

## CONSULTATION QUESTIONS

NUTS boundaries are used for reporting of regional statistics to Eurostat and those statistics are used to inform regional policy. The Scottish Government is proposing to make minimal changes beyond aligning existing NUTS boundaries to Local Authority Boundaries.

### Do you have any comments on the Scottish Governments proposals for NUTS 2 regions?

The South of Scotland Alliance believes that the current NUTS 2 boundaries do not help the European Commission and other bodies accurately understand the real challenges facing much of Scotland. The current areas are so large and diverse that they mask low levels of GDP and a lack of relative prosperity. The South of Scotland Alliance proposes two new options to change the NUTS level 2 boundaries to more accurately reflect the distinctiveness of the regions of Scotland. The proposed changes only affect the boundaries of NUTS areas at level 2 and would not affect the level 1 or level 3 boundaries.

The current NUTS level 2 areas in Scotland are as follows:

Area code	Area name	Population <sup>1</sup>	GDP 2009
UKM1	North Eastern Scotland	468,020	36,200
UKM2	Eastern Scotland	2,031,050	25,100
UKM3	South Western Scotland	2,287,770	22,900
UKM4	Highlands and Islands	448,671	19,300

The South of Scotland Alliance proposes the following options:

- 1. Create a new NUTS level 2 area of “South of Scotland”, consisting of the two NUTS level 3 areas of UKM24 (The Scottish Borders) and UKM32 (Dumfries & Galloway).**
- 2. Create a new NUTS level 2 area of “Southern Scotland” based on, or close to, the boundary of the South Scotland Parliamentary area.**

The table below details the population and most recent figures for Gross Domestic Product per Head (2009) of each of the proposed new Scottish NUTS level 2 areas under Option 1:

Area code	Area name	Population	GDP 2009
UKM1	North Eastern Scotland	468,020	36,200
UKM2 (revised boundaries)	Eastern Scotland	1,917,900	25,798
UKM3 (revised boundaries)	Western Scotland	2,158,999	23,728
UKM4	Highlands and Islands	368,200	19,300
New NUTS 2 area	South of Scotland	261,210	16,517

<sup>1</sup> Based on 2001 census population figures

The table below details the population and most recent figures for Gross Domestic Product per Head (2009) of each of the proposed new Scottish NUTS level 2 areas under Option 2:

Area code	Area name	Population	GDP 2009
UKM1	North Eastern Scotland	468,020	36,200
New NUTS 2 area	Eastern Scotland	1,917,900	25,798
New NUTS 2 area	Western Scotland	1,486,144	25,671
UKM4	Highlands and Islands	448,671	19,300
New NUTS 2 area	Southern Scotland	934,065	17,580

## Regional characteristics in support of redrawing boundaries

### **Option 1**

Whilst the population of the proposed South of Scotland NUTS level 2 area is relatively small, with a population of around 261,000, it covers a large geographical area of over 11,000 square kilometres, making it comparable in terms of land mass with existing NUTS level 2 regions across Europe.

In addition, its creation would not affect the United Kingdom's ability to meet the requirements of Article 3 (2) of the NUTS regulation<sup>2</sup> which states that the average population of units at NUTS level 2 in each member state should be in the range 800,000 – 3 million. Article 3 (5) of the same regulation states that "individual non administrative units may however deviate from these thresholds because of particular geographical, socio-economic, historical, cultural or environmental circumstances". The South of Scotland Competitive Strategy sets out in detail the affinities the region has in terms of the commonality of issues surrounding rurality, local economic issues, demographic matters in relation to an ageing population and small towns.

There are currently at least seven NUTS level 2 regions across Europe with populations of less than the proposed South of Scotland area. Within the UK, a number of the more rural areas have NUTS level 2 area populations well below the 800,000 threshold, including Highlands and Islands (UKM4), North Eastern Scotland (UKM1), Cumbria (UKD1) and Cornwall and the Isles of Scilly (UKK3).

Geographically, the South of Scotland forms a distinct region of Scotland where the EU designated Southern Uplands mountainous massif forms a natural barrier

<sup>2</sup> Regulation EC No 1059/2003 – The establishment of a common classification of territorial units for statistics (NUTS)

<sup>3</sup> Regulation (EC) No 1059/2003 of the European Parliament and of the Council. Article 1(1)

<sup>4</sup> Factsheet for Eastern Scotland NUTS II area, DG Regio, European Commission, February 2004 [http://www.europa.eu.int/comm/regional\\_policy/atlas/united\\_kingdom/factsheets/pdf/fact\\_ukm2\\_en.pdf](http://www.europa.eu.int/comm/regional_policy/atlas/united_kingdom/factsheets/pdf/fact_ukm2_en.pdf)

<sup>5</sup> Office for National Statistics Press Release Archive – European Classification of UK Geographic areas, 29 June 1998. <http://www.statistics.gov.uk/pdfdir/980629-2.htm>

with the rest of Scotland. The National Planning Framework for Scotland recognises the distinctiveness of the South of Scotland, identifying four 'natural zones' in the country – the Northern Highlands and Islands, the Central Highlands, the Lowlands and the Southern Uplands.

