



FROM COHESION TO SHARED PROSPERITY

John Bachtler

European Policies Research Centre, University of Strathclyde

'Regional policy in Scotland after Brexit' Conference

University of Strathclyde, 7 February 2020

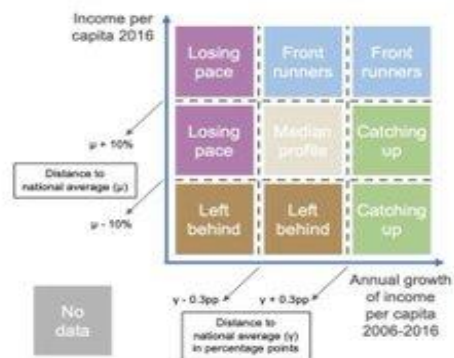
CONTEXT FOR FUTURE REGIONAL POLICY IN SCOTLAND

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'TERRITORIAL BALANCE' IS ON THE AGENDA

Regional income inequality in the EU

Income per head in 2016
and its development
since 2006

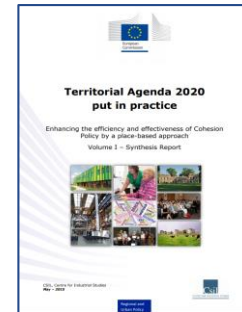
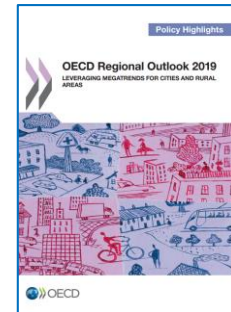


ESPON (2019) Territorial
Reference Framework for
Europe

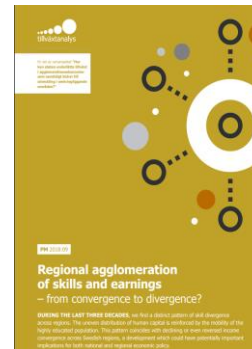
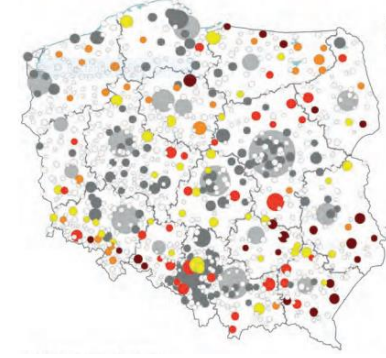
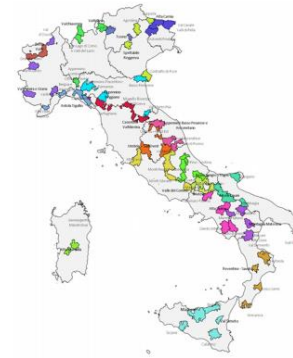
GROWING CONSENSUS ON THE NEED FOR TERRITORIALLY DIFFERENTIATED POLICIES

‘place-based policies are especially important in light of growing public discontent with the economic, social and political status quo in many regions’

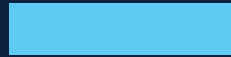
OECD (2019)



