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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

South Lanarkshire Council welcomes the opportunity to comment on the Scottish Executive's draft proposals for Future European Structural Funds Programmes in Lowlands & Uplands Scotland 2007 – 2013. These issues are given a high priority by the Council as structural funds have played a significant role in contributing to the ongoing regeneration of South Lanarkshire's economy. The intervention of structural funds has been valuable in key economic and social areas such as business development, development of sites for business, community economic development and community employment initiatives. South

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?

Lanarkshire Council has also played an active role in terms of assisting in the administration of the current Programme Management arrangements and has provided members of both the Strathclyde European Partnership Programme Implementation Committee and various programme advisory groups. Therefore South Lanarkshire Council's response is based on extensive experience of the processes for distributing funds and the content of programmes. While the questions are addressed in the order provided many of the points made are relevant to a number of questions and should be read as such. South Lanarkshire Council 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 South Lanarkshire Council believes the funds should be concentrated 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 South Lanarkshire 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 will have the potential to gain from the benefits of Structural Funds. South Lanarkshire Council 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 act as a barrier to the area genuinely to be able to fulfil its potential to participate in the Lisbon process. Therefore, the reduction in ERDF available for such

	<p>activities, which are a significant factor in the regeneration of many communities in South Lanarkshire, is of concern.</p>
<p>Question 3: Do the proposed priorities for the 2007-2013 ERDF programme in Lowlands & Uplands Scotland show appropriate coherence and concentration?</p>	<p>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. South Lanarkshire Council suggests that this conclusion should be addressed in the subsequent structure of the programme. In terms of concentration 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 South Lanarkshire, 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 South Lanarkshire would then see the available funds moving to the more successful regional economies within the LUPS area. While the Council fully supports the priority aim of promoting company formation and growth, greater utilisation of innovation and research and development activity by the business sector it is naturally concerned that these funds may not go those businesses and sectors which are in most need. For example, in terms of South Lanarkshire's business economic performance there remains a significant gap with the Scottish and UK economies; - in South Lanarkshire there were just 26 VAT-registered businesses for every 1,000 adult residents in 2005, below the Scottish and UK averages - if the area had the same businesses per head figure as the UK (38 per 1,000), there would be 3,000 more VAT registered companies in the area, or almost 50% more than are currently in existence - the South Lanarkshire business birth rate in 2004 was 2.6 per 1,000 adults, slightly above the death rate (2.5). Both rates are below the respective Scottish figures - the 1-year survival rate in the Lanarkshire LEC area was similar to other parts of the region, and to those in Scotland. However, the 3-year survival rate lagged behind most other areas In terms of concentration South Lanarkshire Council would like to see some element of targeting within this priority, not at the level of micro zones, but in a manner that places areas of opportunity adjacent to areas of need, similar to the targeting of Regional State Aid or at least at a higher geographic level. This targeting should also be reflected in ESF Priority 2 on the same basis. A response to the coherence and concentration aspects of ERDF Priority 2 and Priority 3 is detailed in the response to further questions.</p>
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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?

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. The 2006 SIMD identified 42,400 people in South Lanarkshire – adults and children - who were Income deprived. This was 6% of all the Income deprived people in Scotland – the 5th largest number in Scotland. Issues and factors such as this need to be taken into consideration when spatial targeting of these priorities is being designed. While South Lanarkshire Council agrees with the aim of ESF reaching those who are ‘hardest to reach’ the Council would like this phrase to be more definitive. For example, while unemployment and economic inactivity have fallen, a total of 33,500 working age people in South Lanarkshire were out of work and claiming benefits in 2005. 4,500 of these were on Jobseekers Allowance, but this was dwarfed by the 24,000 claiming sickness and disability-related benefits – around 1 in 8 of the working age population. A big proportion of this group would be in work if South Lanarkshire were a fully employed economy – researchers at Sheffield Hallam University have estimated that ‘hidden unemployment’ amounted to 12,000 in 2004. This is 6% of South Lanarkshire’s working age population. Supporting a proportion of this group to move toward joining/ rejoining the labour market remains a priority for the development of South Lanarkshire’s economy. Another factor which is relevant is the impact of demographic change on the labour market. Like most other parts of the region, South Lanarkshire appears to have experienced the same ageing of the workforce, in that there was an increase of 15% (+6,000) in the over-50s age group between 1994-2005, while the numbers aged 16-24 and 25-49 declined by 3% and 4% respectively. This trend is expected to continue over the next decade. Again the lack of spatial targeting within ESF Priority 2, which is linked to ERDF Priority 1, is a concern to South Lanarkshire Council for the reasons outlined in the response to question 3.

