

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?

North Ayrshire Council agrees with the Scottish Government that the Highlands & Islands NUTS 2 area should not be linked with the North East Scotland NUTS 2 area. These two regions face quite distinct sets of issues.

However we do not agree with the suggestion that Arran and the Cumbraes should be moved from the Highlands & Islands NUTS 2 area and put into the South West Scotland NUTS 2 area. We do not believe that this proposal would properly reflect the geographical, socio-economic, historical, cultural and environmental circumstances of the North Ayrshire islands, and the Highlands & Islands region as a whole.

Whilst the alignment proposals have the attraction of bureaucratic simplicity, they would mean that Arran and the Cumbraes would not be in the same EU administrative category as other Scottish islands, and this could in due course lead to differences in the EU policy, regulatory and funding regimes applying to the islands.

North Ayrshire Council works closely with island communities, businesses, organisations and elected politicians to ensure that, amongst other things, administrative mechanisms take account of their needs. Following extensive consultation in the 1970s and 1990s, predecessor authorities campaigned alongside others for Arran and the Cumbraes to be put alongside other Highlands & Islands areas as part of Highland & Island Development Board area, and subsequently for similar arrangements in relation to EU administrative geographies. This grouping reflects strong geographical, socio-economic and cultural circumstances which have existed for many years and which still persist.

Since the establishment of North Ayrshire Council in 1996, the Council has resisted any proposal for change which might result in our islands being subject to different treatment from other islands, and which might exclude them from the ability to take on both challenges and opportunities in a structured and coordinated way which reflects the circumstances of the Highlands & Islands region. We are seriously concerned that the proposed changes would constrain this.

Being in different NUTS areas means that different arrangements can be applicable in terms of funding, regulatory or policy coverage. Whilst it is not possible to predict what this might mean in future, examples in the current 2007-13 EU programme period include the following:

- The North Ayrshire islands are in different EU Structural Funds programmes from the North Ayrshire mainland. The separate programmes are tailored to meet the separate and distinctive challenges and opportunities the areas face. Being in the Highlands & Islands NUTS 2 area has given the islands more flexibility, both in terms of the types and size of projects which have been eligible to receive EU Structural Funds. Arran and Cumbrae have directly benefited from this in the current programme period.
- North Ayrshire islands and mainland are in different LEADER Rural Development

Local Action Groups – the islands being with Argyll & Islands, the mainland linking with South and East Ayrshire. Here again the different programmes reflect the different challenges, opportunities, and economic circumstances being faced. Again the North Ayrshire islands have benefited from the tailored approach which reflects islands' needs.

- Being in a particular NUTS area has also opened up eligibility to additional funding streams which recognise the particular challenges facing an area. For example Arran and Cumbrae have both benefited considerably from EU Convergence funding which is only available in Scotland in the Highlands & Islands NUTS 2 area.
- NUTS status affects access to EU Territorial Cooperation/transnational programmes. For example Arran & Cumbrae, being in the Highlands & Islands NUTS 2 area, are able to access the Northern Periphery Programme alongside parts of Sweden, Finland, Norway, Greenland, Iceland and the Faroe Islands. Outwith the Highlands & Islands, other parts of Scotland are not eligible to participate.
- NUTS status can also impact on the application of regulatory frameworks. EU State Aid rules govern whether, where, what type and to what extent financial support can be given to businesses by national and local governments and their agencies. In 2007 Arran and Cumbrae were given 87(3)a (Tier 1) status under the rules. This coverage was set under terms defined by the European Commission's Regional Aid Guidelines and it applied to all the Highlands & Islands NUTS 2 area. For the rest of Scotland coverage was discretionary and, for areas which successfully achieved designation, this was at 87(3)c (Tier 2) level. Tier 1 allows for higher aid intensity levels. (Tier 1 areas were subject to review in Scotland in 2010).