RENAISSANCE OF REGIONAL POLICY IN EUROPE

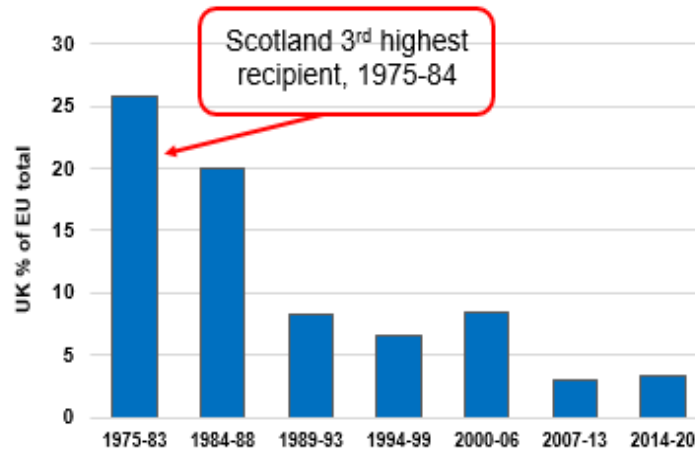


EUROPEAN STRUCTURAL FUNDS IN SCOTLAND



CONTRIBUTION OF STRUCTURAL FUNDS IN SCOTLAND, 1975-2020

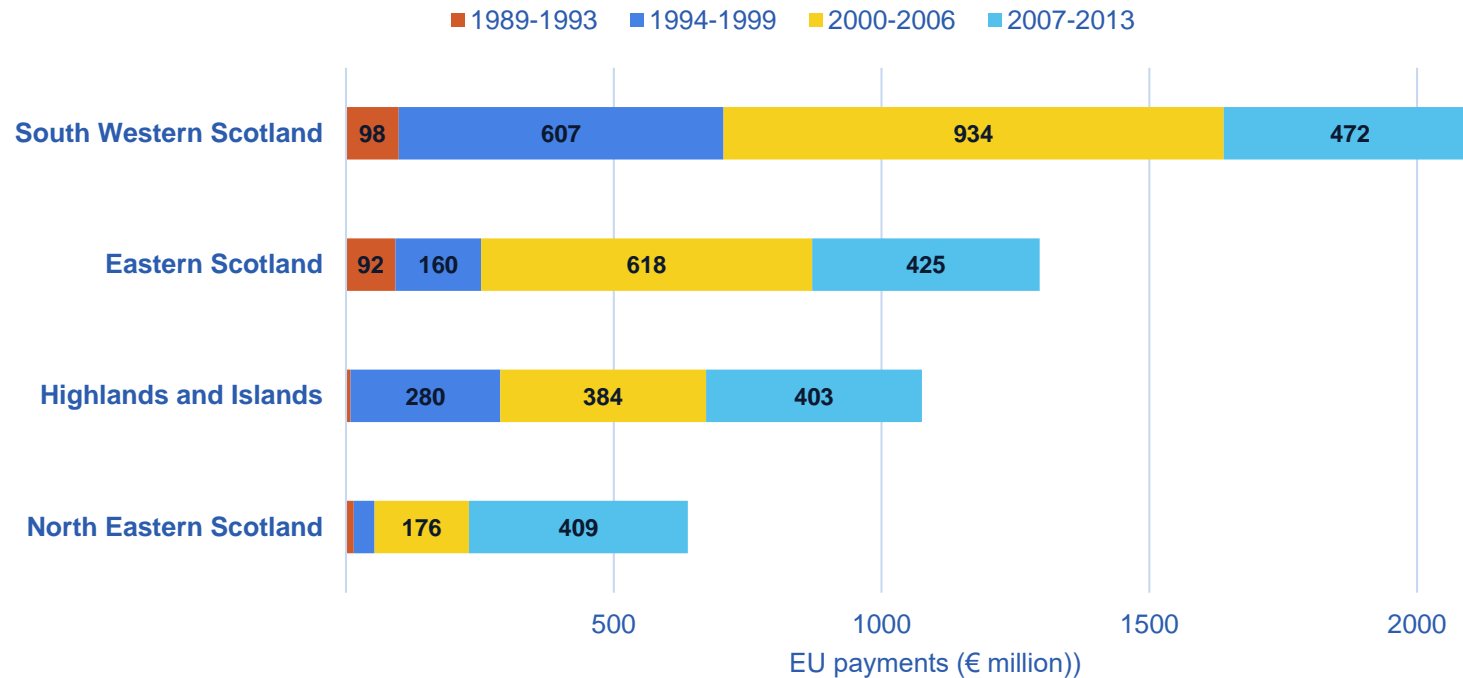
UK share of EU Structural Funds allocations, 1975-2020



