

# POLICIES TARGETING DRIVERS OF GROWTH AT NATIONAL, REGIONAL AND LOCAL LEVEL

Driver		National policies <sup>1</sup>	Regional and local policies
Skills	Education	<ul style="list-style-type: none"> <li>SR2002 provided a further substantial increase in educational funding – on average raising by 6 per cent per year in England to over £57 billion in 2005-06 – matched by stretching new targets</li> <li>increased funding for higher education, with new programmes to boost participation in line with the Government's target that 50 per cent of people between 18 and 30 attend Higher Education institutions</li> </ul>	<ul style="list-style-type: none"> <li>introduction of tough floor targets at school-level to ensure that action is focused towards schools with low attainment levels</li> <li>enhanced responsibility to head teachers to manage resources more flexibly and target specific issues in their schools</li> <li>extra assistance and funding to those schools facing challenging circumstance to help them improve</li> </ul>
	Workforce skills	<ul style="list-style-type: none"> <li>new PSA targets to improve adult basic skills and to reduce the number of adults in the workforce lacking NVQ level 2 skills</li> <li>investing a record £1.2 billion extra into further education over the next three years – matched by tough reforms and challenging targets</li> </ul>	<ul style="list-style-type: none"> <li>Local Learning and Skills Councils (LLSCs) established to drive the efforts to boost workforce skills, using their local knowledge to ensure that local skills gaps are filled</li> <li>Frameworks for Regional Employment and Skills Action (FRESAs) to ensure a joined-up approach to linking jobs, people and skills. FRESAs are a key way in which the strategy for developing and maintaining a healthy regional labour market is delivered in England</li> <li>piloted joint working between RDAs and LLSCs to manage regional funding for post-19 skills, to achieve better matching of regional skills demand and supply and to promote better integration with Regional Economic Strategies</li> </ul>
Investment	Transport	<ul style="list-style-type: none"> <li>the Ten Year Plan for Transport sets out a programme to create a modern integrated transport network across all regions with public and private spending in excess of £180 billion</li> </ul>	<ul style="list-style-type: none"> <li>increased funding to local authorities to devise and deliver Local Transport Plans to provide local transport solutions to local problems</li> <li>RDAs able to commission multi-modal transport studies through Regional Planning Bodies, to help ensure coordination between local and national transport plans and Regional Economic Strategies</li> </ul>
	Housing	<ul style="list-style-type: none"> <li><i>Sustainable Communities: Building for the future</i> set out a £22 billion investment programme over the next three years to improve housing and communities and regenerate deprived areas, with longer term actions to tackle underlying supply and demand issues in housing markets.</li> </ul>	<ul style="list-style-type: none"> <li>intervention to ensure local authorities deliver housing numbers set out in the Regional Planning Guidance</li> <li>new regional housing bodies, involving RDAs, bringing housing investment within a single regional pot and ensuring better coordination with planning, transport and Regional Economic Strategies</li> <li>nine pathfinder projects to be established to regenerate areas facing low housing demand and abandonment – benefiting over 400,000 properties</li> </ul>

<sup>1</sup> Not all of these national reforms are in non-devolved areas and so not all apply in England, Scotland, Wales and Northern Ireland. In devolved areas of policy it is for the devolved administrations to determine their own policies and priorities (see Box 2.1).

