

THE EUROPEAN STRUCTURAL FUND PARTNERSHIPS IN SCOTLAND: NEW FORMS OF GOVERNANCE FOR REGIONAL DEVELOPMENTS?

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INTRODUCTION

Scotland has a relatively long and distinctive experience of implementing EU structural policies. There are currently seven decentralised Structural Fund Partnerships in Scotland: Objective 1 in the Highlands and Islands; Objective 2 for areas of industrial decline in the East and West of the central belt; and Objective 5b for rural development in Dumfries and Galloway, the Borders, rural Stirling and upland Tayside, and North and West Grampian. Some 85% of the population live in areas which are covered by the Partnerships. Between 1979 and 1996 some £1.6bn was obtained from these funds, with substantial flows to rural and urban Scotland.

The management arrangements for these funds and the use to which they have been put have been innovative in several respects, including one of the first integrated regional development programmes in Europe, the creation of large, inclusive partnership structures at regional level, the establishment of independent secretariats to administer the process, and the introduction of new policies, such as Economic and Social Cohesion and Community Economic Development. The degree of decentralisation by the Scottish Office is perhaps the most interesting feature from an EU perspective. In the

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context of current discussions about the reform of the funds after 1999, some wider interest is being shown in Scotland's experience.

In this paper we examine the broad issues associated with the operation of the Structural Fund Partnerships in Scotland. The paper is based on a programme of research interviews of Partnership members, and an extensive literature review, carried out for Scotland Europa in 1997 (Danson et al 1997). It addresses the key issues concerning the governance, structures and operations of the European funding arrangements.

THE NEW REGIONALISM

There has been increasing interest shown in new forms of regional policy, planning and development in recent years (Glasson 1992), based on principles such as partnership, strategic planning and integrated programming. The European Union (EU) has played an important part in encouraging this through the structural funds (Bachtler and Turok 1997). It has also coincided with wider developments in the economy, and political shifts which have emphasised the positive role of regions in promoting national economic growth and competitiveness, social cohesion, and active, accountable government (Roberts 1996).

The movement towards more coherent regional policy has been uneven, hesitant and characterised by uncertainty about the most effective arrangements. Diversity is a hallmark of contemporary arrangements, which may well be appropriate since there is unlikely to be a single optimal approach that fits all situations, bearing in mind the regions' different institutional histories and capacities. Nevertheless, there may be some common guiding principles that are generally useful in informing local practice. The issue of partnership may be one such principle, with considerable current interest being shown in it across many European regions. The term is widely applied, but usually in a very loose and ambiguous manner, and so its possibilities and difficulties are inadequately appreciated, with respect to theory and practice.

PARTNERSHIPS IN ECONOMIC DEVELOPMENT

Partnerships offer a popular framework for organising regional and local development. Most have no formal legal status or definition, but are voluntary associations of organisations with a shared purpose. Language is important - the term 'partnership' can be emotive and evocative (Lawless

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1994), like 'motherhood and apple pie'. Consequently, it may be employed as a form of rhetoric and as part of a larger, cynical political game.

Despite its ambiguities, there is much that seems intuitively appealing about the idea of partnership. Some see it as an alternative to decision-making based on hierarchy, top down control and centralised administration. It acknowledges the contemporary reality of institutional fragmentation and seeks to promote processes of consultation, co-ordination and collaboration, rather than disorder, duplication and competition. In Scotland it is a more widely accepted and understood organising principle than that of 'stakeholder' (Fairley 1998).

Some partnerships involve a wide coalition of interests encompassing public, private and voluntary sectors to raise external funds for a common agenda of economic regeneration and development. Others go further to include joint working and projects combining the different assets and powers of the partners, or even efforts to change the objectives, strategies and operating procedures of individual partners (Mackintosh 1992).

