

## NORTH LANARKSHIRE COUNCIL

AGENDA ITEM NO. 1

## REPORT

|       |   |          |  |
|-------|---|----------|--|
| To:   | ECONOMIC DEVELOPMENT COMMITTEE          | Subject: | THE WEST OF SCOTLAND<br>OBJECTIVE 2 PROGRAMME 2000-<br>2006. |
| From: | DIRECTOR OF PLANNING AND<br>ENVIRONMENT |          |  |
| Date: | 23 March 2000                           | Ref:     | Rep-673  |

**1. Purpose of Report**

- 1.1 To inform the Committee of the scope of the Objective 2 programme for the West of Scotland and to invite comments on the draft document produced by Strathclyde European Partnership.

**2. Background**

- 2.1 The West of Scotland Objective 2 Programme has been developed following consideration of the strategic policy context within which it will be implemented. Particular attention has been given to the interaction and compliance with European and Scottish Executive guidelines and policies.

- 2.2 The European Commission's "Guidelines for Programmes in the Period 2000-2006" and the regulations on the Structural Funds (June 1999) provide clear policy direction for the development and operation of the West of Scotland Programme. They stress that *job creation* remains the main structural challenge for Structural Funds policy. The aim is to *reduce disparities between regions and establish conditions to assure long term development through sustainable growth and improved competitiveness* leading to more employment. These guidelines stress the importance of employment strategy, in line with the European employment guidelines and the National Action Plans for Employment. The Commission identifies three priority areas for action:

- Improving the competitiveness of regional economies in order to create sustainable jobs, focusing on infrastructure in the transport, energy and telecommunication sectors, environmental infrastructure improvement; and research and development.
- Increasing employment and social cohesion, especially the upgrading of human resources, through support to SMEs and business support.
- Urban and rural development, focusing on social integration, urban and local regeneration, as well as the modernisation, diversification and environmental improvement of rural areas and strengthening of the agriculture and fisheries industries.

- 2.3 The European Commission's guidelines identify the horizontal themes of sustainable development and equal opportunities as important. They stress the importance of *working in partnership* between the Commission, Member States, regional and local agencies and the economic and social partners, as well as the importance of private sector involvement in order to maximise the effectiveness of Structural Funds. The Commission's guidelines also stress the importance of *integrated strategies for development* and regional conversion in order to *maximise the effectiveness of all regional, local, national and community strategies*.

2.4 The West of Scotland Programme will focus on two priorities that have been designed to support the implementation of the Regional Development Strategy and maximise the opportunities for development within the region.

- Priority 1 - To develop the competitiveness and innovative capacity of the region's economy.
- Priority 2 - To increase the economic and social cohesion of the region.

2.5 The approach represents a shift in emphasis from previous Programmes through the concentration of resources and targeting of activities. This will focus on actions to *increase competitiveness and innovation alongside economic and social cohesion* being developed as a parallel process within the Programme.

2.6 In addition to the priorities set out above, the Programme will incorporate two main Horizontal Themes that will be applied across the priorities and individual measures. The Horizontal Themes are *Equal Opportunities and the Environment*.

### 3. Objective 2 Coverage in North Lanarkshire

3.1 As reported to previous meetings of the Economic Development Committee, the Government embarked on its Objective 2 mapping exercise by defining UK areas of most need at Ward level using 1991 Ward definitions as the basis for the exercise.

3.2 The effect of this exercise is that North Lanarkshire Council has 83% of its population in fully eligible Objective 2 areas and the remainder in areas identified as being in 'transition'. It is important to note that under the arrangements for the next round of Structural Fund programmes, 'transitional' funding will be available until 2005. All wards in North Lanarkshire have access to Objective 3 funding for training programmes. Table 1 below shows the coverage for all 12 West of Scotland Local Authority areas.

Table 1:  
New Objective 2 Status in the West of Scotland - Proposed Population Coverage by Unitary Authority