The different nature of the challenges, opportunities and economic circumstances that the islands and remote areas face are recognised at present in the support frameworks that have been developed at European and national levels. These often have their own distinct delivery institutions. For example, Highlands & Islands Enterprise (HIE) is the Scottish Government's economic and community development agency which aims to build sustainable economic growth in all parts of the Highlands & Islands region, and which draws significant support from EU sources. One question which this exercise throws up is whether Government would plan to review the HIE boundary to reflect the changes proposed in the current consultation. This would be similar to the process undertaken when all of Moray Council became part of the Highlands & Islands NUTS 2 area and this was linked to a realignment of the HIE boundary.

Businesses and organisations in both Arran and Cumbrae, which has been designated as a "fragile" island, place strong value on being part of both the Highlands & Islands NUTS 2 area and HIE area as these designations work effectively and in conjunction to serve communities which face very similar socio-economic and demographic challenges. This arrangement has worked successfully for many years and there is no evidence that the rationale underpinning the inclusion of these areas within the existing EU administrative and enterprise areas has diminished in any way.

Similar questions about the potential for consequent review arise with respect to strategic regional transport issues and the area covered by regional transport bodies. Again, would the Government plan to review the boundaries covered by these bodies to reflect EU administrative arrangements?

As part of its preparation to respond to the current consultative exercise, and despite very narrow time constraints, the Council has engaged with local business and community representatives on the islands to offer them the opportunity to inform the Council's response to this consultation. Forty two responses were received by the Council. These came from: community groups, voluntary sector and social enterprises, business organisations (including Visit Arran which represents over 100 island businesses), Tourist

Association and Festival groups, Cumbrae Community Development Company, Isle of Cumbrae Community Initiative Company, Member of Parliament, NHS Ayrshire & Arran, Scottish Islands Federation, as well as from a number of businesses and individuals.

Overwhelmingly respondents objected to the proposed changes in terms of the impact they would have on the North Ayrshire islands pressing, often in strong terms, for the retention of the status quo. Only one response (from a small business) indicated support for the proposal for “removing Arran and the Cumbraes from the Highlands & Islands EU administrative area and placing them in South West Scotland”.

Below, grouped into key themes, are some of the objections and concerns which have been submitted to the Council as part of this exercise.

Prioritising economic, social, historic and cultural arguments over administrative considerations

- *Having read of the proposal under EU boundary changes to transfer the Isle of Arran and the Cumbraes from Highlands and Islands to South West Scotland, I hasten, as an island resident, to register my very strong objection to this insanity. Administrative convenience must not be made a reason to disadvantage these islands further by tying them inappropriately to the quite different conditions and needs of the Scottish mainland.*
- *Arran fought long and hard to be included in the Highlands and Islands development area in the 70s, and it has been of great benefit to the island since its inclusion. It may make sense to the bureaucratic mind to neatly follow the Local Authority boundaries when compiling the NUTS areas. However it makes no practical sense to remove Arran and the Cumbraes from the Highlands and Islands Area thereby leaving them the only Scottish islands not to be included.*
- *I think it would be completely wrong to move Arran away from the other Scottish Islands and group us with the mainland. We clearly have more social, economic, historical and cultural connections with Argyll and the Scottish Islands than we have with the mainland.*
- *It sounds like it may be administratively attractive, but it would not meet the needs of the islands and islanders. Surely these are more important.*
- *I seem to recall the Clyde Islands (including Bute) being added to the then HIDB (Highlands & Islands Development Board) area in the late 1970s on the grounds that these communities had very similar problems to those in the original HIDB area – what is the economic (as opposed to administrative case) for removing Arran and the Cumbraes now?*
- *Upon initial reading of the NUTS proposals I suspected an April fool. In any case this appropriately named initiative is a joke, the proposed tinkering demonstrating that bureaucrats have far too much time on their hands. When is an island not an island? In common with other Scottish islands we have many special needs, some of which require specific funding. Our fragile island economy is already in serious trouble, being so susceptible to external recession. The last thing we need is to lose our island identity, the very thing that attracts visitors, who account for 85% of Arran's income.*
- *It is due to our Island status that we have managed to tap into economic assistance to enable our community to survive. NAC must be heard on this as they realise the necessity of the islands retaining their special status. Cumbrae and Arran have no more in relation to South West Scotland than we do to Birmingham! It seems a pointless piece of bureaucracy which will irretrievably harm our survival and will destroy any chance of putting in place programmes of improvement.*
- *Agriculturally there could be a threat to the Less Favoured Area status (and) ... funding whose loss would decimate farming on the islands if the NUTS status were to change.*
- *Administrative convenience must not be made a reason to disadvantage these islands (Isle of Arran and the Cumbraes) further by tying them inappropriately to the quite different conditions and needs of the Scottish mainland.*

