

## ANNEX E - 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?

#### *Tidying up NUTS boundaries*

Based on our previous campaign to ensure all of Moray Council fell under the Highlands and Island area we would support in principle the Scottish Government's proposal to redraw the NUTS 2 boundaries so that they are in line with the local authority boundaries. This would make statistical reporting easier and the fact that the NUTS 2 would reflect our administrative boundaries should have other advantages. Our current experience of having parts of Moray in the Lowlands and Uplands Scotland 2007-13 programme area and the other part in Highlands & Islands 2007-13 Programme adds unnecessary complexity to EU structural fund project delivery and makes it difficult for the local authority to deliver projects of scale in either programme. As Moray will move into the Highlands and Islands during 2014-2020 this will cease to be an issue. That said, as this does not directly affect us, the views of those local authorities and the Highlands and Islands Enterprise who it does should have greater weight in this discussion. It would be useful to know the full scope of any 'unintended consequences' before supporting the amendments to Arran & the Cumraes and Helensburgh & Lomond. Could for example the review of the NUTS boundaries lead to a revision of HIE's coverage?

#### *Other issues*

The current NUTS2 boundaries in the east of Scotland do not correlate with Scottish economic geography or our city-regions especially well. We wonder whether through the next review of the NUTS 2 boundaries we might want to explore tweaking the map so it makes more sense based on our economic geography so it is centred-around our main city-regions. However, we feel this is a discussion for a later date given the current unknown direction of Scottish city-region policy.

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

#### *Tidying up NUTS boundaries*

We support in principle the Scottish Government's proposal to redraw the NUTS 3 boundaries so that they are in line with the local authority boundaries. This is clearer cut in the creation of Highlands and Moray NUTS 3 areas. We would defer to the Ayrshire, Dunbartonshire and Argyll & Bute councils on other proposals to tidy up their boundaries –

particularly in relation to any 'unintended consequences' these changes may have. In general having NUTS 3 boundaries which reflect our administrative boundaries should have advantages for economic monitoring and promotion. However, the Highland case brings up an interesting issue, as in scaling up several former counties to create a NUTS 3 area it would prevent the council from monitoring the economic health of the smaller constituent parts.

#### *Moray and Argyll & Bute*

We do not think that Moray and Argyll and Bute should become a non-contiguous NUTS3 region (see separate question below for detail).

#### *Other issues*

It may be useful for the Scottish Government to consider producing NUTS 4/LAU level for certain key statistics which measure economic health. For example, Scotland is one of the few places within the UK where some of its cities are unable to gauge their economic GVA/GDP performance as they are combined with their rural hinterland. This makes monitoring our cities health more difficult.

The current NUTS3 boundaries in the east of Scotland neither correlate especially well to current or former administrative units nor our economic geography that well. Whilst we are not arguing for any changes within the region at this point, this is mainly as aside from EU Regional Aid they do not have much policy relevance. However, should NUTS 3 areas become more important to other policy areas in the future we wonder whether tweaking the boundaries to reflect current local authority collaboration would be more appropriate.

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?**

We do not agree that Highlands and Islands and North East Scotland should be merged to form a single NUTS 2 region. The two regions have distinctly different economies. North-East Scotland has the highest GVA/employee rate of any of the Scottish NUTS 2/3 regions at 211% of Scottish average and Highlands & Islands one of the lowest with 63% of Scottish

average (Scottish Annual Business Survey, 2010). Employees in Aberdeen City generate almost 3 times the Scottish average GVA due to high-value industry centred around oil and gas. This combined with Aberdeen City and Shire having a self-contained travel to work pattern, two of the largest projected population increases of Scottish local authorities (unlike Highlands and Islands which is projected for net decline), and pre-existing bi-lateral cooperation between Aberdeen City and Shire local authorities, suggest that Aberdeen City and Shire should remain a separate NUTS 2 (and 3) region.

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?**

We do not think that Moray and Argyll and Bute should become a non-contiguous NUTS3 region and are not clear on the logic other than from a statistical population envelope basis.

Argyll and Bute and Moray do not have political, administrative or institutional commonality nor do they have history of bi-lateral cooperation. Furthermore, non-administrative units should reflect economic, social, historical, cultural, geographical or environmental circumstances. Given the distance between the two areas (the quickest train between the two administrative towns of Elgin and Helensburgh takes more than five hours) combined with marked differences in geography and cultural heritage we do not feel this proposal is especially logical.

Our preference would be for the Moray Council area to be considered as a standalone NUTS3 region, reflecting the relatively self-contained travel-to-work patterns the area has (91% of Moray's economically active residents study or work in Moray, 2001 Census). Throughout the north of Scotland and particularly in the case of the islands, labour markets and economies tend to be much more self-contained than other parts of the country due to its remoteness and lack of large conurbations. We believe that this fact is a good argument to keep the small NUTS 3 regions we currently have despite being below the NUTS 3 population threshold.