

Mclsaac C (Cathy)

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Subject: Consultation Response

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

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Individual Permission:
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Questions and Answers

Question 1: Are there any additional socio-economic factors to be considered – and which Structural Funds can address – in assessing the strengths, weaknesses and

Renfrewshire Council are of the opinion that a more detailed analysis of regional disparities is required otherwise it will be difficult for the West of Scotland to receive the share of resources that any objective assessment would deem realistic. Indeed, if we look at service sector productivity for the West of Scotland, our performance has shifted from above average to below average over the past 5 years. Whilst these figures exclude financial services and the public sector, together they account for more employees than the production sector and are therefore just as important to economic success. For the new programme to make an

opportunities of Lowlands & Uplands Scotland?

impact on economic performance we believe there is a need for domestic resource allocations to other funding streams. It is important that the priorities of the Structural Funds are integrated with domestic resources to secure maximum impact. The scope for funding economic activities is more limited and this raises concerns for, for example, tourism development and for site development particularly given the legacy of contaminated land in the West of Scotland which contains over 70% of Scotland's identified contaminated land.

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?

No. ERDF was established to address regional economic imbalances and this should remain its primary purpose. However, the proposed priorities for the 2007-2013 ERDF programme appear to dilute the purpose of the fund. Renfrewshire Council are concerned that a disproportionate amount of funds may go to areas which are less 'needy', given that nearly half the ERDF allocated to Priority 1 is not spatially targeted. For example, Edinburgh now has a bigger business base than Glasgow for the first time since the Industrial Revolution and we are concerned that the amount allocated to Priority 1 will be mainly spent within prosperous areas outwith the West of Scotland. The stock of businesses, as measured by the number of VAT registered firms per head of population, is really low in the West. In 2005, there were 25 VAT registered businesses per 1,000 population in the West of Scotland. This falls behind the Scotland figure of 31 per 1,000 and well below the UK average of 38 per 1,000. (SLiMS) The SIMD 2006 clearly illustrates that the most deprived areas are overwhelmingly in the West. Indeed, Ferguslie Park within the Renfrewshire Council area was cited as the most deprived area in Scotland.

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

No. Whilst the draft programme document recognises the socio-economic problems specific to the West of Scotland, this is not recognised in the subsequent follow up in determining the priorities. Renfrewshire Council is concerned that the limited resources in future will veer towards parts of Scotland that are performing well and where there is less market failure. The programme needs to be targeted in the right way, with the right priorities. There is evidence that there is already a 3 to 1 differential to the East in the SMART/SPUR 2003-2006 programme. Equally, the lion's share of the Scottish Co-Investment Fund has gone to Edinburgh (£3.1m to Edinburgh as opposed to a £2.4m allocation to the West of Scotland).

No. Renfrewshire Council believes that consideration should be given to demographic and labour force change in future years. This is not addressed in the document. The programme is a 7 year projection and we do not believe that sufficient emphasis has been given to future trends in relation to an ageing workforce and migration. There is some evidence to suggest that

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?

migrants from the A8 countries are being recruited at the expense of those 'furthest removed' from the labour market. The number of National Insurance number registrations, in respect of non-UK nationals clearly shows a rising trend from a baseline of 240 in Renfrewshire in 2002/03 to 710 in 2005/06 (SLiMS). This poses problems for Renfrewshire Council's jobless and may lead to increased social exclusion. The current approach to migration will reinforce the problems of the NEET group as employers seek skilled, job ready migrants. We are concerned that available funding is being decreased at the same time as the eligible beneficiary profile has increased (Ages 16 to 65 years). The UK has set a target employment participation rate of 80% therefore resources need to be focused on those areas of the West where significant disadvantage exists. The employment rate, the economic inactivity rate and the proportion of the working age population claiming benefits, especially Incapacity Benefits all show the clear disadvantage faced, overwhelmingly, by the West. (SLiMS/SiMD) Whilst the claimant count unemployment rate for Renfrewshire is 3%, the rate for the St. James and Ferguslie Park Wards is 13.9% and 9.7% respectively.