Recognition of shared needs of islands and remote areas

- *Cumbrae and Arran are a perfect NUTS 2 level fit with the Highlands & Islands area owing to their unique geographical, socio-economic and cultural circumstances. There is more simple commonality with the other islands of Scotland than with the south-west mainland area.*
- *The whole Highlands & Islands NUTS 2 area, including Arran and Cumbrae, is challenged by the unique combination of peripherality, insularity, low population density, a widely dispersed enterprise base and low GDP. Ageing population and out-migration are also an issue for the entire area, and the former is a particular concern for Cumbrae.*
- *Highlands & Islands Enterprise ... recognise Cumbrae as a "fragile" area and work with CCDC (Cumbrae Community Development Company) to strengthen the community and make it more sustainable through its Community Account Management Programme (a scheme available in the HIE/NUTS 2 area with support from EU funds). ... An LDO (Local Development Officer) network with other development officers exists throughout the Highlands & Islands area giving access to shared ideas, training opportunities and peer support. Of particular value is the sharing of experience with other island LDOs, as the challenges of insularity are quite distinct (remoteness, travel problems etc) from those of most of the mainland LDO's.*
- *To be suggested that we (Cumbrae) are grouped with an even larger mainland body just does not bare thinking about as we would lose all the hard fought for concessions governing remote areas.*
- *These proposals do not make sense: Cumbrae has more in common (from an economic and geological perspective) with the other islands in Scotland than it does with the South West Mainland. ... The economic implications for the island would be far-reaching, potentially crippling any development on the island. ... The fragile economy is dependent on tourist trade whilst the location and classification of the land on the island make it unsuitable for industrial development. This is not comparable to the industrialised areas in SW Scotland. Cumbrae still has links to the Marquis of Bute, who owns much of the foreshore and the Garrison grounds amongst other areas. ... The shared cultural heritage of Scotland's islands must not be overlooked. The Scottish islands share a tradition connected to the Celts, and many artifacts discovered on Cumbrae and Arran point to this.*
- *Only a few weeks ago I was unable to leave the island for planned surgery at Inverclyde Hospital due to the high winds. I was delayed ... and was very lucky not to have my operation cancelled. A stark reminder that we are still at the mercy of the weather and that we need a healthy infrastructure to support the island and it's inhabitants. We cannot rely on everything being available on the mainland.*
- *I am concerned that the proposal has been put forward without understanding of the special qualities of Arran or the special needs of islands. All islands are unique but they have most in common with each other. The appropriate place for Arran based on historical, geographical, cultural and economic factors is within a Highlands and Islands administrative area.*
- *There is a very different set of criteria that apply to the islands and that must be protected.*
- *Arran's geographical outlook is closer to that of the Highlands and Islands – issues affecting our island environment are not the same as those affecting our West of Scotland neighbours.*
- *Arran's culture is decidedly and irretrievably "Highland and Island," and EU directives should recognize that. Arran has limited economic prospects that are quite tied to its island culture; this is a great part of its charm, but it also creates hardship for many. I think the council should fight this proposed change quite vigorously, as it will exacerbate the inherent economic uncertainties of island living.*
- *Arran is a rural island with rural issues – we are geographically, and culturally closer to the communities within the Highlands and Islands of Scotland than the*

larger communities of South West Scotland. From a business and economic perspective we feel that we would lose our identity if we were to become part of something that we see as being urban-led.