|                          | Objective 2 Total Population Coverage | % of Unitary Authority population residing in areas covered by Objective 2 | 1991 Mid Year Population Estimate |
|--------------------------|---------------------------------------|--|-----------------------------------|
| Glasgow City             | 385,513                               | 61.0%  | 631,690                           |
| <b>North Lanarkshire</b> | <b>270,952</b>                        | <b>82.4%</b>   | <b>328,860</b>                    |
| East Ayrshire            | 122,351                               | 98.4%  | 124,290                           |
| North Ayrshire           | 119,301                               | 85.8%  | 139,060                           |
| West Dunbartonshire      | 97,720                                | 100.0 %  | 97,640                            |
| Inverclyde               | 76,050                                | 83.0%  | 91,580                            |
| South Lanarkshire        | 71,746                                | 23.6%  | 304,350                           |
| Renfrewshire             | 52,087                                | 29.5%  | 176,820                           |
| South Ayrshire           | 30,011                                | 26.4%  | 113,550                           |
| Argyll & Bute            | 0                                     | 0.0%   | 93,670                            |
| East Dunbartonshire      | 0                                     | 0.0%   | 110,630                           |
| East Renfrewshire        | 0                                     | 0.0%   | 86,060                            |
| West of Scotland         | 1,226,531                             | 53.4%  | 2,298,200                         |
| SCOTLAND                 | 2,029,640                             | 39.7%  | 5,107,000                         |

#### 4. Scope of the 2000-2006 Programme

4.1 As outlined above, the West of Scotland Programme will focus on two priorities. These will focus on actions to increase competitiveness and innovation alongside economic and social cohesion. The scope of these priorities is summarised below.

##### 4.2 *Priority 1 - To Develop the Competitiveness and Innovative Capacity of the Region's Economy*

The Programme will include provision to undertake a range of actions to develop the competitiveness and innovation of the region. Three measures have been identified

###### Measure 1.1 – To Develop a competitive and Innovative Business Base

This measure will focus on supporting a range of actions to increase the scale, competitiveness and innovative capacity of the region's business base. The measure will seek, in particular, to support the development of the capacity of SMEs to be able adapt and compete within a changing economic environment, with an emphasis being placed on actions that can impact on the future competitiveness and innovation of the region.

###### Measure 1.2 – To Develop the region as a Competitive Location

This measure will involve actions to develop quality facilities to support a competitive economy; improvements to the image and accessibility of the region; and develop the region as an attractive place in which to work, visit and invest.

###### Measure 1.3- Developing a Competitive Workforce

This is an ESF measure which attempts to complement the Lowland Scotland Objective 3 programme through the provision of training to support improvements in SME competitiveness and deal with redundancies.

##### 4.3 *Priority 2 - To Increase the Economic and Social Cohesion of the Region*

The Priority will include provision to undertake a range of actions to increase the economic and social cohesion of the region. This will include targeting support through the European Regional Development Fund and the European Social Fund to the most disadvantaged communities within the region.

###### Measure 2.1 – Community Area Regeneration

This measure will be spatially targeted on the Social Inclusion Partnership areas. It has been designed to align Structural Fund support to the policy priorities of the European Commission, UK Government, and the Scottish Executive. The key element of the approach will be support for a strategic approach to the regeneration of designated SIP areas. Social Inclusion Partnerships will be invited to provide a detailed area strategy and operational plan covering a three year period that sets out; the key priorities for the local area; the actions to be taken including detailed targets; the partnership arrangements; the funding committed; and the requirement for support under the Structural Funds including an assessment of additionality. Funding will be allocated based on the strategic plan and operational programme.

###### Measure 2.2 - Addressing the Barriers to Economic and Social Exclusion

This measure is focused exclusively on NON-SIP areas. It will seek to undertake a range of actions to address the barriers to economic and social cohesion by targeting support towards excluded individuals and households living out-with Social Inclusion Partnership areas. Capacity will exist to address the needs of economic and social inclusion within rural parts of the region within transition areas.

### Measure 2.3 – Raising the employability of Excluded Target Groups

This measure is an ESF Measure which attempts to complement the Lowland Scotland Objective 3 programme through the provision of training to support employability

## 5. Funding Available by Priority and Measure

- 5.1 Table 2 outlines the amount of funding available in Euros. At the current exchange rate the total West of Scotland programme is worth some £270 million.

Table 2: Indicative Funding by Measure (Euros)

|                   |  | Objective 2 budget (Million Euro) | Transition budget (Million Euro) |
|-------------------|--|-----------------------------------|----------------------------------|
| <b>Priority 1</b> | <b>Develop the competitiveness and innovative capacity of the region's economy</b> |                                   |                                  |
| Measure 1.1       | Develop a competitive and innovative business base                                 | 86.99                             | 26.54                            |
| Measure 1.2       | Develop the region as a competitive location                                       | 114.82                            | 33.79                            |
| Measure 1.3       | Develop a competitive workforce  | 24.36                             | -                                |
| <b>Priority 2</b> | <b>Increase the economic and social cohesion of the region</b>                     |                                   |                                  |
| Measure 2.1       | Community Area Regeneration  | 52.19                             | 3.79                             |
| Measure 2.2       | Addressing Barriers to Economic and Social Inclusion                               | 34.79                             | 11.38                            |
| Measure 2.3       | Raising Employability of Excluded Target Groups                                    | 34.79                             | -                                |
|                   |  |                                   |                                  |

