDF Priority 3?

Clyde Valley Community Planning Partnership agrees that careful spatial targeting is essential for this priority. Due to the relatively high proportion of funds allocated to the priority it is important that West Central Scotland, which has a number of scattered small communities facing the same challenges as those faced by relatively peripheral rural areas are not excluded from accessing support on the basis of the final criteria. It is striking that the rationale behind assigning specific funds to the South of Scotland could just as easily have been made about the rural parts of West Central Scotland, which are adjacent to the area designated as requiring particular support in the South of Scotland. The need for the area to focus on competitiveness and prepare to adapt to the changing rural economy are just as relevant to West Central Scotland. Therefore the spatial targeting model utilised must ensure that non urban communities are not excluded from accessing any structural funds.

Clyde Valley Community Planning Partnership welcomes the opportunity to play a positive role in the implementation of the 2007-2013 structural funds programme. West Central Scotland is an area with a high level of ongoing spatial planning issues which

Question 16: Do you have any additional comments on the draft Structural Funds Operational Programmes for Lowlands & Uplands Scotland?

encompass complex interconnected urban and rural areas, de-industrialised areas, areas of outstanding natural and cultural heritage, and also a number of demographic and labour market challenges. The Partnership's response to the consultation should be viewed as broadly positive but with some key messages that it would like the Scottish Executive to consider. • The Partnership shares the view that, in order to achieve a legacy from the much reduced levels of European funds available to the LUPS area, those Funds must be targeted and concentrated. • The Partnership welcomes, in particular, the analysis of the Socio-economic background provided in the Consultation version of the Operational Programme for the LUPS area. The Partnership would support a much stronger reflection in the Programme Priorities and funding allocations of the clear conclusions which can be drawn from the analysis. • The reduction in structural funds in the new programme means that the available ERDF and ESF should be carefully targeted on the areas most in need. • Structural Funds should not be used to maintain the existing imbalance between different parts of the Programme area. • Funds should be awarded to commissioned projects only where it can be clearly shown that the past performance of these projects in terms of absolute outputs and addressing spatial imbalances has been superior to the performance of challenge fund projects. • Where projects are commissioned, for any Priority of the ERDF and ESF Programmes, it should be through a transparent tendering process. • Spatial targeting in ERDF priority 1 and ESF priority 2 should be used to support business and innovation in areas such as West Central Scotland, rather than funds from this priority supporting business in areas which have already prospered without structural funds support. • Funding within ERDF priority 2 and ESF priority 1 should be based on the 15% most deprived datazones, but targeting should permit the flexibility to ensure coherent project development in the vicinity of eligible areas. • Spatial targeting of rural areas in ERDF priority 3 needs to have the flexibility to include areas such as the rural parts of West Central Scotland, which faces the same challenges as the more peripheral rural areas in Scotland.

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