

Mclsaac C (Cathy)

From: steve.inch@drs.glasgow.gov.uk
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Future European Structural Funds Programmes in Lowlands & Uplands Scotland 2007-2013**RESPONDENT INFORMATION DETAILS**

Name: Steve Inch
Organisation: Glasgow City Council
Address: Exchange House 229 George St Glasgow
Postcode: G2 1DU
Email: steve.inch@drs.glasgow.gov.uk
Telephone Number: 0141 287 7200
Responding as: on behalf of a group or organisation
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Questions and Answers

The Cities Review (2003) identified the role of cities and their regions in driving up the economic competitiveness of Scotland as a whole. Glasgow's contribution to the Scottish economy is crucial at around £13bn pa supporting over 400,000 jobs. However, despite its successes in recent years, Glasgow still faces significant economic, social and physical challenges. Levels of economic inactivity in Glasgow remain stubbornly high with a sixth of the population neither in work nor seeking employment. Concentrations of vacant and derelict land are the highest in Scotland. Weaknesses in Glasgow's business base include low productivity levels, declining

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?

employment in micro businesses and overdependence on large workplaces, with little specialisation in higher-value, innovative or exportable activities, all of which are recognised as essential to competitiveness. Although Glasgow has benefited from significant levels of structural fund support in previous programmes, the scale of the challenge in terms of socio-economic exclusion and sectoral weaknesses means that there is still a need to adopt a clearly targeted approach to the allocation of structural funds. Glasgow City Council does not believe that in implementing the proposed combined Lowlands and Uplands Scotland programme - covering, urban, rural, deprived and relatively affluent areas - the full weight of these issues can be adequately addressed. Moreover it is concerned that funds which should be targeted on the most disadvantaged areas, and acute economic/structural weaknesses, will be diverted away to areas where there is little or no evidence of market failure and where additionality will be minimal. Within the new Operational Programme, as outlined in the consultation draft, the application of the eligibility criteria will need to be strictly applied and be supported by robust assessment and scoring of applications if this is to be avoided .

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?

Not sufficiently. As outlined above, the proposed Programme will not adequately address the strengths, weakness and opportunities of the Glasgow area . The recently-launched economic development strategy describes the city's intentions for achieving a step change in the economy over the next decade. While there has been much progress made to there is much to build on build upon,(eg., strong jobs growth, rising economic participation, improving deprivation figures, strong city centre performance) there is still much to be done in order to complete the regeneration of its social and physical fabric. Many of the interventions will require financial investment on a very significant scale. While the city will be looking for new and innovative funding solutions to some of these challenges, Glasgow City Council would hope to maximise access to EU structural funding for improvements to strategic infrastructure. However this will not be possible within the new programme. A move away from capital/infrastructure projects in the new programme will undermine Glasgow's priorities to create an excellent economic environment through, for example, the reduction of the levels of derelict land and the creation of sustainable transport solutions to closing the opportunity gap. The proposals also fail to address the relative priority that should be afforded to efforts to improve the performance of Glasgow's indigenous company base. Recent performance evidence shows that in the case of Scotland wide investment Programmes (such as SMART, SPUR, and the Co-Investment fund, resources have in fact tended to go to areas where such need is not evident, and which have not in the past been eligible for structural funds. Under the current