Regional allocations of Structural Funds in the UK, 2014-20

	Combined ERDF and ESF allocations (€m)	Per capita combined ERDF and ESF allocations
	2014-2020	2014-2020
East of England	387	66
East Midlands	598	132
London	762	93
North East	739	285
North West	1132	161
South East	286	33
South West	1495	283
West Midlands	909	162
Yorkshire and Humber	794	150
Scotland	895	169
Northern Ireland	513	338
Wales	2412	788
England	6937	131
Total United Kingdom	10858	172

CONTRIBUTION OF STRUCTURAL FUNDS IN SCOTLAND, 1975-2020



Total EU spend, 1989-2014: €5.12 billion
Estimated EU spend 1975-2020: €7.58 bn

DG Regio OpenData

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CONTRIBUTION OF STRUCTURAL FUNDS IN SCOTLAND, 1975-2020

1974-1988: ERDF was a relatively small part of the EC budget

- project support – infrastructure, business aid, training
- first multiannual programmes – Glasgow, Tayside, West Lothian
- Community Initiatives – STAR, VALOREN, RENAVAL, RESIDER etc

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1989-93, 1994-99, 2000-06: major expansion of EU Cohesion Policy

- operational programmes for W/E/S Scotland, H&I and national employment
- partnership principle - new arrangements for vertical & horizontal cooperation
- growing importance of innovation, active labour market measures, community dev.

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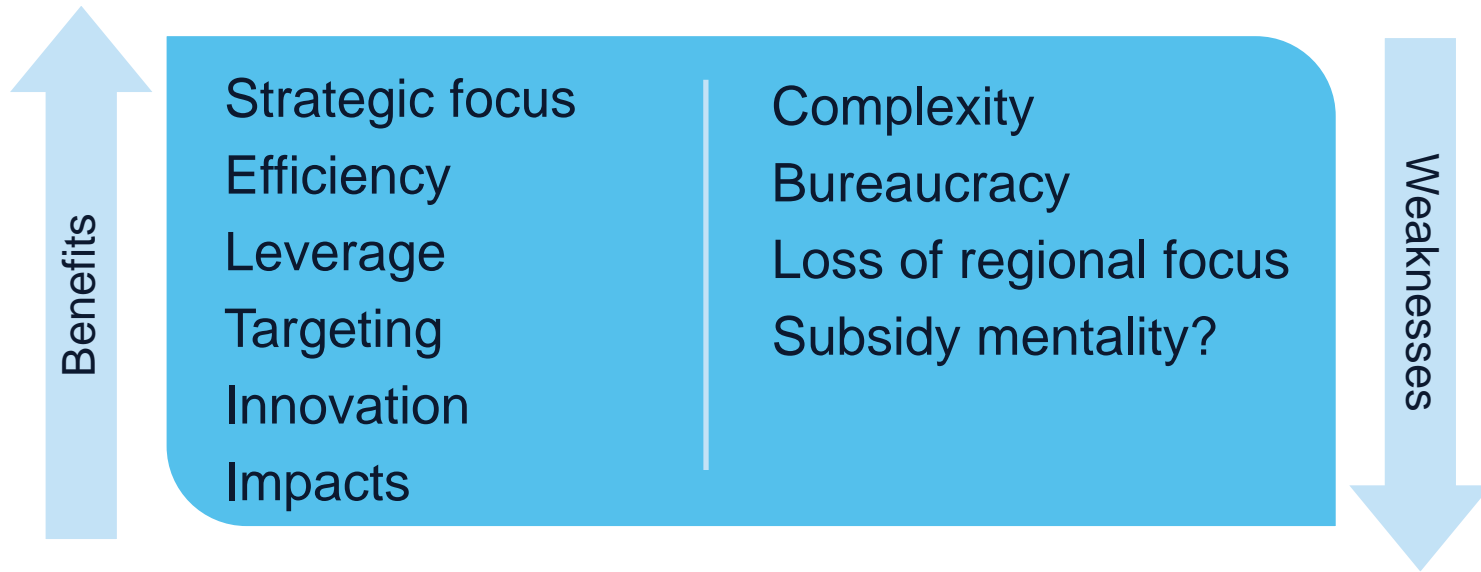
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2007-2020: constraints on Cohesion Policy spending