Driver		National policies <sup>1</sup>	Regional and local policies
Investment (continued)	Neighbourhood renewal	<ul style="list-style-type: none"> <li>new Local Strategic Partnerships (LSPs) established to drive neighbourhood renewal in the most disadvantaged areas of England. Central Government sets the overall framework of minimum standard level or “floor targets” but leaves choices on how they are delivered entirely to local decision makers.</li> </ul>	<ul style="list-style-type: none"> <li>LSPs are responsible for coordinating the levelling up of the standards of key services for the poorest neighbourhoods.</li> <li>responsibility for delivering neighbourhood renewal in each area is completely devolved to the LSP and its members.</li> </ul>
	More responsive planning regime	<ul style="list-style-type: none"> <li>new proposals from the Office of the Deputy Prime Minister to make the planning system more predictable and timely</li> <li>£170 million extra by 2005-06 for local planning authorities in return for stretching new targets</li> </ul>	<ul style="list-style-type: none"> <li>reform of regional planning guidance to introduce statutory regional spatial strategies. These will be part of the Development Plan and local development plan documents will be required to conform with them in general terms</li> <li>reform of development plans with the abolition of structure plans and the introduction of new more flexible Local Development Plans</li> <li>introduction of legislation for Business Planning Zones, which will provide a more flexible planning regime for businesses located in designated high-tech clusters areas or disadvantaged communities</li> </ul>
	Access to finance	<ul style="list-style-type: none"> <li>low and stable interest rates allowing investors to borrow with more certainty</li> <li>firms that would normally be unable to obtain loans through lack of collateral are helped by the Small Firms Loan Guarantee Scheme</li> <li>implementation of the recommendation of the Competition Commission’s investigation into the supply of banking services to Small and Medium-sized Enterprises (SMEs)</li> </ul>	<ul style="list-style-type: none"> <li>provision of risk capital to SMEs through Regional Venture Capital Funds to assist in the development of growing businesses and to demonstrate to private venture capital providers that commercial returns can be made from small investments.</li> <li>further venture capital funding through the Bridges Community Venture Fund for businesses in deprived areas that can demonstrate meaningful interactions with the local economy</li> </ul>
Enterprise	Tax reform	<ul style="list-style-type: none"> <li>reduction of the corporation tax bills of over 90 per cent of all taxpaying companies, and setting a starting rate at zero so that 150,000 small business will no longer pay tax</li> <li>enhanced 40 per cent first-year capital allowances for investment in plant and machinery by SMEs</li> <li>generous Capital Tax Taper for business assets</li> </ul>	<ul style="list-style-type: none"> <li>exemption from stamp duty for all property transactions up to £150,000, and subject to state aid approval, for all commercial property transactions irrespective of value in the 2000 most deprived communities designated as Enterprise Areas</li> <li>Community Investment Tax Credit for enterprises in under-invested communities</li> </ul>

Driver		National policies <sup>1</sup>	Regional and local policies
Enterprise (continued)	Business support	<ul style="list-style-type: none"> <li>a new start up pack from spring 2003, bringing together information on all government requirements and support for those setting up in business</li> <li>grants from the Business Incubation Fund to cover the costs of feasibility studies for incubators, with higher levels of funding in disadvantaged areas</li> </ul>	<ul style="list-style-type: none"> <li>business support and advice delivered locally by Business Links Operators to reflect local needs</li> <li>RDA led management of Business Link services in a number of pilot regions to improve provision of business support and promote greater coordination with Regional Economic Strategies</li> <li>extension of the Phoenix Fund, which supports organisations that promote enterprise in disadvantaged communities, with a further £50 million</li> </ul>
	England Rural Development Programme	<ul style="list-style-type: none"> <li>support to farmers to diversify their core agricultural businesses</li> </ul>	<ul style="list-style-type: none"> <li>ERDP delivered regionally through Defra regional offices</li> </ul>
	Innovation	<p>Science base</p> <ul style="list-style-type: none"> <li>introduction of the largest sustained increase in the Science Budget for more than a decade: DTI Science Budget will grow by 10 per cent per year in real terms between 2002-03 and 2005-06; overall science spending (DTI and DfES) will be around £1¼ billion higher in 2005-06 than it was in 2002-03</li> <li>SR2002 includes funding for new science – to enable the UK to remain world class – to go towards research infrastructure and universities, the supply of skilled scientists and engineers, and translating research into innovation</li> </ul> <p>Commercial research</p> <ul style="list-style-type: none"> <li>expansion of the R&amp;D tax credit to both small and large companies, building on the £80 million invested so far into R&amp;D through the first year of the small company tax credit</li> </ul> <p>Promoting innovation</p> <ul style="list-style-type: none"> <li>independent review into how, over the coming decade, business can better draw on universities to the mutual advantage of both sectors</li> </ul>	<ul style="list-style-type: none"> <li>resources provided from the Higher Education Innovation Fund (HEIF) to encourage higher education institutions to reach out to their regional and local economies in promoting knowledge transfer and innovation. To strengthen the regional dimension, we wish to engage RDAs more closely in the distribution of HEIF funding to ensure it is properly focussed on regional development priorities</li> </ul>

Driver	National policies <sup>1</sup>	Regional and local policies
<b>Competition</b>	<ul style="list-style-type: none"><li>• introduction of new legislation – the Competition Act 1998 and the Enterprise Act 2002 – to transform the UK competition policy regime into one of the most strict in the world</li><li>• devolution of competition policy to the Office of Fair Trading (OFT) and the Competition Commission, removing the danger of political interference</li><li>• a new, pro-active role for the OFT to keep markets under review, with a 50 per cent increase in funding from £34 million in 2002-03 to £55 million in 2005-06</li></ul>	<ul style="list-style-type: none"><li>• investigation by the OFT into ways to work in cooperation with Local Trading Standard Officers to increase the awareness of competition law in local markets</li></ul>

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**A2.1** Annex A1 contains details of policies supporting the Government’s strategy for regional economic development. As explained in Chapter 2 (see Box 2.1), some reforms are in devolved areas, and so may not apply in Scotland, Wales or Northern Ireland. In devolved areas of policy the devolved administrations determine their own priorities and decide their own policy measures. This Annex contains further information on the priorities of the devolved administrations.