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

South Lanarkshire Council 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 Council is the spatial targeting within these priorities which needs to ensure that structural funds reach those areas that can most benefit.

Firstly, South Lanarkshire Council welcomes the proportional split in funds between ERDF and ESF and believes this split reflects the overall need of the LUPS area. South Lanarkshire Council 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 Council’s concern with the proposed lack of spatial targeting in ERDF Priority 1 has been made clear. The

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

Council is also concerned that if this proposal is implemented, almost half the ERDF funds will be available to areas which have prospered, relative to South Lanarkshire, 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 South Lanarkshire is concerned that its rural communities may not be included. However if accessible small towns and remote small towns were included in the area defined as rural, this problem would be overcome. Experience elsewhere, most notably in England, has demonstrated that small rural towns can act as catalysts in regenerating the local rural economy. They fulfil a number of roles for their surrounding area acting as • The centre for accessing services, including health care, shops, education, employment and transport • The social centre for the area • The gateway for tourism capitalising on the assets of the place and the nearby countryside. The success of the South Lanarkshire Leader + Programme is partially due to the cohesiveness of the area. This is a vital element of the LEADER approach. It is important that we avoid 'post-code' lotteries and instead adopt a common sense approach based on appropriate and cohesive territories. South Lanarkshire is a mix of urban areas and a large rural hinterland, which each face challenges of disadvantage and sustainability. However, it is important that the differing needs of these two areas are recognised and the substantial rural area is not ignored because of its linkages with the urban part of South Lanarkshire. Therefore, there is a concern that 'accessible rural' South Lanarkshire may fall in a policy gap of urban and rural. A specific challenge facing the villages and local areas in South Lanarkshire relates to the small town, village, and neighbourhood centres, particularly in areas such as Clydesdale. 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 towns and cities as well as large businesses. 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 South Lanarkshire Council is eager to explore and is keen to see this reflected in the final programme. In fact the issues facing rural South Lanarkshire are very similar to those faced by its

	<p>immediate neighbours in Dumfries and Galloway and the Scottish Borders, which will receive a portion of the ERDF Priority 3 specifically to commission projects in the South of Scotland. Therefore, in terms of the proposed allocation to these priorities it is difficult to offer a response until the potential scenarios for spatial targeting in ERDF priority 3 are agreed. However, South Lanarkshire Council observes that the allocation to this priority is relatively sizeable and, as a local authority area with a significant rural area (South Lanarkshire covers 177,193 hectares, almost 80% of which is in agricultural use) and a rural population scattered in small towns and villages, it is keen to positively utilise ERDF alongside complementary structural funds and other EU funding streams.</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>South Lanarkshire Council broadly agrees with the balance of funds between the ESF priorities.</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 priorities highlighted are reflected by South Lanarkshire Council's own Community Plan, particularly in terms of regeneration policy and integrating funds to target areas of need.</p>
<p>Question 9: What are your views on how the principle of environmental sustainability has been integrated into the Operational Programmes?</p>	<p>South Lanarkshire Council welcomes the continued integration of environmental sustainability into the programmes. The Council prioritises sustainable development, in all its facets, in every project in which it has involvement.</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 part of mainstream practice but South Lanarkshire Council agrees that Structural Funds should continue to target this horizontally throughout projects.</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>South Lanarkshire Council 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 Co-operation.</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>South Lanarkshire Council 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.</p>
	<p>South Lanarkshire Council strongly supports the proposal that delivery of Structural Funds could be effectively managed in this manner. The Council believes this could be an effective and innovative way to further integrate local regeneration with Community</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?

Planning. In view of the reduction in 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. South Lanarkshire Community Planning Partnership has already demonstrated a strong performance in the delivery of complex partnership initiatives such as the Regeneration Outcome Agreement, in the drafting of a Single Outcome Agreement, development of a partnership hub to support Lottery projects and in its effective use of Structural Funds to date. South Lanarkshire Community Planning Partnership members also have a great deal of experience of delivering and monitoring structural funds activity and have met and endorsed the decision that the partnership should promote itself as an Intermediary Delivery Body when the opportunity is presented.