- all parts of Scotland eligible for Structural Funds
- greater influence of EU objectives – more prescription, conditionalities on spending
- more emphasis on performance (results), financial management and audit

CONTRIBUTION OF STRUCTURAL FUNDS IN SCOTLAND, 1975-2020

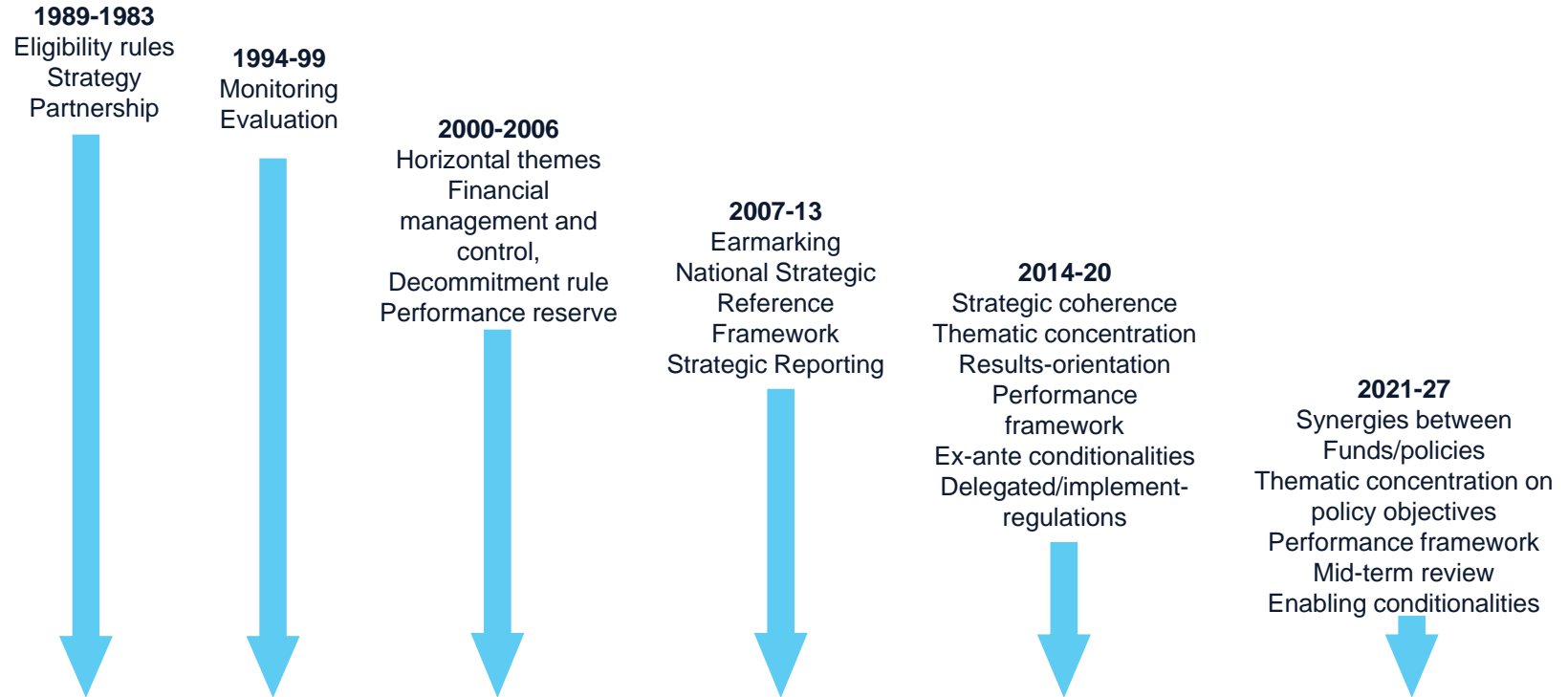


LACK OF INSTITUTIONAL STABILITY

	England	Northern Ireland	Scotland	Wales
1989-1993	Department of Trade & Industry & Department of the Environment (DoE)	Department of Finance & Personnel	Scottish Office	Welsh Office
1994-1999	Regional Government Offices DoE, then Office of the Deputy Prime Minister (ODPM)	Department of Finance & Personnel	Programme Management Executives (PMEs) - 5 Scottish Office	Welsh Office Wales European Partnership Executive
2000-2006	Regional Development Agencies OPDM	Department of Finance & Personnel	PMEs - 5 Scottish Government	Welsh Government (WEFO)
2007-2013	RDAs Dept of Communities & Local Government (DCLG), LEPS	Department of Enterprise, Trade & Investment	Scottish Government PMEs - 2	Welsh Government (WEFO)
2014-2020	DCLG → MCLG Local Enterprise Partnerships	Department for the Economy	Scottish Government Lead Partner	Welsh Government (WEFO)

GROWING CONSTRAINTS OF 'LAYERS' OF RULES

European Union



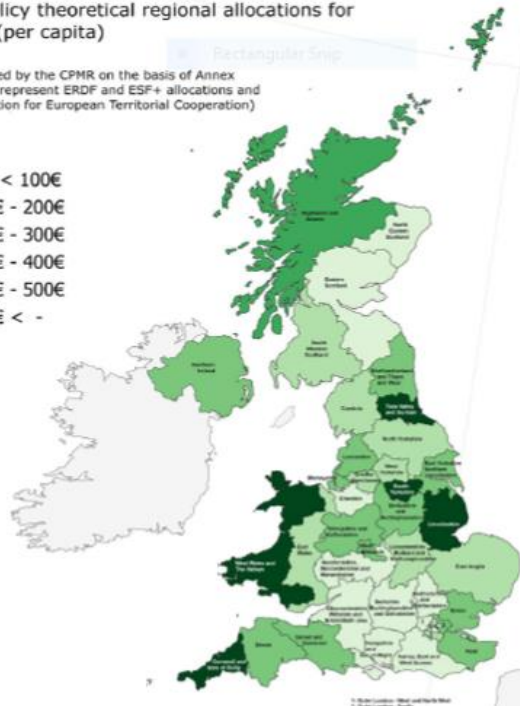
National and regional authorities

IMPLICATIONS OF LOSING STRUCTURAL FUNDS

Cohesion Policy theoretical regional allocations for 2021-2027 (per capita)

(Estimate calculated by the CPMR on the basis of Annex XXII CPR. Figures represent ERDF and ESF+ allocations and exclude the allocation for European Territorial Cooperation)