## SCOTLAND

**A2.2** The *Framework for Economic Development* in Scotland sets out the Scottish Executive’s approach to economic development. Published in June 2000, the Framework aimed “to raise the quality of life for all Scottish people by increasing opportunities for all.”

**A2.3** Four outcomes were identified as central to this vision: securing economic growth through increasing international competitiveness; regional development; social integration; and sustainability.

**A2.4** The *Framework* identified priority areas for policy statements, including enterprise, which provided the context for the subsequent publication of *A Smart Successful Scotland: Ambitions for the Enterprise Networks*. It highlighted priority areas in which Scotland must succeed to achieve sustainable economic growth and grouped them into the following strategic themes which form the basis of an ambitious package of policy measures:

- **growing business** – supporting innovation and entrepreneurship both in new companies and helping existing companies to develop further;
- **global connections** – encouraging Scottish companies to increase their involvement in global markets, and encouraging people to live and work in Scotland; and
- **skills and learning** – helping people into jobs and ensuring that business has access to the skills and expertise it needs.

### Growing business

#### Access to Finance

- Implementation of the Review of Regional Selective Assistance and focusing more on growing Scottish firms and supporting quality projects.
- Implementation of “Investing in our future” the financial services action plan for Scotland.
- Launch of a £40m early-stage equity investment package for SMEs, and provision of a new Investment Readiness Programme providing growth businesses with financial support for the costs of making their propositions investment-ready.

#### Commercial Research

- £450m to be invested in three Intermediary Technology Institutes – covering energy, life sciences and communication technology – commissioning research in key areas of economic and business development potential.

- Promoting Innovation**
- New £1m Scottish Proposal Assistance Fund to help increase Scottish participation in the EU Sixth Framework Programme.

- Broadband**
- Intervention to ensure access to terrestrial broadband (DSL) and equivalent services in Scotland rises from current 40% population coverage level to 70%.

## Global connections

- Transport**
- *Scotland's Transport: Delivering Improvements*, identifies 10 priority projects, the majority of which focus on what business really wants and needs, including:
    - new 7-year Scottish passenger rail franchise;
    - re-development of Waverley station;
    - developing rail links for Glasgow and Edinburgh airports;
    - progressing the central Borders rail link;
    - delivery of top priority public transport projects from the A8, A80 and M74 corridor studies;
    - fixing Aberdeen's congestion;
    - developing an effective, modern 21st century public transport system for Edinburgh; and
    - examining how the vital motorway links on the A8 and A80 might be completed.
  - By the end of the spending review period, Scottish Executive spending on transport will reach almost £1 billion each year.

- Housing**
- Scottish spend on social housing is up substantially since 1999; planned expenditure shows annual real terms increase of 6% between 1999 and 2006.
  - Three whole stock transfers in progress involving 100,000 council homes and leading to £2 billion of investment over 10 years.
  - Scottish Ministers have committed to establishing a new quality standard for social housing as part of their efforts to modernise all social housing in Scotland.
  - Comprehensive review, through Housing Improvement Task Force, of policy measures to ensure improvement of housing condition in the private housing sector, which should lead to significant extra investment by owners in improvements and repairs.

- Planning**
- Review of Strategic Planning led to the revision of several key Scottish Planning Policies and the preparation of a National Planning Framework that will look at strategic planning from a spatial perspective.
  - Locations are being identified where, in the national interest, a co-ordinated approach to planning is required. City Region Plans will also be introduced and model development plans are to be piloted with local authorities.

- Scottish Planning Policy 2: Economic Development (SSP2) encourages the use of Simplified Planning Zones in schemes to promote economic development.

## Skills and Learning

### Education

- The introduction of a school improvement framework under the Standards in Scotland's Schools etc. Act 2000 to plan, set targets and monitor outcomes of school education against the National Priorities in Education, including literacy, numeracy, attainment, creativity and ambition.
- Total annual funding for the further education sector in Scotland will exceed £500m by 2005-06, an increase of 20% in cash terms on current spending levels with real terms increases in 2004-05 and 2005-06 of 6% and 5.5% respectively.

