

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?

HIE supports the proposal for continuation of a separate Highlands & Islands NUTS2 area. We do not support the Scottish Government proposal to include the whole of the Argyll and Bute Local Authority area into the Highlands & Islands NUTS2 area and include Arran and the Cumbraes within the South West Scotland NUTS2 area, for the following reasons:

- The current NUTS2 boundary is contiguous with that of Highlands & Islands Enterprise, an administrative unit in accordance with Article 3(1) of the NUTS Regulation. Furthermore, it reflects the region's economic geography. It includes remote and island communities with particular economic development challenges and issues. Arran and the Cumbraes have similar economic development needs to much of Argyll & Bute and the Hebridean islands within the existing NUTS2 area.
- Administrative convenience and ease of reporting should not take precedence over economic geography, given the use of NUTS areas in spatial focusing of policy and allocation of funding.
- While this consultation is explicit in stating that no consideration will be given to potential future eligibility for structural funds, HIE is mindful of the potential impact of changes on both EU funding allocations and Regional Aid status. This change could be detrimental to the socio economic development of Arran and the Cumbraes.

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

HIE does not support the proposal to align NUTS3 areas with Local Authority boundaries, for the following reasons:

- The current NUTS3 boundaries were agreed in 1998, with minor revision in Moray in 2008. They are a reasonable reflection of the region's economic geography. In particular:
 - The current Skye, Lochaber, Argyll & Bute, Arran & the Cumbraes NUTS3 area includes all of the Inner Hebridean and Clyde islands which have similar economic development needs
 - The current NUTS3 areas covering Moray & Highland Council areas more accurately reflect the areas economic geography than the proposed alignment with Local Authority boundaries.

- Administrative convenience and ease of reporting should not take precedence over economic geography, given the use of NUTS areas in spatial focusing of policy and allocation of funding.
- While this consultation is explicit in stating that no consideration will be given to potential future eligibility for structural funds, HIE is mindful of the potential impact of changes on both EU funding allocations and Regional Aid status. The proposed change could result in a loss of assisted area status for Argyll & Bute, disadvantaging remote and fragile communities in this area.

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?

HIE strongly favours an exemption under Article 3(5) and supports a continuation of existing arrangements – separate NUTS2 regions for the Highlands & Islands and North Eastern Scotland. These regions clearly possess different and unique geographic, cultural and socio economic conditions which, together, make a powerful argument for the status quo. These differences are evident on the ground and are clearly seen in population and GDP statistics.

	Highlands & Islands	North East Scotland
Population (2011 mid year estimates)	448,671	468,020
Population Density (inhabitants sq. km.)	11	62
GDP per capita (as % of EU average)	84	154

- The Highlands & Islands is unique in having the lowest population density (by a considerable margin) of any NUTS2 region outside of Scandinavia. This brings particular economic development challenges, contrasting starkly with the more densely populated and considerably wealthier North East of Scotland.
- Statistical reporting across such a large and diverse area would mask the economic and social differences, rendering statistics relatively meaningless.

- There is no rationale for this merger, other than to meet a Eurostat population criteria.

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?

HIE does not support the alignment of NUTS3 and Local Authority boundaries, a scenario in which this possibility would not be an option. Notwithstanding this, **HIE strongly favours an exemption under Article 3(5) and would not support a combination of Argyll & Bute and Moray into a non contiguous NUTS3 area.** These areas are quite different, in terms of geographic, cultural and socio economic conditions.

	Argyll & Bute	Moray
Population (2011 census)	88,000	93,000
Population Density (inhabitants sq. km.)	12.51	44.3
GDP per capita (as % of EU average)	n/a	n/a

- There is no rationale for combining these two areas, other than to meet a Eurostat population criterion. Statistics for a combined NUTS3 area would be meaningless.