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. South Lanarkshire Council 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. There would be limitations in terms of spatial targeting if only SIMD 15% most deprived is utilised as within a given council area the worst 15% datazones may be widely dispersed. In South Lanarkshire, which has 56 datazones in the worst 15% in 2006, while many of these datazones are adjacent, many are also dispersed. This could make the development of regeneration or labour market projects artificially challenging. 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, South Lanarkshire Council 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.

South Lanarkshire Council 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 South Lanarkshire, 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

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

the basis of the final criteria. Two existing European programmes managed by the Scottish Executive, the Leader + and the ESF Objective 3, recognise the area covered by the South Lanarkshire Rural Partnership as rural. This is an area of 156,336 hectares with a population of 75,477, giving a population density of 0.48 people per hectare, well below the density of 1 person per hectare often used as a definition of rurality. It is also important that ERDF Priority 3 and the European Agricultural Fund for Rural Development (EAFRD) operate with the same boundaries for maximum impact and efficiency. In terms of being 'rural' a large part of South Lanarkshire has been defined and recognised as such for a number of years and in a number of contexts. Inclusion in the Leader+ programme and membership of the Southern Uplands Partnership alongside The Scottish Borders and Dumfries and Galloway Councils are examples to evidence this. South Lanarkshire Council is keen to see this recognition continue in terms of the ERDF priority 3. The 2005 Inquiry in to Rural Development by the Environment and Rural Development Committee found that 'accessible rural areas clearly are disadvantaged, some by their vulnerability to industrial and social change and others in respect of relatively isolated and less visible pockets of disadvantage. The economic, geographic and social fabric of Scotland depends on them maintaining a vibrant identity beyond that of simply a dormitory for those who work in urban centres. These areas do have needs, difficulties and opportunities which are different from those of both cities and areas classified as more remote rural. In this context, there is a strong argument for a specific review of the needs of accessible rural areas (similar to the cities review), possibly leading to specific initiatives targeted at accessible rural areas. This needs to focus not just on market towns, but must accommodate the diverse histories and needs of different areas, ranging from agriculture centres to former industrial areas.' 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 South Lanarkshire, 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 South Lanarkshire. Therefore the spatial targeting model utilised must ensure that non urban communities are not excluded from accessing any structural funds. For example, as part of the West of Scotland Structural Funds Programme area, rural South Lanarkshire has been caught in the 'eligibility gap' between funds aimed at rural areas and funds targeted on urban communities. In the West of Scotland Structural Funds Programme area, funds aimed at 'increasing economic and social cohesion in the region' were available across both the Objective 2 Core and Transition areas. In the past, these

	funds have been targeted on Social Inclusion Partnership (SIP) areas, of which there are none in the rural area. As a result virtually none of these funds have been spent outwith the urban SIP areas, despite the commitment to “a fair and equitable balance between urban areas and rural areas”.
<p><i>Question 16: Do you have any additional comments on the draft Structural Funds Operational Programmes for Lowlands & Uplands Scotland?</i></p>	<p>South Lanarkshire Council, as in previous programme periods, welcomes the opportunity to play a positive role in the implementation of the 2007-2013 structural funds programme. South Lanarkshire is an area with a high level of ongoing spatial planning issues which 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 Council’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. 1. 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. 2. The socio economic challenge faced by South Lanarkshire places it in a position where it continues to lag behind more prosperous regions in the LUPS area. 3. Spatial targeting is required in ERDF priority 1 and therefore ESF priority 2 to ensure business and innovation is supported in areas such as South Lanarkshire, rather than funds from this priority supporting business in areas which have already prospered without structural funds support. 4. Spatial targeting within ERDF priority 2 and ESF priority 1 should be based on the 15% most deprived datazones, but with the flexibility to ensure coherent project development 5. Using Community Planning Partnerships as a vehicle for delivery of structural funds is a positive and innovative step forward, and the South Lanarkshire community Planning Partnership has agreed to promote itself as an Intermediary Delivery Body. 6. Spatial targeting of rural areas in ERDF priority 3 needs to have the flexibility to include areas such as the southern part of South Lanarkshire, which faces the same challenges as the more peripheral rural areas in Scotland. Finally, as a closing comment on the draft programme South Lanarkshire Council would like to reiterate that it welcomes the stated willingness of the programme to ensure the 2007-2013 structural funds leave a legacy for the region.</p>

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