### Adult Skills

- The Scottish Executive has committed £51m over 5 years to improve the literacy and numeracy skills of 150,000 adults by 2006.

## WALES

**A2.5** The Welsh Assembly Government's national economic development strategy, A Winning Wales, identifies the following priorities for effective development of Wales and its people:

- Encouraging Innovation
- Encouraging Entrepreneurship
- Making Wales a Learning Country
- Promoting Information and Communication Technologies
- Supporting Businesses
- Setting a Fresh Direction
- Establishing Wales in the World
- Improving Transport
- Creating Strong Communities
- Supporting Rural Wales

**A2.6** These priorities relate both to the creation of increased prosperity and to its wider distribution across Wales. The Welsh Assembly Government believes its task is to provide a clear framework for the spatial implications of economic development – ensuring that people benefit from economic growth virtually wherever they live or work – and give a stronger formulation to the land-use planning system.

**A2.7** Targets linked to the long term vision and objectives have been set with the goal to raise the standard of living and the opportunities available to the people of Wales through the development of a modern, knowledge-based economy. The Assembly Government has identified high-level targets which capture the essence of the change we wish to see, and in particular the four main drivers of successful economies as identified by the OECD.

**A2.8 Success would mean Welsh GDP per person rising from 80 per cent to 90 per cent of the UK average over the next decade – with the ultimate aim of achieving parity.** This is the main goal of the Assembly Government’s economic policies, though, realistically, the timescale for achievement cannot be set with precision. There is also an acknowledgement that increasing GDP does not alone lead to a better quality of life for our people. The way we develop is important too.

**A2.9** To achieve this goal we need to:

- modernise the industrial structure of the Welsh economy to ensure that Wales has a higher share of employment in high-growth, high-skill and high value-adding industries and occupations, and moves up from the assembly-line, branch-factory economy; and
- ensure that more of our people have jobs and opportunities to benefit from the new industries.

**A2.10** In achieving the goal, many other areas of Assembly Government responsibility play their part: policies on combating social exclusion, housing provision, planning, health, sustainable development, transport and education are all developed by the Assembly Government in accordance with the needs of Wales.

**A2.11** For example, new proposals from the Assembly Government to have a planning system in Wales which is open, fair and transparent; inspires public and business confidence; delivers improved quality and speed; integrates with other plans, processes and actions.

**A2.12** The delivery mechanism is the “Planning; delivering for Wales” programme and associated projects which aims to speed up the planning system as well as simplifying it. In particular it will:

- make the preparation of the Wales Spatial Plan (WSP) a statutory duty for the Assembly and to give it statutory status in the planning process;
- introduce Local Development Plans (LDPs) in place of unitary development plans and other surviving forms of development plan;
- improve the legislative framework for decision making; and
- assess what is needed to help bring about the change required.

**A2.13** The Wales Spatial Plan will also provide a more proactive basis for the development and implementation of policy by providing a common national spatial vision for the development of Wales over the next 20 years or so. Our statutory duties relating to sustainable development requires us to ensure that the Plan clearly integrates social, environmental and economic aspects rather than concentrating on one particular aspect at the expense of the others.

**A2.14** On transport, the Welsh Assembly Government’s Transport Framework sets out its aims on how it will lead and support the delivery of transport infrastructure and services over the next 5 years, complementing the aim in ‘A Winning Wales’ to invest in transport infrastructure and services which support the economy of Wales and improve access to Wales’ main markets.

**A2.15** On skills the Modern Skills Diploma for Adults is a programme unique to Wales and targeted at individuals, including those already in employment and who are aged 25 and over and seeking to upskill to level 3 and above. The programme is based around the successful Modern Apprenticeship model – it integrates both knowledge-based learning with practical competence based learning in the workplace.

**A2.16** The Welsh Assembly Government has also responded to the needs of Welsh businesses by opening up its Modern Apprenticeship and Foundation Modern Apprenticeship programmes to people of all ages and is now actively working with Education and Learning Wales on the development of a single all age work based learning programme.

**A2.17** With the removal of age constraints from our Youth Programme the Assembly Government has also taken the opportunity to reduce from six months to one month the period unemployed adults have to wait before they become eligible for Work Based Learning for Adults.