	proposals this trend could be expected to worsen.
<p>Question 3: Do the proposed priorities for the 2007-2013 ERDF programme in Lowlands & Uplands Scotland show appropriate coherence and concentration?</p>	<p>No. The city's high levels of deprivation, low levels of productivity, innovation and business survival, together with very high levels of derelict and vacant land will all impact significantly on Glasgow's ability to compete and these are issues of priority in the new economic strategy. Given Glasgow's role in the overall competitiveness of the Scottish economy, Glasgow City Council would have expected to see greater geographical and sectoral targeting of funds in the new programme. Furthermore, Glasgow City Council would have expected to see greater synergy with other domestic funding streams such as the Derelict Land Fund and the Cities Growth Fund to achieve maximum value for money from the public purse. The shift away from strategic, large-scale capital/infrastructure would appear to be in direct contrast to the current emphasis on capital in the Cities Growth Fund ruling out the possibility of matching the different funding sources to increase project funding.</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 impact of demographic change in Scotland over the coming years has not been properly addressed. In particular some analysis of issues such as trends in the overall labour supply, the age profile of the labour force and the potential impact of migration would be useful. Glasgow's 10 year economic development strategy – 'A step change for Glasgow' which is jointly produced by the City Council and Scottish Enterprise Glasgow – points out (page 30) that competition from migrant workers may make the task of integrating the non economically active into the labour market more difficult. This situation is surely applicable across much of the lowland Scotland area.</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>Glasgow City Council would query the need for a separate priority for lifelong learning is required especially when only two priorities – broadly comparable to the proposed priorities one and two in the Scottish employment programme - are envisaged for the Employment programmes in England Wales and Northern Ireland. It would seem that the bulk of the activities envisaged under priority three in Scotland could be subsumed within the other two priorities. Also, in the current 2000-2006 Lowland Scotland Objective 3 Programme only about 10% of the 2000-2006 Lowland Scotland Objective Three Programme was allocated to the Lifelong Learning Priority (Priority 3). Even with this limited allocation it proved difficult at the outset to generate sufficient projects, necessitating these activities being included in the "rolling programme" process. If Priority 3 is included in the Programme, funding in this priority should be linked to EU funding under other complementary programmes to ensure that applicants use structural funds as a last resort, especially as the funds are reduced by more than 50%. Also, the priority should be less focused on support for pilot</p>

	<p>activity as there has already been much resourcing of pilot projects from EU and domestic sources. The priority could be more effective if directed to projects that roll out, disseminate and mainstream pilot activity which has been shown to work elsewhere. There is a clear need for spatial targeting within the programme. If not, funding significantly reduces its impact and value of an already much reduced pot of money.</p>
<p><i>Question 6: What are your views on the proposed balance of funding between priorities for the future ERDF programme in Lowlands & Uplands Scotland?</i></p>	<p>Glasgow City Council's main concerns over the balance of funding between priorities lies with the fundamental issue of a Lowlands and Uplands Scotland programme which encompasses such a diverse geographic area with widely differing socio-economic needs and within that, the ring-fencing of funding for rural development. With regard to the split between Enterprise Growth and Community Regeneration, Glasgow City Council is supportive of the emphasis placed on growth through enterprise. Raising the productivity levels, encouraging an entrepreneurial culture and increasing the indigenous business base lie at the heart of the new economic strategy in recognition of the fundamental weaknesses in the city's economy. Within the lifetime of the new strategy, Glasgow will be focusing on new firm formation, improving business survival rates and a degree of specialisation which will better enable the city to trade externally, drive innovation and higher productivity. An indication of future support for such measures through the new structural funds is encouraging. However, past performance of business development priorities, in particular the current programme, would suggest that there are inherent difficulties in bringing forward good quality, eligible projects with the ability to spend and meet N+2 targets. This situation is likely to be compounded with the enterprise growth priority placing such great emphasis on RTD and innovation. It is, therefore, questionable as to whether the current proposed allocation represents the best use of ERDF. One option might be to split the RTD element from a more generic allocation for all forms of innovation and company development. At the same time, a high priority is given to social renewal which is central to the Councils philosophy and objectives. Therefore, allocating funding to community regeneration could contribute to Glasgow's priority of 'work for those without'. It is likely that there could be a much greater take up of community regeneration funding but it remains to be seen if this will have the best long term impact on the competitiveness of the region. On balance, and to ensure maximum take-up of the funds, the Council would recommend that the financial allocation between priorities 1 and 2 be reconsidered to provide a more evenly balanced allocation, (eg 40/40/20) with in-built flexibility to vire between priorities depending on their future performance.</p>
	<p>As mentioned in the response to question 5, the Council</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>does not consider that Priority 3 is necessary under the ESF programme. If it is finally decided to proceed with this structure the Council would argue that the resources allocated to priority three should be reduced to around 10% of the budget.</p>
<p>Question 8: Do the proposed priorities outlined in the draft Operational Programmes focus sufficiently on the right priorities in Scottish domestic policy?</p>	<p>While it is appreciated that adherence to the Lisbon agenda restricts the eligible activity in the new programme, it is disappointing to note that the scope for ERDF-supported infrastructure development is limited to some activity within the Community Regeneration ERDF priority. Glasgow City Council would have wished to see a continuation of the support for strategic infrastructure projects in the new project as these will be key to the creation of an excellent economic environment and step change in competitiveness.</p>
<p>Question 9: What are your views on how the principle of environmental sustainability has been integrated into the Operational Programmes?</p>	<p>The Council has recently published its own environmental strategy which promotes energy efficiency, a reduction on CO2 emissions, sustainable transport and green business among other things. Further, Glasgow's new economic development strategy commits the city to identifying green opportunities through new industries, technologies and processes (P 36). The Council welcomes the inclusion of the measure within Priority 1, "to improve the resource efficiency and commercial use of new environmental technologies within the context of the formation and survival of enterprises". However, there appears to be less explicit reference to the environmental sustainability agenda in other parts of the programme.</p>
<p>Question 10: What are your views on how the principle of equal opportunities has been integrated into the Operational Programmes</p>	<p>It is not clear from the version of the Operational Programme to which the Council is responding how the principle of equal opportunities has been integrated. However, the Council if fully committed to equality based on race, gender and physical/mental ability and would expect to similar commitment mainstreamed in the new Operational Programme through robust selection criteria.</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>We are unsure as to how the proposal of a discussion within the managing authority will deliver complementarity. It is not clear how this will take into account the experience of stakeholders or indeed how it would relate to the role of the PMC. We would have thought that a more open and transparent assessment process, led by the PMC would have provided more useful learning for all those involved in the Programmes.</p>
<p>Question 12: How can the challenge-fund approach be improved to make it more effective in delivering outcomes and more efficient in operation?</p>	<p>Glasgow City Council concurs with other members of WoSEC that the challenge fund approach in the West of Scotland has proved successful but there are aspects of this approach which could be improved, particularly in relation to introducing actual performance information (as opposed to forecasts) into the assessment process Project applications which can clearly demonstrate evidence based effectiveness and their links to regional</p>