Sparsity of population is identified as a key natural handicap by the European Union. With only 23 people per square kilometre, the South of Scotland is one of the least densely populated regions in the EU. A South of Scotland NUTS level 2 region would have the 11<sup>th</sup> lowest population density of the current NUTS level 2 regions in Europe.

A key objective in the creation of NUTS regions is to provide meaningful and representative statistics for a region through the "harmonisation of regional statistics"<sup>3</sup> Currently the two NUTS level 2 regions in central and southern Scotland cover disparate areas, with very large populations. The European Commission recognises this, describing Eastern Scotland NUTS level 2 region<sup>4</sup> as "geographically diverse" and an area of "striking contrasts". Both the South Western Scotland and Eastern Scotland NUTS level 2 areas are dominated by large urban centres and so statistics produced for these areas mask the distinct socio-economic characteristics of the rural South of Scotland.

GDP figures indicate that whilst the two NUTS level 2 areas of Eastern and South Western Scotland have an economic performance broadly in line with the UK as a whole, the South of Scotland under-performs considerably, with a GDP per head of around 65% of the UK average.

## **Option 2**

The Alliance recognises that the EC regulations relating to NUTS designations set out an 800,000 minimum population threshold for NUTS 2 areas. The requirement that any amendment to NUTS 2 areas "... reduces the standard deviation of the size in terms of population of all EU territorial units" is also noted.

In view of this the South of Scotland Alliance proposes an alternative solution that would create a NUTS level 2 area that would be built up from existing NUTS 3 areas to create a NUTS 2 area with over 930,000 population. This area would include: Scottish Borders; Dumfries & Galloway; South Lanarkshire; South Ayrshire; East Ayrshire and North Ayrshire. Creating this new NUTS 2 area meets the population threshold, would meet the standard deviation test of the Regulations and would give a clearer statistical view of the challenges faced by Southern Scotland. It is worth noting that the GDP 2009 figures for this new area are very close to 75% of the EU 27 average GDP per head.

This Southern Scotland NUTS 2 area is an existing socio-demographic entity based on a mixed agriculture and small town economy. The Alliance believes that redrawing of the boundaries as proposed would create more homogeneous regions that would enable the presentation of statistics that more accurately reflect the different socio-economic conditions in each region of Scotland. There could be an overall benefit to Scotland in future if these changes are pursued.

It is important to note that this proposal is being highlighted by the South of Scotland Alliance as an opportunity for further investigation by the Scottish Government. Due to the timescales involved in responding to this consultation, the Alliance has not approached the other Local Authorities covered in Option 2 to discuss this proposal. The Alliance believes that this proposal would not adversely affect any of the other Local Authorities and that it is more appropriate for them to confirm that in discussion with Scottish Government.

## Conclusions

The South of Scotland Alliance considers that there is a strong case for revising some of the NUTS 2 areas in Scotland to better reflect the relative economic prosperity of the different area of Scotland.

Ideally, the South of Scotland Alliance believes that Scotland would be best served by having the South of Scotland designated as a NUTS level 2 statistical area. However, the Alliance understands the pressures from the EC and Eurostat to reduce the population disparities in the current set of designations. In view of this, a second option is proposed that would cover a wider area of Southern Scotland with a much larger population.

In 1999 Devon and Cornwall were created as two separate NUTS level 2 areas on the basis of “the very different economic conditions of the two counties and Cornwall’s sparsity of population, geographical peripherality and distinct cultural and historic factors reflecting a Celtic Background”<sup>5</sup> The arguments put forward by the UK Government to justify the boundary changes of the NUTS level 2 areas in the South West of England and Wales in 1999 could equally be applied to parts of Scotland today. This proposal seeks to correct that anomaly.

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*The South of Scotland Alliance is a multi-agency body involving Scottish Borders Council, Dumfries and Galloway Council and Scottish Enterprise that aims to raise*

*the profile and support the development of the South of Scotland.*

**Do you have any comments on the Scottish Governments proposals for NUTS 3 regions?**

We have no comments on the NUTS 3 proposals.

Eurostat have requested we consider merging the Highlands & Islands with North Eastern Scotland to create a new area that's closer to the recommended population thresholds. The Scottish Government plan to request that these areas should be allowed an exemption under Article 3 (5) of the NUTS Regulations, i.e. because of particular geographical, socio-economic, historical, cultural or environmental circumstances, especially in the islands and the outermost regions.

**Please provide any evidence in favour of or against an exemption under Article 3 (5) of the NUTS Regulations for Highlands & Islands and North Eastern Scotland NUTS 2 areas?**

The South of Scotland Alliance would not support merging the Highlands & Islands and North Eastern Scotland NUTS 2 areas. This would be a retrograde step that would hinder rather than facilitate a better statistical understanding of the challenges facing those regions.

Eurostat have suggested that the Scottish Governments proposals for NUTS 3 should include merging Moray with Argyll & Bute Local Authority to create an area that meets their recommended population ranges.

**Please provide any evidence in favour of or against an exemption under Article 3 (5) of the NUTS Regulations for the proposed Moray and Argyll & Bute NUTS 3 areas?**

The South of Scotland Alliance would not support merging the Moray and Argyll & Bute NUTS 3 areas. This would be a retrograde step that would hinder rather than facilitate a better statistical understanding of the challenges facing those areas.