Partnerships do not exist in isolation, but emerge and develop in particular economic, social and political circumstances. This helps to explain their diverse origins and characteristics. There is a wide range of partnership types and theoretical typologies. It is possible to categorise them according to:

- ◀ the process by which partners are mobilised (formal or organic; top-down through to bottom-up; vertical or horizontal);
- ◀ the range and balance of power between sectoral interests (public, public/private or private-sector-led; their powers and ability to influence wider arenas of decision-making);
- ◀ the nature and extent of their remit (mobilisation of external resources, production of new resources through combining the assets and capabilities of different partners, or transforming the aims, policies and cultures of partner organisations);
- ◀ geographical area covered (site-specific through to neighbourhoods, cities and regions);
- ◀ timescale and internal dynamics (temporary catalysts for resource attraction and policy change or more permanent fixtures geared to ongoing co-ordination and service delivery functions).

Strict comparisons between partnerships are difficult because of their different contexts, the range of variables involved, and their evolving character over time. Nevertheless, individual elements of good practice and

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lessons from experience may be distilled from partnerships in operation. Past research has identified a range of actual or potential benefits and difficulties associated with partnership working (Danson et al 1997; Donnison and Middleton 1987; Lever and Moore 1987; Morison 1987).

The general benefits of a partnership approach may include:

- ◀ more innovative policies and better operational decisions arising from dialogue and interaction among organisations with different responsibilities and perspectives on problems;
- ◀ greater continuity and consistency in policy within individual organisations as a result of the building of trust and understanding with others - the stability of partnership policies may extend beyond the electoral cycles of local and national governments;
- ◀ resolution of conflict and disagreement through widespread consultation and involvement in decision-making;
- ◀ co-ordination and integration of disparate actions, and aggregation of separate budgets, to enhance policy impacts;
- ◀ the creation of consensus;
- ◀ more strategic planning and decision-making through shared agreement reached on essential needs and priorities.

The drawbacks of partnership working are less widely discussed. They may include:

- ◀ a tendency to generalised, 'lowest-common-denominator' policies and difficulty in acting strategically;
- ◀ inefficient, time-consuming procedures as a result of the extensive communication, deliberation and pressure to reach consensus;
- ◀ confusion of roles, responsibilities and accountability as a result of the obscure, shared process of decision-making;
- ◀ concealment of divergent interests and unequal power relationships between partners.

In fields such as education it has been suggested that the terms partnership and consensus have been used to disguise the highly centralised character of the system. Partnerships may therefore be window-dressing that obscures dominant ideologies and priorities. Intentionally or otherwise, they may incorporate, placate or distract weaker, less well-organised interests, such as disadvantaged communities (Hastings 1996).

PARTNERSHIPS IN THE EUROPEAN CONTEXT

The history of EU structural policy and the role of regional partnerships in managing the structural funds have been discussed elsewhere (CEC 1989; Roberts et al 1993; Bachtler and Turok 1997). Briefly, EU regional policy emerged in the 1960s, and its mainstay, the European Regional Development Fund (ERDF), was established in 1975. Initially, ERDF was allocated on a project-by-project approach to measures that were overwhelmingly concerned with physical infrastructure. The structural funds were fundamentally reformed in 1988 to simplify their procedures and increase their effectiveness. There was to be greater decentralisation of decision-making to regional and local authorities, more consistency between the policies of national, regional and local agencies through regional partnership arrangements, and a shift towards funding multi-annual, region-wide programmes. This would improve co-ordination, synergy between projects, and enable quicker and more transparent administration of fund applications. The 1993 revision of the structural funds made few changes to the 1988 reforms, except to simplify the procedures for EC approval of the regional programmes.