## 6. The Consultation Process

- 6.1 Officers from North Lanarkshire Council have been engaging in the Objective 2 consultation process at several levels. The draft response (attached) has been produced following consultation with officers from the European Affairs Officer Working Group, departmental representatives from the Department of Planning and Environment, officers representing the Lanarkshire partners and the members and Officers of the West of Scotland European Consortium. In addition, matters of interest relevant to North Lanarkshire Council have been raised at sub regional and regional meetings organised by Strathclyde European Partnership.

## 7. Draft response to the West of Scotland Objective 2 Programme Document

- 7.1 A draft response to the Draft document is attached at Annex 1. The key points raised are as follows;
- Vacant and Derelict Land-there is a need to explicitly identify opportunity within the scope of the measures.
  - Transportation issues-there is only minor scope for sustainable transportation measures.
  - Urban regeneration-there should be more scope for developments in and around town centres.
  - Social Inclusion-the activities outlined in the document are somewhat restrictive and may not meet the needs of the North Lanarkshire Social Inclusion Partnership areas.

## 8. Recommendations

8.1 It is recommended that the European Committee: -

- (i) Notes the content of the report.
- (ii) Considers any additional responses to the draft Objective 2 Programme Document.



Director of Planning and Environment

### **Local Government Access to Information Act**

For further information on this report, please contact Tony Crosbie, European Co-Ordination Officer, on 01236-616214

## ANNEX 1. DRAFT RESPONSE TO WESTERN SCOTLAND OBJECTIVE 2 PROGRAMME DOCUMENT

With reference to the consultation exercise launched on 28<sup>th</sup> February 2000 in respect of the above programme, council officers have now had the opportunity to consider the documentation as a result of which I would make the following comments.

### General Issues

The focus for identifying the Objective 2 area within Western Scotland was based on need. The focus of this programme is to link that need to areas of opportunity either within or adjacent to the core programme area.

#### 1. Vacant and Derelict land

- 1.1 Whilst we recognise that the scope of Priority 1 should consider physical activity within identified strategic sites, there is a need to look at other areas where job creation activity takes place. These are normally smaller sites at the periphery of towns and urban areas. Employment opportunities within these areas are more accessible to excluded individuals and communities based in areas of need. Furthermore, this accessibility means that the areas rely less on large scale investment in transport infrastructure.
- 1.2 Given the growth of SME and micro businesses, there will be more demand for accessible, tailor-made small sites and premises. Whilst we welcome the scope for provision within Priority 1 of the new programme, there is a clear need for explicit reference within Priority 2.
- 1.3 The SWOT analysis has been recast to reflect the proposed two main priorities for the programme. In this process however a number of previously identified points have been omitted. In particular the weaknesses alluded to in the "Infrastructure - Weaknesses" section of the previous SWOT (page 12 of initial consultation) should be reinstated as originally phrased.

Furthermore, derelict land is correctly identified as a Weakness in the SWOT analysis;

*"A number of areas of urban dereliction remain in the region. These range from the high stock of vacant and derelict sites to environmental degradation in areas of need". (Page 42, bullet 6)*

and in addition under Opportunities there is a reference to,

*"Monies available specifically for the redevelopment of brownfield sites provide an opportunity to secure the upgrade of derelict sites and protect the region's green belt..". (Page 48 bullet 6.)*

However, at present there is no specific recognition within the measures. The issue of vacant and derelict land needs to be more explicitly identified within the scope of the measures. These issues are particularly relevant to the scope of measures 1.2, 2.1 and 2.2.

## **2 Transport Issues**

- 2.1 Again, references alluded to in the original SWOT (page 12) seem to be absent in the current document. Whilst these are picked up to some extent under measure 2.2, they are absent from measure 2.1. There is a strong need for sustainable transport projects to be eligible (for example- integrated transport mechanisms, cycle paths, Paths for All) Consideration should also be given to supporting transport management activities in the context of strategic spatial development under measure 1.2, such as the accessibility of key employment corridors (for example the A8/M8-A80/M80)

## **3 Urban Regeneration**

- 3.1 In order to focus activity away from “the continued pressure for the decentralisation of both housing and industrial development to less sustainable locations” (SWOT analysis – threats -, page 44), it is necessary to maintain some support for ‘urban regeneration’ projects.
- 3.2 Given the emphasis in the programme on social inclusion and job creation, there is a strong need for locally based employment; access to facilities and the scope to make town centres more attractive to employers. This is particularly true in the case of communities and individuals who are less able to travel to nearby strategic employment locations. (For example the socially excluded communities within Coatbridge, Motherwell and Wishaw)
- 3.3 Physical activities which meet considered strategic plans for local areas are just as likely to be sustainable as the development of new sites. There should be scope for such activities within both priorities.