## **NORTHERN IRELAND**

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**A2.18** The overall priorities for the Northern Ireland administration are:

- Growing as a Community
- Working for a Healthier People
- Investing in Education and Skills
- Securing a Competitive Economy
- Developing Relations – on a North South, East West, and International Basis

**A2.19** The securing a competitive economy priority includes a broad range of activities aimed at promoting higher levels of economic growth in the region. These include providing the infrastructure and regulatory environment that the Northern Ireland economy needs to prosper and activities to promote creativity, entrepreneurship, innovation and competitiveness.

**A2.20** Alongside this, there is a determination to promote equality of opportunity and tackle social disadvantage. Economic prosperity, fairly shared, is a key requirement if many of the social problems facing Northern Ireland are to be tackled. Investing in Education and Skills is central both to economic progress and to opening opportunities for individuals – opportunities for employment and for lifelong learning.

**A2.21** Full details of the priorities and plans for the Northern Ireland administration can be found on its Programme for Government website at [www.pfgni.gov.uk](http://www.pfgni.gov.uk).



**A3.1** The Commission has acknowledged that enlargement presents an unprecedented challenge for the competitiveness and internal cohesion of the Union. The Commission is expected to publish its proposals for the next period in November 2003. It has already begun to give indications of what they might look like,<sup>1</sup> but the debate is still open. This emerging thinking is described below.

**Most lagging regions** **A3.2** It seems likely that the Commission will propose that the criteria for defining most lagging regions (Objective 1) should remain, as now, at 75% or less of the EU average GDP per capita measured at the NUTs II geographical level. The Commission will say that though there is some interest in using other criteria, contributions to the debate have not seriously called into question the use of per capita GDP – which has the merit of being simple and transparent.

**A3.3** The Commission will also suggest that regions losing their Objective 1 status may be eligible for a gradual phasing out of Community assistance, with special attention being paid to a fair solution for those regions who would still have been eligible had GDP been calculated on the basis of EU15.

**Outside Objective 1** **A3.4** Outside objective 1 the Commission is still considering whether Member States should continue to receive some funding, and if so, how this should be allocated to Member States and for what it should be used. It is aware of criticism that current policies and instruments lack sufficient added value, require an excessive administration input in relation to the outputs achieved, and fail to devolve sufficient responsibility consistent with the principle of subsidiarity. The Commission is therefore committed to reformulating policy priorities and instruments outside regions lagging behind and to constructing a new policy capable of making a greater contribution to economic and social cohesion.

**A3.5** The Commission has suggested that a menu of priorities be agreed at EU level. Priorities proposed for consideration are: urban areas; rural areas; cross-border, transnational and interregional co-operation; areas undergoing industrial restructuring; areas with severe geographical or natural handicaps; more and better jobs; support for the new economy and the knowledge society; promoting social inclusion; equality of opportunity. Support to help prevent natural disasters has also been suggested.

**A3.6** The mechanisms for delivery of these priorities are still open. One option is that regions should choose which priorities they wish to operate. However, it is not clear how this would tie in with the national EU Employment and Social Inclusion Action Plans which each Member State has to prepare, and against which they are peer reviewed at national level. Other open questions include: how resources should be allocated between and within Member States; whether there should be mechanisms for ensuring resources are not spread too thinly; how to simplify the contractual arrangements between the Commission, Member States and regions and whether to focus more on outputs; how the themes will interact with the rules on Regional Selective Assistance.

**Budget** **A3.7** Although the Commission has not proposed a total amount for the budget, it has said that many regard 0.45% EU GDP as a minimum. This would involve a substantial monetary increase in the Structural Funds budget at a time when many countries are struggling with budget deficits. The Commission records a broad consensus on the need to continue to

<sup>1</sup> See Commission publications: *Second report on social and economic cohesion*, January 2001, *First progress report on economic and social cohesion*, January 2002, *Second progress report on economic and social cohesion*, January 2003.

concentrate resources on the less developed regions, and especially on those in the new Member States. However, it is not clear what proportion of resources would go to Objective 1 regions and what might be available for other regions.

**Implications for UK objectives**

**A3.8** Under this emerging Commission approach, the Structural Funds budget would increase very significantly and the UK's annual gross contribution to the overall EU budget would be the highest of all the approaches referred to in this document. Over the period, it is likely that an average of only about 50% of funding would go to the new Member States. Unnecessary and inefficient recycling between more prosperous Member States would continue. The substantial increase in the budget would increase the burden on net contributors such as the UK, and may well lead to less money for domestic regional policy.

**A3.9** The UK might receive Objective 1 funding for Cornwall, and some transitional funding for regions moving out of Objective 1 status. It would also receive funding from the menu of priorities, but if this is allocated on the basis of national GDP or unemployment as some are suggesting, UK regions would be disadvantaged.