Question 5: Do the proposed priorities for the 2007-2013 ESF programme in Lowlands & Uplands Scotland show appropriate coherence and concentration?

No. Renfrewshire Council believes that there is a clear need for spatial targeting. There is a need for clarity and a definition of who constitutes the 'hardest to help' groups in Priority 1. Further, there is a need to concentrate on training for the lower skilled elements of the workforce under Priority 2 on the basis that there is generally more 'added value' for training at this end of the spectrum in terms of productivity impacts, than at the higher management skill levels.

Question 6: What are your views on the proposed

Renfrewshire Council are of the opinion that the proposed balance of funding between the priorities is 'out of kilter' with the pattern of urban deprivation in Scotland, nor does it reflect Scottish Executive priorities. In Priority 1 for example, access to this priority is not limited to urban areas. Rural areas will have access to all 3 Priorities whereas urban areas, and the bulk of beneficiaries, can access only Priorities 1 and 2. 89% of the 15% most deprived datazones fall within urban areas. This is therefore at odds with the way in which the funds are divided. Moreover, the recent track record of uptake under business support measures suggests that this has been rather slow. Half of ERDF resources under Priority 1 are not spatially targeted which raises our fears (as referred to in Question 3) as to where funded activity will take place. As a result, Renfrewshire Council are concerned as to how this will achieve cohesion as, in our opinion, this will only lead to a further widening of regional socio-economic disparities. The evidence suggests that the balance of funding between priorities is seriously flawed and that there is a need for spatial targeting under Priority 1. We believe that the proposed

balance of funding between priorities for the future ERDF programme in Lowlands & Uplands Scotland?

allocation of 48% is too high and, in any case, Priority 1 projects can also be supported via the 7th Framework Programme. The proposed allocation under Priority 2 does not adequately reflect the scale of socio-economic disadvantage. Indeed, Malcolm Chisholm previously stated that we need Structural Funds to deliver 'People and Place' a Regeneration Statement. We also believe that the rural agenda would be best integrated with Priorities 1 and 2 as we have not seen sufficient justification for a separate priority for rural issues, nor for the percentage split between the priorities. Whether you prioritise the economically inactive, the unemployed, the poor etc, the sheer weight of numbers of these thematic groups are predominantly concentrated in urban areas so we would strongly argue that this is where the bulk of the funds should go. Moreover, the rural parts of Scotland will have access to Leader Plus. We believe therefore that Priority 3 should be renamed 'Environmental Sustainability' as this is an important area for UK intervention. If there must be a distinct rural priority, Renfrewshire Council would suggest that the balance of funding allocated to the priorities under ERDF should be as follows: Priority 1 Enterprise Growth 40% Priority 2 Community Regeneration 40% Priority 3 Rural Development 20%

Question 7: What are your views on the proposed balance of funding between priorities for the future ESF programme in Lowlands & Uplands Scotland?

Priority 3 should be removed and integrated with Priorities 1 and 2. This is the approach taken by England, Wales and Northern Ireland. Moreover, Lifelong Learning has been allocated 5% under the 2000-2006 programme yet take up has been slow and has least impact on the Lisbon Agenda. If Priority 3 'Access to Lifelong Learning' is to remain, then Renfrewshire Council proposes the following split: Priority 1 Progressing in to Employment 50% Priority 2 Progressing through Employment 40% Priority 3 Access to Lifelong Learning 10%

Question 8: Do the proposed priorities outlined in the draft Operational Programmes focus sufficiently on the right priorities in Scottish domestic policy?

Renfrewshire Council believes that the proposed priorities are at odds with the priorities of Scottish domestic policy. For example, the Framework for Economic Development in Scotland, the basis of all economic policy, clearly states that one of the main aims of policy is to reduce spatial disparities within Scotland. As outlined in the response to Question 14, we believe that spatial targeting should be applied to all priorities. In addition, in terms of domestic policy with reference to the Workforce Plus Strategy, Renfrewshire Council, as a key agent in the submission of the Employability Action Plans, believes that there should be a focus on the 'hardest to reach' groups and not those already in employment. The allocation of finance between ESF Priority 1 and Priority 2 should reflect this view by an increased differential in finance in favour of Priority 1.

