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## **SCOTTISH GOVERNMENT REVIEW OF NOMENCLATURE OF UNITS FOR TERRITORIAL STATISTICS AREAS**

**Report by Corporate Transformation & Services Director**

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### **EXECUTIVE COMMITTEE**

**1 December 2015**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 **This report proposes that Scottish Borders Council supports the Scottish Government's proposal to create a new Nomenclature of Units for Territorial Statistics (NUTS) area covering Southern Scotland.**
- 1.2 The Nomenclature of Units for Territorial Statistics (NUTS) is a set of geographical boundaries set and regulated by the European Union. The core purpose of NUTS boundaries is the reporting of regional statistics to Eurostat and they are used to inform regional policy development and determine regional funding allocations. Scottish Borders is in the Eastern Scotland NUTS2 area which covers much of the Eastern half of Scotland and includes Edinburgh and Dundee.
- 1.3 The Council, through the South of Scotland Alliance, made representations to the Scottish Government to create a new NUTS2 area covering Southern Scotland. This proposed area would cover the local authority areas of Scottish Borders, Dumfries & Galloway, East Ayrshire, South Ayrshire, South Lanarkshire and mainland parts of North Ayrshire. That proposal was endorsed at the meeting of Scottish Borders Council on 21 May 2015, and was then submitted to the Scottish Government in July 2015 by the South of Scotland Alliance.
- 1.4 On 9 November 2015, the Scottish Government released its consultation document to create a fifth NUTS2 area in Scotland which aligned with the Alliance's proposal. The closing date for responses to the consultation is 15 January 2016.

#### **2 RECOMMENDATIONS**

- 2.1 **I recommend that the Executive Committee:**
  - a) **Welcomes the proposals in the Scottish Government NUTS Consultation to create a fifth NUTS2 area covering Southern Scotland; and**
  - b) **Delegates authority to the Corporate Transformation and Services Director to respond to the consultation by 15 January 2016.**

### **3 BACKGROUND**

- 3.1 The Nomenclature of Units for Territorial Statistics (NUTS) is a set of geographical boundaries set and regulated by the European Union. The core purpose of NUTS boundaries is the reporting of regional statistics to Eurostat. These statistics are also used to inform regional policy development and determine regional funding allocations.
- 3.2 The NUTS geography is a hierarchical geography with 3 levels. NUTS1 is the highest level of the NUTS geography and Scotland is a NUTS1 region. Scotland has four NUTS2 regions currently: Eastern Scotland, Highlands & Islands, North Eastern Scotland and South Western Scotland. Scottish Borders is part of the Eastern Scotland NUTS2 region which also includes Edinburgh and Dundee. The map at Appendix 1 shows these current areas.
- 3.3 All NUTS areas are reviewed regularly with the last review completed in 2013. Changes from the current review will come into force on the 1 January 2018, but will not impact on the allocation of structural funds until 2026.
- 3.4 The South of Scotland Alliance has been concerned about the NUTS2 boundaries in Scotland for some time. The current boundaries group Scottish Borders in with Edinburgh and Dundee. This presents particular problems with regards to the use of NUTS2 areas as a means to allocate European structural funding. This is due to the low Gross Domestic Product (GDP) per head in the Southern Scotland area which is masked when they are grouped in with higher GDP areas like Edinburgh and Glasgow.
- 3.5 Previously the Alliance has made representations to the Scottish Government in order to create a NUTS2 area for the South of Scotland. This area would have been made up of Scottish Borders and Dumfries & Galloway. These representations were rejected due to the proposed area not meeting the EU requirements for population of a NUTS2 area. The Alliance has developed a wider Southern Scotland proposal in preparation for this NUTS review.
- 3.6 This issue has been identified as a priority in the Scottish Borders Economic Strategy 2023. The proposal outlined in this report contributes towards the delivery of the specific action in the Updated Action Plan 2015 to "lobby for a realignment of NUTS2 boundaries with the South of Scotland Alliance".