**A3.10** Moreover, the priorities listed so far do not seem sufficiently focussed on delivering the Lisbon agenda. For example, there is no indication yet that there would be a priority for research and innovation. And allocating money on the basis of the territorial priorities may encourage areas to focus on the problems of the past rather than the challenges and opportunities of the future.

**A3.11** The last reforms started with high ideals about simplification and about devolution to Member States and regions, but experience to date is that they have not provided the flexibility needed to support modern, locally-led and locally-defined regional policy, and have involved a high administrative burden for the amounts of funding available. There is a high risk that current good intentions will go the same way. Funding a system which is sufficiently flexible to meet the huge variety of administrative systems in Member States and regions yet sufficiently robust to satisfy EU auditors will be very difficult.

**A3.12** Hence the UK proposal for a different approach. The EU should concentrate on defining the high-level policy priorities towards which all its members and regions should work – a process it has already begun at Lisbon. It should only become involved in financing the delivery of those priorities where this cannot be done at Member State level.

**A3.13** The Commission's recognition of the nature of the challenge, and the need for a reformulation of policy is welcome, but their current thinking is not radical enough.

**A4.1** This Annex summarises two other approaches to the future of the Structural Funds and briefly considers them against the Government's objectives.

## STATUS QUO

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**A4.2** The current arrangements for Structural Funds will be renegotiated for the 2007-2013 period and the needs of an enlarged Union are sufficiently different that no-one expects the current system to be retained. However, for the sake of comparison, if the status quo were to be maintained post-2006, the position and eligibility of the UK areas currently eligible for Structural Funds would be very different. On the latest GDP data available, and assuming an EU of 25 post-2006, only Cornwall and the Isles of Scilly might still be eligible for Objective 1. The good performance of the UK in terms of unemployment levels relative to the EU average would mean that most current Objective 2 regions would also no longer be eligible. Objective 3 might continue to apply across the UK. The Structural Funds budget would be substantially higher than now and the UK's contribution to the overall EU budget would be significantly higher than under the proposed Framework.

**A4.3** As argued in Chapter 3, the current system is failing to deliver adequately, and an extension of current rules performs poorly against the objectives set out in Chapter 4. Existing UK policies would remain poorly supported, the ability of locally-led policy to make use of the full range of instruments would continue to be constrained, and the bureaucracy associated with the operation of the Structural Funds and high overheads would remain. There would still be no explicit alignment with the EU's economic and social objectives agreed at Lisbon. Funding would not be concentrated on the new Member States, and unnecessary and inefficient recycling of money between more prosperous Member States would continue. The budget would increase, and Member States would be tempted to negotiate up receipts rather than concentrating support on where it is most needed and will provide maximum value for money, pushing the budget even higher, increasing the burden on net contributors such as the UK.

## 'COHESION APPROACH'

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**A4.4** One possibility for reform would be to end recycling of funding between more prosperous Member States, instead focusing funding entirely on less prosperous Member States. For example, Member States with per capita GDP greater than 100% of the EU average might receive no EU funding, and would be responsible for arranging and funding their own programmes. Other Member States would receive support as under current arrangements. The UK would not receive any EU funding under such a system. An approach along these lines was put forward and described as the 'Cohesion approach' by the Dutch Government in September 2001. Under such an approach, the Structural Funds budget would be lower than now, and the UK's contribution to the overall EU budget would be at least as low as under the Framework.

**A4.5** This alternative has some attractions. It would end recycling of funds between more prosperous Member States, and concentrate funding on the relatively less prosperous Member States. The UK might be free to integrate and pursue its own regional priorities. The UK would get a fair deal compared to other current Member States, and the overall EU budget would be reduced. On the other hand, the lack of a framework to tackle issues at a European level is a serious drawback and will reduce its chances of being acceptable to other Member States and the Commission.