	and local strategies should be given priority.
<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?</p>	<p>Community Planning Partnerships would clearly have a strong role to play in delivering the Community Regeneration (ERDF Priority 2 and ESF Priority 1) but within Glasgow this would have to be done in close collaboration with the network of Local Development Companies (LDC) who have well-established track records and expertise in managing projects and programmes providing business development support, raising the skills base and enhancing the physical environment within the city's most disadvantaged areas. Recent moves in Glasgow to restructure the LDC network to make it correspond with the CPP areas will ensure greater synergy and more effective use of limited resources in the new programme. It is certainly the case that more thought needs to be given to aligning structural funds with the developing City Strategy and Workforce Plus/NEET strategies, and with the main sources of co-finance being delivered via Community Planning.</p>
<p><i>Question 14: What are your views on spatial targeting for community regeneration under ERDF Priority 2 and ESF Priority 1?</i></p>	<p>The fundamental reality of economic development at a regional and sub regional level is that whilst relative need is a good basis on which to allocate resources, it does not follow that those same resources will be most effective if their application is rigidly constrained within the same localized area of need. In fact one of the most effective mechanisms of addressing disadvantage is to use resources to create connections between the areas of greatest need and those areas where the market is already delivering opportunity but to do so in a manner that delivers that opportunity to those in greatest need. In general, and certainly at a local level, this is likely to be more cost effective and sustainable than attempting to use limited resources to create opportunity in areas where the market is depressed. A more pragmatic approach that allowed greater flexibility to allocate funds both to create opportunity and to link areas of need with areas of opportunity is more likely to be effective.</p>
<p>Question 15: What are your views on spatial targeting for rural development under ERDF Priority 3?</p>	<p>Glasgow City Council takes the view – supported by the data - that the areas of greatest need and of greatest opportunity in Scotland are concentrated within the City of Glasgow. Whilst it is not strictly within our locus to comment on the spatial targeting within rural areas, we would argue that the rationale for the allocation to rural areas is not in itself justified by the facts.</p>
<p><i>Question 16: Do you have any additional comments on the draft Structural Funds Operational Programmes for Lowlands & Uplands Scotland?</i></p>	<p>We would argue that some of the comment from ourselves and others – including WoSEC - could have been addressed during the Programme development process. The process followed for this Programme has had a much more limited input from other partners, characterised by limited ex-post consultation, rather than pro active engagement. This approach precluded the design process benefiting from a considerable body of experience and detailed knowledge that would have</p>

been of great benefit.

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