

COSLA response to the consultation on the future of EU Cohesion

The **Convention of Scottish Local Authorities (COSLA)** is the representative voice of all Scottish Local Authorities both nationally and internationally and it has long been advocating strong, consistent Structural Funds in which local communities are given the means to prosper and where the partnership principle, whereby Local Authorities are fully involved in the design and implementation of the programmes, is fully applied.

Vision:

- COSLA welcomes the opportunity given by DG REGIO to contribute to this public consultation on the 4th Cohesion Report and the Future of the EU Cohesion Policy. We also agree with the Commission that early discussions on the future of Cohesion policy are crucial if the policy is to be preserved at the upcoming EU Budget Review.
- COSLA understands that given the political and financial trends in the EU the next EU budgetary settlement for EU Cohesion policy is most likely to be equal or less than the current one.
- We also acknowledge that should a reduction of funds be agreed in the future, priority should be given to the least developed regions' of the new EU Member States (EU12).
- However, COSLA joins forces with EU institutions such as the European Parliament or the Committee of the Regions, together with our partners in the Local Government European umbrella CEMR to request an **ambitious EU Cohesion policy across the whole of the EU.**
- **The EU Cohesion principle can help deliver the Lisbon agenda however the Lisbon Agenda cannot be a substitute for cohesion policy.**
- At the same time EU Cohesion is a key tool to reconcile the Lisbon competitiveness agenda and the Gothenburg sustainable development agenda.
- Likewise EU cohesion policy can help to deliver long term EU challenges (demographic decline, globalisation adjustment, climate change, etc), coordinate development and economic development with other policies (transport, research, environmental policies, etc) and asymmetric shocks as well as provide a medium term policy certainty that goes beyond national and local financial cycles.
- On the other hand, COSLA agrees with the UK Government and others that any future EU27 Cohesion Policy should clearly demonstrate European Added Value.
- Finally, COSLA believes that there is a wide scope left to maximize local input, partnership and delivery in the structure and management of the Funds. Furthermore we believe that ***failure to fully implement the partnership principle with the local level could actually prevent the funds from being fully effective.***
- To summarise, we would foresee a future SF vision for Scottish Local Government that is based on **“maximizing localism and coherence with wider policy goals”**

The following policy proposals further below are a reflection of the above.

Detailed COSLA Response to Commission questionnaire

1. What lessons can you draw from the experience of preparing the 2007-2013 programmes? In this context and in the light of the analysis provided by this report, how far is cohesion policy adapted to the new challenges European regions will face in the coming years? For example:

- **Structural Funds should still apply to the EU15** as they have certain unique advantages:
 - Allow for strategic planning beyond the domestic electoral cycle and incorporate wider policy issues that incentivise their mainstreaming at local level.
 - Allow for experimentation on new solutions, approaches and networks beyond the established national frameworks.
 - Are a key element for exchange of experiences between communities and regions across the EU.
- In this respect COSLA welcomes that the new Treaty that would for the first time recognize **Territorial Cohesion as one of the EU official Objectives** (i.e. legitimizes the existence of Regional Policy). Likewise COSLA eagerly awaits the forthcoming Commission Communication on Territorial Cohesion to be tabled late 2008.
- Spatial Planning: COSLA believes that the research being undertaken by ESPON and the European Territorial Agenda should be increasingly aligned with the Commission's preparations for the future of Cohesions Policy.

1.1. How can the regions react to restructuring pressures from dynamic competitors in low and medium tech sectors?

1.2. Given wide differences in birth rates, death rates and migratory flows at regional level, what is the role of cohesion policy in responding to demographic change?

1.3. To what extent is climate change a challenge for cohesion policy?

- COSLA supports the role of EU and Structural Funds in particular in combating the big trans-national challenges such as Climate Change, migration, global competitiveness or demographic change. *However, helping to fight these challenges must not deviate EU Regional Policy from its main objective that is to provide Territorial Cohesion.*

2. How can cohesion policy further develop an integrated and more flexible approach to development/growth and jobs in this new context?

- Also, COSLA would support the idea of **polycentric development**¹ at both levels:
 - EU wide, that is development of alternative growth poles outside the "Pentagon"² (i.e. Glasgow and Edinburgh as potential Metropolitan European Growth Areas – MEGAs as defined by ESPON)
 - Country wide: development should not just be focused in the capital or economic engine areas such as, for instance, the *dual metropolis* Glasgow-Edinburgh so structural funds should fill the development gaps that exist within the central belt and in the Northern and Southern more peripheral

¹ The ESPON Territorial Futures study clearly demonstrates that a future EU scenario with a strong EU Cohesion policy is the only way by which Glasgow/Edinburgh will be able to join the nodes of the "Pentagon" central area of prosperity in the EU.

² This is how ESPON names the core development area of Europe stretching between (formed by London, Paris, Hamburg, Munich and Milan) where most of European GDP and population is concentrated.

areas of the country³. COSLA is keen to help to bring about this coherent and strategic vision.