- < 100€
- 100€ - 200€
- 200€ - 300€
- 300€ - 400€
- 400€ - 500€
- 500€ < -



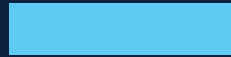
Theoretical 22% increase in Cohesion Policy funding for UK

Projected €13.8 bn for 2021-2027

- “significant and robust effect” of Structural Funds on regional growth in the UK
- key factor is strategic targeting on areas of regional need
- regional performance deeply affected by loss of Structural Funds
- added value – strategic planning, partnership, monitoring, evaluation, networks



‘SHARED PROSPERITY’ AND ‘LEVELLING UP’



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FUTURE REGIONAL POLICY IN THE UK: RECENT TRENDS

- **Impact of crisis on government intervention**
 - major cuts in spending
 - short-term, small-scale, ad hoc initiatives
 - loss of institutional capacity at regional and local levels
 - greater sectoral focus
 - centralisation
- **Recent revival of thinking about subnational scale of economic development**
 - new geographies of intervention (city regions, localism)
 - new forms of governance (urban/regional partnerships)
 - use of contracting (national-sub-national 'deals')

FUTURE REGIONAL POLICY IN THE UK

*“economic growth does not exist in the abstract. It happens in particular places**what is needed in each place is different**, and our strategy must reflect that.”*

(Greg Clark, DBEIS 2016)

*“we see division and unfairness all around.....Between the wealth of London and the rest of the country....[we] **need to rebalance the economy across sectors and areas** in order to spread wealth and prosperity around the country”*