- *Consultation on the European Cohesion Policy 2020 was closed last June and it is of concern ... that the government still does not seem to understand the implication of Article 174 of the Lisbon Treaty for any member having islands, mountainous and sparsely populated areas in its territories. This means that civil servants in the government do not go through the procedure of island proofing that the Scottish government maintains happens when islands are concerned. Should the NUTS review have been island-proofed, it would have been recognised that changing the boundaries would in due course change the EU policy, regulatory and funding regimes which apply to these islands as the changes would mean that Arran and the Cumbraes would not be in the same EU administrative category as other Scottish islands. Such changes would be extremely detrimental to the economy of these islands.*
- *We support the North Ayrshire Council response to reject this change. The reasons, to us, are 100% clear. Socially, Culturally, Historically and Economically - we are an Island and need to be recognised as such.*
- *It is quite unbelievable that this is even being discussed, considering the fact that all these issues were thoroughly aired more than ten years ago. It was clear then that the islands had development problems more in common with the Highlands and Islands despite their proximity to Ayrshire and the mainland.*

Status Quo

- *It seems to me that the status quo makes the best sense.*
- *NAC are wise to recommend continuation of the status quo. Let's all hope common sense prevails.*
- *The current arrangement works well in addressing the extreme contrasts between the islands and mainland North Ayrshire*
- *I sincerely hope that Arran and the Cumbraes will be left as they are with other Scottish Islands. The implications of a move to the SW Scotland administrative area are potentially very serious and damaging. Unless we know for certain what the consequences of any change might be it must be sensible to stay with the existing arrangements.*
- *Improvements in infrastructure by virtue of the current NUTS status has been positive. We are supportive of retaining the status quo.*
- *The status quo is advantageous... having 2 NUTS regions within one local authority area not only recognises the differences on the ground but brings other benefit to NAC (North Ayrshire Council) which might be lost in restructure.*
- *Decisions were made in the past which allowed the islands access to European status for projects and programmes which they would not otherwise have qualified. Examples in infrastructure, culture, tourism and other areas of island life where the effects are still evident today. ... I hope that the decision makers on this issue will look at the evidence of past success and build on this, rather than turn the clock back and underestimate the value of these two quiet jewels in the crown.*
- *Islands do have very different socio-economic and cultural circumstances which are obviously better served when linked with areas of similar geography. Projects which are relevant to the islands often would not be considered by an Ayrshire area as our population would be a very small part of the whole but our needs quite diverse ... therefore urge the council to support the status quo and object to the proposed changes insofar as they would affect our area.*
- *'Clinical peripherality' is a classification applied to rural and remote communities and indicates the spectrum of care available. Economies of scale determine the limits of this on the islands and people need expedient access to the mainland services for care and treatment, again the improvements in infrastructure by virtue of the current NUTS status has been positive. A greater proportion of people living in rural or remote areas are of pensionable age, this is compounded by in-migration of older people increasing population needs. Health service use*

increases with age. Grants to improve infrastructure will allow for more cost efficient delivery of health and social care services to meet these needs. We are supportive of retaining the status quo.