Organisation(s)	Title	Date
English Regional Development Agencies	The future of EU Cohesion Policy – a joint RDA response	November 2002
Alliance for Regional Aid	The next round of EU regional policy – a road map for Britain	November 2002
North West Regional Assembly & North West Development Agency <a href="http://www.nwra.gov.uk">www.nwra.gov.uk</a>	Second position statement on the Future of EU Cohesion Policy	October 2002
North East England European Management Board	North East Regional Position on the Future of EU Cohesion Policy	September 2002
West Midlands Regional Assembly <a href="http://www.wmra.gov.uk">www.wmra.gov.uk</a>	EU Regional Policy post-2006 (Interim Position)	August 2002
Local Government International Bureau <a href="http://www.lgib.gov.uk/policy/LGA%20position.pdf">www.lgib.gov.uk/policy/LGA%20position.pdf</a>	Cohesion Policy for a New Era	May 2002
RETI (Submitted by West of Scotland Consortium) <a href="http://www.inverclyde.gov.uk">www.inverclyde.gov.uk</a>	RETI Resolution on the 2nd Cohesion Report	May 2002
The Mayor of London/GLA <a href="http://www.london.gov.uk">www.london.gov.uk</a>	The Future of EU Regional Policy – Statement by the Mayor of London	March 2002
English Regional Development Associations (submitted by Yorks & Humber) <a href="http://www.yorkshire-forward.com">www.yorkshire-forward.com</a>	<i>draft</i> The Future of EU Cohesion Policy	February 2002
Yorkshire & the Humber European Strategy Board <a href="http://www.yorkshire-forward.com">www.yorkshire-forward.com</a>	<i>draft</i> The Future of EU Cohesion Policy	November 2001
East of England Regional Assembly and East of England Development Agency <a href="http://www.eelgc.gov.uk">www.eelgc.gov.uk</a>	Response of the East of England Regional Assembly & EEDA to the 2nd Report of the EC on Economic & Social Cohesion	August 2001
European Rural Exchange	Rural Europe 2006 – Cohesion, Governance and Integrated Rural Development	May 2001



**A6.1** The Department of Trade and Industry, HM Treasury and the Office of the Deputy Prime Minister (ODPM) have produced this consultation paper. The Foreign & Commonwealth Office, Department of Work and Pensions, Department for Education and Skills, Department for the Environment, Food and Rural Affairs, and other Departments with an interest in the EU Structural Funds, as well as the Scottish Executive, Welsh Assembly Government and Department of Finance and Personnel, Northern Ireland were consulted in its preparation.

**A6.2** Your response to this consultation exercise will be made publicly available in whole or in part at the discretion of the DTI, HM Treasury and ODPM. If you do not wish all or part of your response (including your identity) to be made public, you must state in your response which parts you wish us to keep confidential. Where confidentiality is not requested, responses may be made available to any enquirer, including enquirers outside the UK, or published by any means, including on the Internet.

**A6.3** Representative groups should include a summary of the people and organisations they represent when they respond.

**A6.4** The consultation criteria, which apply to all public consultations, are given below.

**A6.5** An electronic version of this document can be obtained from the DTI website at [www.dti.gov.uk/europe/consultation.pdf](http://www.dti.gov.uk/europe/consultation.pdf) or from the Treasury website at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk) in Adobe Acrobat PDF format.

**A6.6** Paper copies of this document are available free of charge from:

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Tel: 020 7215 6024 (10am – 4pm, Mon – Fri)  
Fax: 020 7215 0031  
Minicom: 020 7215 6740  
Email: [pubs.unit@dti.gsi.gov.uk](mailto:pubs.unit@dti.gsi.gov.uk)

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Email: [public.enquiries@hm-treasury.gov.uk](mailto:public.enquiries@hm-treasury.gov.uk)

**A6.7 Responses should be sent by 4 July, preferably by email, to:**

Structural Funds Consultation  
Regional European Funds & Devolution Directorate  
DTI  
Bay 3115  
1 Victoria St  
London SW1H 0ET  
Email: [sf.consultation@dti.gsi.gov.uk](mailto:sf.consultation@dti.gsi.gov.uk)  
Fax: 020 7215 2520

**A6.8** If you have questions about this consultation or wish to discuss particular points before responding, please contact one of the following:

At the Department of Trade and Industry:

David Rawlins  
Regional European Funds & Devolution Directorate  
Tel: 020 7215 2558  
Fax: 020 7215 2520  
Email: david.rawlins@dti.gsi.gov.uk

Neil Bond  
Regional European Funds & Devolution Directorate  
Tel: 020 7215 2555  
Fax: 020 7215 2520  
Email: neil.bond@dti.gsi.gov.uk

At HM Treasury:

*for English Regions*  
Kevin Dodds  
Devolved Countries and Regions  
Tel: 020 7270 5717  
Fax: 020 7451 7598  
Email: kevin.dodds@hm-treasury.x.gsi.gov.uk

*for Scotland, Wales and Northern Ireland*  
Mark Parkinson  
Devolved Countries and Regions  
Tel: 020 7270 5057  
Fax: 020 7451 7576  
Email: mark.parkinson@hm-treasury.x.gsi.gov.uk