The concept of a regional 'partnership' is central to the planning and implementation of structural fund programmes, as is clear from the way its broad functions have been defined: 'The partnership shall cover the preparation and financing, as well as the ex ante appraisal, monitoring and ex post evaluation of operations' (CEC 1993, pp.48-9). The scope and definition of a partnership is surprisingly vague and potentially all-encompassing: 'It involves close collaboration between the Commission and all the relevant authorities at national, regional or local level appointed by each Member State' (ibid, p.19). The relevant technical regulation is even less helpful:

Community operations shall be such as to complement or contribute to corresponding national operations. They shall be established through close consultations between the Commission, the Member State concerned and the competent authorities and bodies - including, within the framework of each Member State's national rules and current practices, the economic and social partner, designated by the Member State at national, regional, local or other level, with all parties acting as partners in pursuit of a common goal. These consultations shall hereinafter be referred to as the 'partnership'.
(ibid, p.48)

In this approach the different dimensions or processes of partnership (e.g. consultation, collaboration, co-ordination, integration, resource synergy and

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policy change) are not disentangled. The only term used in the 1993 regulation is 'consultation', which implies a weaker form of interaction between organisations than the term 'collaboration' which was used in the 1988 regulation. In practice, in their interactions with Member States and localities the Commission have emphasised a wide-ranging economic and social arrangement located within each region for the purposes of formulating a common economic strategy on the basis of an analysis of regional problems and delivering coherent programmes to address them.

One of the difficulties faced in many parts of Britain has been the absence of a natural institutional host for these programmes, i.e. regional government. A decade or more of neglect of strategic planning and associated institutions meant many areas were ill-equipped to respond to the opportunities presented by the expansion of EU regional policy (Roberts and Hart 1996; Wannop 1995). Furthermore, many of the regional partnerships established in England have been dominated by central government and its offices in the regions. Other economic and social partners, such as the private sector, voluntary sector and trade unions, have had little or no representation (Lloyd and Meegan 1996). These partnerships have also been predominantly concerned with efficient administration, i.e. systems to draw down, spend and account for European resources. They have been less interested and involved in preparing coherent regional plans tailored to local needs and circumstances, and revised in the light of evaluation of their effectiveness (ibid). They conform most closely to Mackintosh's (1992) weakest category of partnership called 'budget enlargement', whose purpose is simply to extract additional resources from a third party. Another term for this might be a 'grant coalition'.

THE 'SCOTTISH' EUROPEAN PARTNERSHIPS

The situation has been rather different in Scotland for several reasons. First, the role of the Scottish Office is important. The responsibility of 'Implementing Authority' has been devolved to the Scottish Office and, as a consequence, powerful departmental interests in Whitehall have had limited influence. The relative autonomy of the Scottish Office has facilitated better relationships with local and regional organisations, and given the regional partnerships more scope to develop their own momentum and operating procedures. Key roles in administering and supporting particular funds and initiatives have been devolved and externalised. For example, the Objective 3 element of the European Social Fund has been managed by the further education and voluntary sectors, and has been regionalised within Scotland. The four largest regional partnerships have independent management arrangements and the Scottish Office administer the other three. The Scottish

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Office chairs the main partnership committees and is responsible for setting many of the ground-rules within the framework of the EU regulations, e.g. on the eligibility of organisations for membership of the partnerships. They also help local partners to understand EU thinking and requirements, and provide some consistency in procedures across Scotland. However, they have generally delegated considerable power and responsibility for allocating resources to the Partnerships, coming close to the limit of what may be done in terms of the UK framework of accountability.

Another factor in the distinctiveness of Scotland has been the existence of powerful regional authorities, such as Strathclyde. From the time it was created in 1975, until its abolition twenty-one years later, Strathclyde identified economic development as one of the main elements of its corporate strategy, and actively pursued external funds to resource this strategy, particularly the structural funds. The Council also formed alliances with other European regions to promote common interests and to lobby for appropriate policy reforms. It was often at the forefront of structural fund negotiations, rather than being a passive recipient. In 1985, for example, it secured a National Programme of Community Interest (NPCI) for Glasgow. This allocated a specific amount of ERDF for projects located in the city. Decisions on projects were taken locally by a partnership comprising the key agencies, including the Regional Council, the Scottish Office and the European Commission. This was an important change from the previous arrangements, when all project applications had to be submitted via the relevant government departments to the Commission for consideration.