- *I wish to register my strong objections to this proposal and would urge the Scottish Government to retain Arran and Cumbrae within the Highland and Islands EU administrative area.*
- *Arran should remain within Argyll and the Isles rather than be aligned to the Local Authority boundaries. ... I believe that Arran can be better represented through this ... than the Ayrshire Mainland.*

Framing and timing of the consultation

- *“Small change” – I don’t think so. Not to those of us who live on these islands. Or don’t we matter enough?*
- *Given the importance of the proposal, the timescale offered is failing our commitment to engage fully with our communities.*
- *I am appalled that this proposed change has reached this stage without a whisper.*
- *Many congratulations to NAC for giving this the publicity it needs and for realising how detrimental this will be to Cumbrae and Arran.*

Details of the above contributors are not shown in the body of this submission, which is a public document. For data protection purposes, a separate annex is attached which shows the names and contact details of contributors who have advised that they are willing for these details to be given to Scottish Government.

North Ayrshire Council accepts the validity of these concerns and commends them to the attention of Scottish Government as part of this consultation exercise.

At a regional level it is also noted that the proposed changes would combine to increase the population density of the Highlands & Islands (by around 5% to 0.12 persons per hectare) and would see an increase in the region’s GDP statistics.

In light of all the above, North Ayrshire Council supports the status quo and objects to the proposed changes, particularly insofar as they would affect North Ayrshire. We recognise the potential long term impact of the proposals on island communities and businesses, and we do not believe that this proposal would properly reflect the geographical, socioeconomic, historical, cultural and environmental circumstances of the North Ayrshire islands and the Highlands & Islands region as a whole.

This stance duly reflects the terms of Article 3 (5) of the NUTS Regulations in taking due and proper account of the particular geographical, socio-economic, historical, cultural and environmental circumstances which apply especially in the islands and the outermost regions.

With respect to the other stated rationale for the change which is given in the consultation paper, it is not accepted that disclosure risk is an argument for grouping the North Ayrshire islands with the mainland. The island populations are not small enough to become a disclosure risk. The 2011 mid-year population estimate for Arran is 5,299 and for Cumbrae is 1,396. Substantial amounts of data are already established on both islands, and indeed for smaller geographies within them such as data zones and intermediate zones.

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

North Ayrshire Council agrees with the Scottish Government that it would be wrong to merge the Argyll & Bute and Moray local authorities to form a non-contiguous NUTS 3 area. Such a merger would not properly reflect the geographical, socioeconomic, historical,

cultural and environmental circumstances of the two distinct areas.

However we do not agree with the suggestion that Arran and the Cumbraes should be moved from the island and rural NUTS 3 area which also covers Argyll & Bute, Lochaber, Skye & Lochalsh and put into the more urbanised North and East Ayrshire NUTS 3 area.

Whilst the local authority boundary alignment proposal may have the attraction of bureaucratic simplicity, it would mean that Arran and the Cumbraes would not be in the same EU administrative category as other Scottish islands, and this could in due course change the EU policy, regulatory and funding regimes which apply to these islands.

For these reasons, and for the reasons already outlined in our response to Question 1, we would oppose the proposals and commend the value of maintaining the status quo.

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?

North Ayrshire Council agrees with the Scottish Government that the Highlands & Islands NUTS 2 area should not be linked with the North East Scotland NUTS 2 area. The Highlands and Islands have one of the lowest population densities at NUTS 2 level in the EU. The economic and demographic challenges this presents would be masked under the suggested merger.

The two regions face quite distinct sets of challenges, opportunities and economic circumstances and they have functioned as separate entities at NUTS 2 level for many years. They are covered by two different economic development agencies.

There would appear to be no rationale for merger beyond meeting the NUTS 2 target population range.

The proposal should not be accepted as it would not properly reflect the geographical, socioeconomic, historical, cultural and environmental circumstances of the two distinct areas.

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?

North Ayrshire Council agrees with the Scottish Government that it would be wrong to merge the Argyll & Bute and Moray local authorities to form a non-contiguous NUTS 3 area.

Whilst both local authority areas are predominantly rural, a large proportion of Argyll & Bute's population live in inhabited islands. The suggested merger would not properly reflect the geographical, socioeconomic, historical, cultural and environmental circumstances of the two distinct areas which are divided by mountainous terrain and have few, if any, direct transport links.