At the Office of the Deputy Prime Minister:

Erika Barnes  
Urban Policy Unit  
Tel: 020 7944 3795  
Email: sf.consultation@odpm.gsi.gov.uk

At the Department for Work and Pensions/Department for Education and Skills:

David Oatley  
European Social Fund Division  
Tel: 0114 267 7415  
Fax: 0114 267 285  
Email: david.oatley@dfes.gsi.gov.uk  
[www.esf.gov.uk/Consultation/Future](http://www.esf.gov.uk/Consultation/Future)

Responses which refer to employment and skills aspects of the Structural Funds, including the European Social Fund, should be copied to [structuralfunds.consultation@dfes.gsi.gov.uk](mailto:structuralfunds.consultation@dfes.gsi.gov.uk).

**Responses – Scotland** **A6.9** Respondents from Scotland are asked to send their response by 4 July, preferably by email, to the following address with a copy sent to the UK contact above.

European Structural Funds Division  
Finance and Central Services Department  
Scottish Executive  
Victoria Quay  
Edinburgh  
EH6 6QQ  
Email: dtipublicconsultation@scotland.gsi.gov.uk

**A6.10** If you have questions about the consultation in Scotland or wish to discuss particular points before responding please contact:

Lynn Henni  
European Structural Funds  
Tel: 0131 244 0690  
Fax: 0131 244 0718  
Email: lynn.henni@scotland.gsi.gov.uk

**Responses – Wales** **A6.11** Respondents from Wales are asked to send their responses by 4 July, preferably by email, to the following address with a copy sent to the UK contact above.

Structural Funds Consultation  
EEAD2  
3rd Floor  
Welsh Assembly Government  
Cardiff  
CF10 3NE  
Email: regionalpolicy@wales.gsi.gov.uk  
Fax: 02920 823641

**A6.12** If you have questions about the consultation in Wales or wish to discuss particular points before responding, please contact:

Jacqueline Brown  
Welsh Assembly Government  
Tel: 02920 823157  
Fax: 02920 823641  
Email: jacqueline.brown@wales.gsi.gov.uk

**Responses – Northern Ireland** **A6.13** Respondents from Northern Ireland are asked to send their response by 4 July, preferably by e-mail, to the following address with a copy sent to the UK contact above.

Structural Funds Consultation  
European Division  
Department for Finance and Personnel, Northern Ireland  
Health Estates  
Stoney Road  
Belfast  
BT16 1US  
Email: eurodiv.cfg@dfpni.gov.uk  
Fax: 02890 523890

**A6.14** If you have questions about the consultation in Northern Ireland or wish to discuss particular points before responding, please contact:

Robin Shaw  
Department for Finance and Personnel  
Tel: 02890 523885  
Fax: 02890 523890  
Email: robin.shaw@dfpni.gov.uk

## CONSULTATION CRITERIA

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**A6.15** The following criteria are taken from the Cabinet Office's *Code of Practice on Written Consultations*:

1. Timing of consultation should be built into the planning process for a policy (including legislation) or service from the start, so that it has the best prospect of improving the proposals concerned, and so that sufficient time is left for it at each stage
2. It should be clear who is being consulted, about what questions, in what timescale and for what purpose
3. A consultation document should be as simple and concise as possible. It should include a summary, in two pages at most, of the main questions it seeks views on. It should make it as easy as possible for readers to respond, make contact or complain
4. Documents should be made widely available, with the fullest use of electronic means (though not to the exclusion of others), and effectively drawn to the attention of all interested groups and individuals
5. Sufficient time should be allowed for considered responses from all groups with an interest. Twelve weeks should be the standard minimum period for a consultation
6. Responses should be carefully and open-mindedly analysed, and the results made widely available, with an account of the views expressed, and reasons for decisions finally taken
7. Departments should monitor and evaluate consultations, designating a consultation coordinator who will ensure the lessons are disseminated

**A6.16** We confirm that we have complied with this Code in preparing this consultation. The complete code is available on the Cabinet Office's web site:

[www.cabinet-office.gov.uk/servicefirst/index/consultation.htm](http://www.cabinet-office.gov.uk/servicefirst/index/consultation.htm)

## COMMENTS OR COMPLAINTS

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**A6.17** The DTI's consultation coordinator is: Philip Martin, Room 725, 1 Victoria Street, London SW1H 0ET, Tel: 020 7215 6206, email: [philip.martin@dti.gsi.gov.uk](mailto:philip.martin@dti.gsi.gov.uk) to whom any comments or complaints about this consultation process should be addressed.