2.1. How can cohesion policy better promote harmonious, balanced and sustainable development taking into account the diversity of EU territories, such as least favoured areas, islands, rural and coastal areas but also cities, declining industrial regions, other areas with particular geographic characteristics?

- Partnership is most effective with involvement at local level. In this respect COSLA would welcome a more concrete definition of the partnership principle with clearly verifiable criteria to be defined at EU level in order to reduce arbitrary or inconsistent interpretations of this stated principle across the member states and individual Operational Programmes.

2.2. What are the impacts of the challenges identified in the report for key elements of social cohesion such as inclusion, integration and opportunity for all? Are further efforts needed to anticipate and counteract these impacts?

- While it is inevitable and probably fair that funds available for EU15 will significantly drop, COSLA strongly stresses the existence “**pockets of deprivation**” and “**areas with structural handicaps**”. COSLA believes that this is how the new emphasis on “place-based approaches” that the Commission is now reflecting about should be understood. A good example of this can be the Community Planning Partnerships currently being developed in Scotland.
- This new “**local paradigm**” will need a new set of eligibility indicators beyond the current GDP based as to facilitate territorial targeting. To assure fairness across Member States and avoid any inconsistent approach across programmes, the eligibility criteria should be set at EU level. For instance, in order to provide some form of territorial targeting for urban regeneration and rural development strands in Scotland, the Scottish Index of Multiple Deprivation and the Scottish Rurality Index was used. This could be a good example that could be used elsewhere across Europe provided that at least the index criteria and, possibly, also the eligibility thresholds were set in the EU rules.

2.3. What are the key future skills that are essential for our citizens in facing new challenges?

2.4. What are the critical competencies that should be developed at the regional level to make regions globally competitive?

- In line with Commission new views⁴ that SF should not focus on providing infrastructure but (in their own words) “*stresses opportunities for the future, by mobilising underexploited potential, rather than compensating for the problems of the past*” in order to “facilitate environments” for growth and sustainability, local authorities are the best placed actors to establish such conditions, identify the specific needs and engage with local communities and stakeholders.

³ The above example aims to illustrate a series of spatial challenges that Cohesion policy could help to counter, therefore COSLA is not implying at this stage a concrete definition of what an urban area in Scotland should be defined in the future.

⁴ Commissioner Hubner concluding remarks, Cohesion Forum. Communication "Member States and Regions delivering the Lisbon strategy for growth and jobs through EU cohesion policy, 2007-2013" COM(2007)798

3. Following the appraisal of the previous questions what is the assessment of the policy management for 2007-2013 period?

- Therefore, for addressing these specific problems in the EU15 **a change from a “regional” to a “local” paradigm in delivering Territorial Cohesion is needed.** These very localised areas are too small for a centralised “regional” (i.e. Scottish) approach, hence the importance of local delivery.

3.1. Given the need for efficient management of cohesion policy programmes, what is the optimum allocation of responsibility between the Community, national and regional levels within a multi-level governance system?

- Likewise a **“bottom up” approach in defining the programmes whereby Councils play a central role** in their development is essential. In terms of delivery, we believe that challenge funding is preferable to block grants to national commissioning agencies.
- Importance of coherence: COSLA as national association of Local Government is keen to ensure that this new emphasis on localism fits with the wider national and European priorities.

3.2. How can cohesion policy become more effective in supporting public policies in Member States and regions? What mechanisms of delivery could make the policy more performance-based and more user-friendly?

- Against the background of increased EIB loans rather than DG REGIO grants COSLA would also advocate also a “one stop shop” here in which delivery mechanisms and procedures are merged as much as it is technically possible. In this way it welcomes further innovative ideas beyond the current JEREMIE, JESSICA and Regions for Economic Change initiatives.

3.3. How can we further strengthen the relationship between cohesion policy and other national and Community policies to achieve more and better synergies and complementarities?

- Urban/Rural: There is growing awareness that this dichotomy is misleading and COSLA support work that favours a **new Urban/Rural vision** (Leipzig Charter, 4CR, recent commission statements)
- Structure of Funds: Likewise, we believe that **the current distinction between Structural Funds and Rural Development funds can be seen as artificial** and should therefore be critically reviewed so the could at least eventually be bundled in order to make a “one stop shop” for potential local applicants. The same should be applied to the ESF/ERDF divide even taking into account current EU Treaty limitations that prevent a merging of both funds. It goes without saying that our view is that ESF delivery should be local rather than national.

3.4. What are the new opportunities for co-operation between regions, both within and outside the EU?

- As stated in answer 1 COSLA believe that one of the key European added values that EU Cohesion policy provides is the possibility it offers communities and regions to effectively exchange experiences and develop joint projects so this should be strengthened in the next programming period.

For further information please contact COSLA Brussels Office