This concept was extended in 1988 when Strathclyde secured an Integrated Development Operation (IDO). Resources were enhanced substantially and decisions on certain types of ESF measure were brought within the local decision-making framework. A novel feature of the IDO was the creation of a separate secretariat or 'Executive' to manage the programme within the region. This has since been expanded and the structure has been applied in three other regions of Scotland (see below). The IDO enabled local decision-making on policy issues as well as project applications. These were taken by committees consisting of agencies with an interest in economic development and chaired by the Scottish Office. This system has gradually become more formalised and extended to the other European partnerships in Scotland. Membership of the committees and their advisory groups has been widened to reflect an expanding partnership, to reflect Scotland's distinctive institutional framework for economic development (Fairley and Lloyd 1995), and to include independent technical experts.

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In addition to the longer experience of using the structural funds in Scotland, there has been a stronger tradition of organisational co-operation and partnership working. In the field of urban and regional development this dates back at least to the Glasgow East Area Renewal (GEAR) scheme in the 1970s. Since then there has been a wide range of small area and city-wide partnership initiatives that have given officials, politicians and their organisations considerable experience of collaborative working (Lveer and Moore 1987; Morison 1987). This is never straightforward, but one might expect greater willingness to co-operate as mutual understanding and trust slowly develop over time. The relatively small size of the 'policy community' in Scotland probably facilitates networking and collaboration too.

Of course it is difficult to generalise about the regional partnerships in Scotland, since they differ greatly in experience, size, resources, membership and geographical configuration. They are at different stages of evolution and indeed may be on different evolutionary paths altogether, because of their distinctive institutional and spatial contexts. Some cover disjointed territories that do not form natural functional regions, and so common interests are more difficult to identify. Others cover such large areas that territorial conflicts may at times tend to undermine collaborative endeavours. The history of partnership working and European funding is different in each case, and so the formalised arrangements established for the 1994-96 period (in the Objective 2 regions) and the 1994-99 period (in the Objective 1 and 5b regions) were not starting from a 'clean slate', but were built upon existing structures, procedures and organisational relationships. Consequently, the nature and process of partnership are subtly different in each case. Nevertheless, there are sufficient basic similarities between them to enable some general lessons and issues to be distilled about their structure and operation. Of course these may not apply in all cases and caution must be exercised in the extent to which lessons may be transferable elsewhere.

THE SIZE AND COMPOSITION OF THE PARTNERSHIPS

Membership of the partnerships is very large. It consists of a wide range of local and regional agencies, statutory bodies, the Scottish Office and the European Commission. Any organisation that is eligible and successfully applies for structural funds automatically becomes a partner. In Western Scotland there are currently 180 partners, including 12 local authorities, five LECs, 20 colleges of further education, approximately 60 voluntary organisations, about 40 local economic initiatives, four universities, three area tourist boards and various government departments and agencies such as Scottish Enterprise.

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The positive features of their large size include the widespread distribution of resources and involvement of different kinds of organisations in promoting economic development. Partners are consulted about the regional programme and informed about the decision-making rules and procedures. Many are actively engaged in the process through membership of advisory groups and decision-making committees. There is an opportunity to share knowledge and experience, and start tangible collaborations. Exposure of some of the smaller and newer organisations to the whole process may have beneficial spin-offs in transferring skills to them and building their institutional capacity. The partnerships have the potential to mobilise considerable institutional resources and commitment around their regional development strategy. There is no equivalent mechanism in Scotland with such potential for co-ordination and integration of economic development efforts.