## **4. European Social Fund**

- 4.1 Despite the fact that the Objective Two areas were primarily chosen on the basis of labour market weaknesses, there is a need for ESF intervention under Objective Two to be differentiated, in policy terms, from that available under Objective Three is understood.
- 4.2 Generally the proposed ESF measure under priority one would appear to meet this requirement, as it does cover activities not explicitly incorporated within Priority Four of the Objective Three Plan. With regard to the measure proposed under measure 2.3 however, it is felt that the existing formulation needs to be significantly reworked. This could for example include referring to integrated ERDF/ESF packages of support together with activities aimed at securing employment for the target groups and communities in locally identified growth opportunity sectors. There may also be scope for developing and extending the Territorial Employment Pact approach, piloted in Coatbridge and Easterhouse SIP areas, under measure 2.3.
- 4.3 The reference to the levels of deprivation in the West of Scotland in the first bullet point on page 42 should be strengthened to highlight the high incidence, in both the Scottish and UK contexts, of ‘worklessness’. This would assist the argument for the types of ESF intervention proposed under measure 2.3.
- 4.4 With regard to co-ordination between the Objective Two and Objective Three programmes, there remains a need to simplify the process of area based applications as much as possible for the partners and not to impose additional administrative burdens. For example, how will the Objective 2 targeting for Measures 2.2 and 2.3 of Objective 3 be decided. Will eligibility under the Urban Exclusion measure be given to SIP areas only?

## 5. Area Strategies for Social Inclusion

- 5.1 There is a concern, that for the purposes of measure 2.1, existing SIP strategies in North Lanarkshire may be limited in terms of financial constraints, focus and implementation timescale.
- 5.2 The Social Inclusion Partnerships within North Lanarkshire vary in size and focus. Only 50,000 people from a population of 328,000 are located within these areas. Within 2 years this will reduce to 40,000 with the end of the North Lanarkshire Regeneration area SIP. In addition the Coatbridge South SIP has a health focus which may not lend itself to delivering a strategic package of economic development measures.
- 5.3 For the reasons above, there needs to be a degree of flexibility in the mechanism which will approve 'funding packages' for SIP areas. This should allow for the a wider partnership approach to area planning. Other partnership based area strategies should also be considered valid as the basis from which projects can emerge. Furthermore, eligible activity should not be restricted to within the SIP boundaries, as much of the economic development activity takes place in adjacent areas of opportunity.
- 5.4 Capital activity is limited under measure 2.2. Indeed the scope of this measure seem restrictive compared with measure 2.1. This measure should be extended to allow for similar scope to measure 2.1 including projects which allow beneficiaries to pursue self-employment.

## 6. Expenditure Profile

- 6.1 The major issue identified by officers of the Council, Lanarkshire partners and the West of Scotland European Consortium relates to the capital budget allocated to measure 1.2. This measure was considered to be under-resourced for the reasons that have been outlined in some of the preceding paragraphs. While the rationale underpinning the relative allocations between ERDF capital and ERDF revenue is understood, the magnitude of the shift from the previous programme appears excessive and not to have been fully justified in the text of the document.
- 6.2 Given that this Programme represents an 'Exit Strategy' for the period following 2006, there is perhaps an argument which suggests that the programme should be capital and not revenue biased, in order to leave a legacy from this last major Structural Funds programme.
- 6.3 Furthermore, there may not be scope to spend the large revenue elements within the ERDF measures and within ESF measure 2.3, given that much of the activities may not prove to be additional to activities under Objective 3.

## 6.4 Additional Amendments

Page 50 point 23-Whilst we agree that all project sponsors should be working towards quality accreditation recognition must be given, as part of the 'project appraisal process', to the fact that not all agencies are at the same stage of development.

Page 67 Point 50-Minimum ERDF contribution to strategic sites-should this be 5 million Euros not Pounds?

Page 72 Point 62-the South Coatbridge Social Inclusion Partnership should be added to the list of SIP areas.