Refer to Question 6. Renfrewshire Council are of the opinion that ERDF Priority 3 should be renamed

<p>Question 9: What are your views on how the principle of environmental sustainability has been integrated into the Operational Programmes?</p>	<p>'Environmental Sustainability'. This is particularly relevant for the West of Scotland which is still having to address the environmental damage caused by past economic activity. Nowhere is this more evident than with the areas of vacant, derelict and contaminated land.</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>The Equal Opportunities document produced by the Objective 3 PME would be a useful means for integrating equal opportunities into the Operational 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>Plans to achieve more synergy are not strong enough within the draft Operational Programme. There is a need to sort out ESF and ERDF synergies first. ESF training should be linked to the European Globalisation Fund (although there is no reference to this in the consultation document). There is clearly a need to raise awareness of what other funds are available, for example, ERASMUS etc. As the Scottish Executive intend to hold one annual meeting with the IAB's and other funding streams, (Leader, EAGFF) we struggle to see how this will ensure complementarity or help facilitate cross-border co-operation. Renfrewshire Council are of the opinion that there needs to be some sort of mechanism at the decision making level to assess complementarity of bids.</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>The current models of delivering Structural Funds are exemplified as best practice across the European Union. In addition, there is a strong consensus across the current partnerships that peer assessment should continue in the 2007-2013 programme as it is well respected, cost effective, transparent in terms of decision making and is utilised as a mechanism for exchanging best practice. If, in applying for structural fund support, there is a minimum size of bid introduced, this could exclude small organisations with bespoke interventions which work well for the most excluded, 'hardest to reach' groups and undermine the viability and capacity of the 'Third Sector'.</p>
<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>A key advantage of CPP's in delivering structural funds is that this particular vehicle offers a bottom-up, co-ordinated local partnership approach. Additionally, there is expertise within the CPP's that will allow them to provide a 'health-check' on proposed projects to ensure a fit with the priorities and strategies. They can also veto any project that does not correspond with these. CPP's are able to address issues of monitoring, allocating and distributing funding. However, we recognise that the CPP's are at varying stages in their development.</p>
	<p>Renfrewshire Council believes that spatial targeting should be applied to all priorities. The Regeneration Statement focuses on targeted areas and by dint of the fact that the statement makes reference to the use of the Structural Funds to deliver activities, then this should be used to target spatially. In addition, the CPP's should be</p>

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

able to define their spatial priorities. The focus on the worst 15% datazones does not, in our opinion, appear to be flexible enough. As a suggestion, we propose 80% of funds be geographically targeted and 20% thematically targeted. It must be acknowledged that there are thematic groups which require assistance, irrespective of where they are located. Datazones are essentially small housing estates with populations of only a few hundred, therefore it can be difficult to develop regeneration projects and to bring areas of need together with areas of opportunity.

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

This links to our response provided in Question 6. In addition, it is important to state that there are a number of rural areas outwith the South of Scotland, such as parts of Lanarkshire and Ayrshire that could be defined as rural. However, we need clarification on what criteria has been used to define a rural area.

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

Under the 2000 - 2006 Programme, Renfrewshire Council has benefited significantly from the structural funds and has allowed us to add value to our social and economic regeneration activity. We are concerned that this activity will be largely scaled down as a result of reduced funding under the proposed 2007 - 2013 Programme, together with its lack of emphasis on spatial targeting. An analysis of projects that are currently operated by Renfrewshire Council's Economic Development Service (see attached email) clearly show the levels of engagement and activity in respect of number of jobs created, support to SME's and number of beneficiaries trained. Further analysis reflects the reduced levels of engagement and activity across these three outputs as a result of non Structural Fund additionality.

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