### **4 A NUTS2 AREA FOR SOUTHERN SCOTLAND**

- 4.1 In May 2014, the South of Scotland Alliance began discussions with Council officers from other local authorities in Southern Scotland. These included North, East and South Ayrshire, and South Lanarkshire. Over the course of the last 18 months, Alliance officers have worked in consultation with these officers to put together a case which proposes the creation of a fifth NUTS2 area, covering Southern Scotland.
- 4.2 This case outlined the creation of the new NUTS2 area, the commonalities across the area, and the possible knock-on effects of the potential changes. The paper identified a number of common socio-economic challenges present in the Southern Scotland. These are GDP per head below Scottish, UK and EU averages, a more ageing population than the Scottish average, wages well below Scottish averages, and towns and rural areas in need of economic diversification.
- 4.3 Creation of a new NUTS2 area for Southern Scotland would allow these issues to be highlighted on a statistical level, which would then allow policy to be better focussed on providing measures to help support economic development in Southern Scotland.

- 4.4 The proposal also contained an analysis of the current GDP per head data for each of the NUTS2 areas. It showed that none of the current NUTS2 areas would be adversely affected when it came to the current funding arrangements for the distribution of European funding. What it also demonstrated was that the new arrangements could represent a net gain for Scotland.

## **5 SCOTTISH GOVERNMENT CONSULTATION**

- 5.1 On 9 November 2015, the Scottish Government released its consultation document to create a fifth NUTS2 area in Scotland. This aligned with the South of Scotland Alliance's proposal. The Consultation period is due to end on 15 January 2016. The last meeting of the South of Scotland Alliance agreed that officers should prepare a response to the consultation. This would be a joint response from the Alliance partners and could also serve as the basis for Scottish Borders Council's response to the consultation. It is recommended that the response should support the proposals in the consultation paper, but also raise concerns with the timetable for implementation of the changes with regard to the allocation of EU funding.
- 5.2 Previous South of Scotland Alliance briefings with MPs and MSPs have discussed the proposal, with a strong level of support being shown for the proposal. The Alliance is taking steps to reinforce the support for the proposal among local MPs and MSPs.

## **6 IMPLICATIONS**

### **6.1 Financial**

There are no direct financial costs as a result of the recommendations of this report. However, successful implementation of the proposed Southern Scotland NUTS2 area could potentially result in increased European funding being made available to the Scottish Borders in the longer term.

### **6.2 Risk and Mitigations**

There is a reputational risk to the Council if it does not lobby as effectively as possible for additional European funding for the Scottish Borders. It is important that the proposal from the South of Scotland Alliance is reinforced in order for the potential benefits of these changes to be realised for the Scottish Borders.

### **6.3 Equalities**

It is anticipated there are no adverse impacts due to race, disability, gender, age, sexual orientation or religious/belief arising from this report.

### **6.4 Acting Sustainably**

The proposals in the Consultation could potentially open up new opportunities for European funding. This would aid the sustainability of the economy in the Scottish Borders.

### **6.5 Carbon Management**

There are no significant effects on carbon emissions arising from this report.

### **6.6 Rural Proofing**

While this report does not propose any new or amended policy, changes to the NUTS2 regions in this manner could secure additional funding in future for projects which could strengthen rural areas in the Scottish Borders.

## 6.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to the Scheme of Administration arising from this report.

## 7 CONSULTATION

- 7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and their comments incorporated into the report.
- 7.2 Corporate Communications have also been briefed and consulted on the proposals.