(PM Theresa May, 2016)

*“many places are not realising their full potential.....**Every region in the UK has a role** to play in boosting the national economy”*

(DBEIS, 2017)

*“making sure that we share prosperity across the country, addressing the longstanding economic challenges in parts of the country.....**levelling up every part of the UK**”*

(Conservative Manifesto, 2019)

FUTURE REGIONAL POLICY IN THE UK: POLITICAL RHETORIC VS REALITY

Our economy cannot grow as it should while it is so skewed towards London and the south east....The UK's continued national prosperity depends on cities outside the capital doing better

(Fixing the Foundations, HMT [2015](#))

My proposals are designed to help all regions innovate, grow and increase their absolute wealth
(Heseltine Review, [2012](#))

Our economy has become more and more unbalanced...Today our economy is heavily reliant on just a few industries and a few regions – particularly London and the South East. (David Cameron, [2010](#))

Regional policy is at the heart of our effortsensuring that economic prosperity reaches every part of the country and that everyone, no matter where they live, has the chance to make the most of their potential (A Modern Regional Policy, HMT/DTI/ODPM, [2003](#))

The new approach will be based on putting greater emphasis on growth within all regionsOur goal is to increase the rate of growth in all regions by addressing underperformance and building on success

(UK White Paper, DTI, [2001](#))

FUTURE REGIONAL POLICY IN THE UK: CONCEPTUAL COHERENCE?



Sustainable growth:
balanced regional
development



Inclusive growth:
increased prosperity
with greater equality

Inclusive growth:
wealth & wellbeing,
reducing inequality



Economic growth:
reducing productivity
gaps, wellbeing

FUTURE REGIONAL POLICY IN THE UK: THE GOVERNANCE CHALLENGE

*“centralised governance is a major cause of economic problems in all regions. The UK is **the most centralised country of its size** in the developed world”*

(IPPR, 2019)

*“the Scottish Government currently **controls too much decision making**, which has adversely affected local areas”*

(Local Government Review, 2019)



Session 1: Territorial challenges in Scotland and the United Kingdom

Chair: Hilary Pearce, Scottish Government

Understanding regional economic inequalities in the UK and Scotland pre and post-Brexit

Dr Mairi Spowage and Professor Graeme Roy, Fraser of Allander Institute, University of Strathclyde

Spatial inequality, measurement and regional policy

Professor David Bell, Stirling Management School, University of Stirling

Session 2: UK Government policymaking and shared prosperity in Scotland

Chair: Professor Peter McGregor, Department of Economics, University of Strathclyde

UK regional development policies in Scotland: principles and prospects

Rebecca Hackett, Office of the Secretary of State for Scotland

City Region Deals in Scotland: an effective governance mechanism for regional development?

Dr Arno van der Zwet, School of Media, Culture & Society, University of the West of Scotland

Session 3: The political economy of regional policy in Scotland

Chair: Dr Micaela Mazzei, Yunus Centre for Social Business & Health, Glasgow Caledonian University

The politics of regional development

Professor Mike Keating, School of Social Sciences, University of Aberdeen

Re-creating a domestic territorial cohesion policy post Brexit: alternatives and risks

Dr Serafin Pazos-Vidal, Convention of Scottish Local Authorities (COSLA)

Session 4: Priorities and instruments of future policy: possibilities and limits

Chair: Richard Cairns, West Dunbartonshire Council

Regional policy and peripherality in Scotland: EU legacies and future prospects

Linda Stewart, University of the Highlands & Islands

Regional inclusive growth policies in Scotland post Brexit: lessons learned & path dependencies

Dr David Waite, School of Social & Political Sciences, University of Glasgow

Regional development policy in Scotland & State aid control: post Brexit regulatory disorder?

Professor Fiona Wishlade, European Policies Research Centre, University of Strathclyde

Closing remarks: Professor David Bell and Professor John Bachtler

Regional Studies Association Reception



Thank you.

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