The difficulty with such large partnerships is that they can be unwieldy. It is not possible to organise dialogue and interaction among so many agencies, and so the overall partnership is bound to be rather unconsolidated and the commitment of most organisations to a shared vision is probably quite small. There is inevitably a smaller group of key organisations that wield more influence and secure more resources than the rest. These tend to be the local authorities and LECs, partly because of their larger size, more comprehensive and directly-relevant responsibilities, economies of scale and scope in information and intelligence, and relatively large budgets essential for co-financing structural fund projects. The distribution of power and the related issue of accountability are generally not very clear in the partnerships.

From our discussions with the voluntary sector and other partners, it is apparent that the former tends to feel that its views are listened to and respected, but it plays a relatively minor role on the whole. There are exceptions in particular areas and fields of policy, such as training and community economic development, where voluntary organisations such as the Wise Group play an important part in policy development as well as in delivering programmes in some regions. Some of the statutory partners in certain areas believe that the voluntary sector is rather marginal and should only have a role in decisions on issues and projects concerning social exclusion. Some people have expressed the view that the voluntary sector is over-represented by experts from large national organisations based in Glasgow and Edinburgh, and that local voluntary organisations are not sufficiently represented or empowered by this arrangement. The organisations Scottish National Heritage and the Scottish Environmental Protection Agency are valued for their technical expertise, which is vital in assessing some project applications. Once again, however, some partners believe that they lack knowledge and experience of economic development matters, and so

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their contributions should be limited to environmental concerns and projects. Against this, advocates of a broad view of economic development believe that strategic understanding of the local economy and decision-making are improved by the inclusion of many varied perspectives. Current rules prevent local politicians from being formally involved in the partnerships, and so local authorities are represented by professional officials. While this may appear to reduce the scope for community representation and democratic accountability, it is not currently a source of controversy in most areas. It is a greater concern in the more landward parts of the rural regions, because of the perceived lack of any local input, and so Area Advisory Committees have been created in the Highlands and Islands to allow elected local councillors to comment on and prioritise bids within their areas. In general, greater public participation and political involvement might strengthen the Partnerships by giving their strategies and procedures more transparency and legitimacy.

Missing from the partnerships are organisations representing employers, small businesses and workers, as a result of government exclusion of the 'social partners'. Yet the trade unions, CBI, trade associations and Chambers of Commerce have traditionally played an important role in economic development policy and practice in Scotland. It can be argued that they should be involved in the partnership; employers should be consulted about their training and infrastructure needs, the Chambers about small business services (they are important providers themselves and represent accountants, solicitors and other private service providers), and trade unions about employment policy, training and transport provision. Involving such groups would contribute valuable knowledge; it might widen ownership of the programme and give it greater credibility and legitimacy. For example, it could be argued that inadequate consultation of the small firm sector about their real needs has biased grant applications in some areas towards e.g. heritage and information centres. Similar arguments could also perhaps apply to the privatised utilities, the railway and transportation companies, and bodies such as Scottish Financial Enterprise, all of which play important and distinctive roles in the economic infrastructure of Scotland. Of course, further widening of the partnerships in this way would add to the difficulties of co-ordination, heighten the issue of accountability and raise questions about the essential nature of the partnerships.

THE NATURE OF THE RELATIONSHIPS BETWEEN PARTNERS

The horizontal and vertical relationships between partners within each regional partnership are very variable. The former range from simple sharing of information on organisations' respective strategies and priorities to full-

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blown collaboration on joint ventures. In the most mature partnerships, some efforts have been made to separate the functional activities of different kinds of partners in order to reduce duplication of effort among them and to organise a clearer division of labour in service provision. Otherwise, there is a danger of confusion and unnecessary competition between agencies providing similar kinds of services, particularly in the fields of business development and training. Co-ordination of activities is obviously still important where there is a functional division of responsibilities between partners. In general, the relationships between LECs and local authorities seem to have developed well since the former were established in 1991. The relationships between neighbouring LECs in some areas are sometimes more strained, since there may be underlying competition for investment, jobs and resources.