### Approved by

**Rob Dickson**

**Signature .....**

**Corporate Transformation and Services Director**

### Author(s)

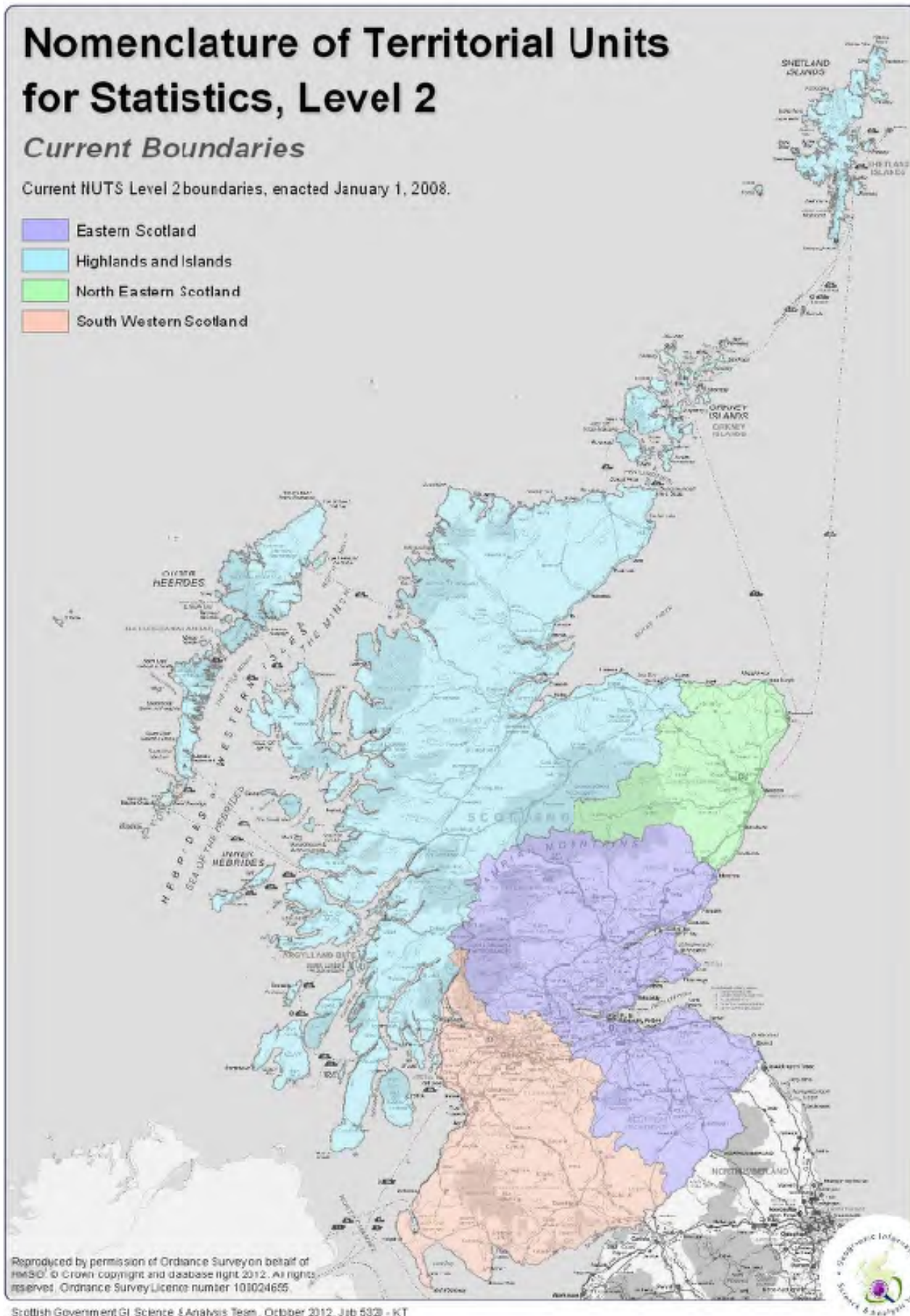
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### Background Papers:

**Previous Minute Reference:** Item 9, Scottish Borders Council, 21 May 2015

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Douglas Scott can also give information on other language translations as well as providing additional copies.

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**APPENDIX 2 – Map of Proposed Changes to NUTS2 Areas in Scotland**