Vertical relationships appear to be most productive where there is a reasonable balance of power within the partnership and outright abuses of authority can be avoided. The old regional councils acted as a counterweight to the Scottish Office and it is not yet clear what will be the effect of their disappearance following local government reorganisation in 1996. Longer-established partnerships have gained confidence and credibility which have proved helpful in promoting their interests in negotiations with the Commission. The relationships between the European Commission, Scottish Office and local partners are reported to be constructive on the whole, without excessive interference from higher authorities.

The internal relationships within partnerships have a crucial bearing on the overall coherence and strength of the structure. It is extremely difficult to describe or characterise these relationships in simple terms because of their intangible and variable character. Applying simple labels is liable to misrepresent and caricature a complex and dynamic situation. Nevertheless, it is probably fair to say that the partnerships are on the whole loose rather than tight arrangements. Even in the longest established and probably most coherent partnership - Western Scotland - there has been far less collaboration between partners in some fields (such as business development and business infrastructure) than in others (such as tourism and community economic development).

The structural funds are allocated through a process of competitive bidding based on detailed project applications by partner organisations. For some fields of policy there have been more resources available than funds applied for, and so few choices have had to be made and few projects rejected. However, most budgets have been oversubscribed, necessitating selectivity, particularly later on in the programme period. This system that produces

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outright winners and losers may undermine inter-organisational co-operation within the partnerships. It may also have a distorting effect since those that apply early on in the programme are more likely to succeed, and agencies may be tempted to bring forward project proposals prematurely. An alternative approach might be to allocate the funds on the basis of specific strategies for individual organisations agreed between them and the other partners. These negotiated arrangements would require closer dialogue and interaction between partners than the arms-length relationships implied by the current project-based competitive approach (Turok 1997). They might produce better co-ordinated and integrated policies, and generate cost-savings by reducing duplication.

THE ROLE OF INDEPENDENT PARTNERSHIP EXECUTIVES

The Partnership Executives perform several important functions. Their basic tasks are to service the various decision-making committees, to administer project applications and to monitor progress of the programmes in terms of resource allocation and observance of the regulations. The complexity of the programmes and procedures, coupled with the size and diversity of the partnerships, make these functions vital and give the Executives considerable potential power and influence. The most effective of them try to promote relationships with and between the partners based on openness and trust. They seek to pursue a process of partnership which is transparent, enabling and empowering, rather than restrictive, exclusive and controlling. This means trying to avoid abuses of power by organisations that might otherwise act as gatekeepers.

The Executives have a unique vantage point and overview of their regional programmes. Some also have very close contact with many of the individual partners and projects. Consequently, they are strongly placed to do more than administer the programmes as secretariat only, by acting as catalysts to promote good practice and innovation, to identify gaps in policy and delivery, to share experience among the partners and to help strengthen institutional capacity where this is weak. Learning is currently disseminated through occasional seminars among the partners or, more commonly, through day-to-day contact with project applicants. The Executives' advisory, training and developmental roles could undoubtedly be enhanced given the opportunity and resources. Many of the partners and their representatives would benefit from more advice and training, both in terms of project development and on the decision-making committees of the partnerships. Yet most Executives have limited staff and are heavily occupied with the more routine administrative functions. The partnerships are generally inclined to spend

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their resources on development projects rather than financing a larger Executive. In the context of tight programme timescales, the Executives are expected to focus their efforts on the short-term, practical considerations of ensuring there are sufficient bids to commit the funds fully, processing the applications as speedily as possible and arranging the finances to ensure the resources are properly allocated according to the rules. The scope for innovation, experimentation and development of ideas and activities is constrained in this situation.

At this point it is also worth mentioning additional resources available in Scotland to strengthen the partnerships. For example, the local authority association for Scotland, the Convention of Scottish Local Authorities (COSLA), provides its members with advice, intelligence and support. It has direct links with the EU and the Commission, partly through Scotland Europa. Local authorities in particular types of partnership, e.g. 5b, meet together in their own network to share knowledge and experience. Some of the LECs do so too.

THE GEOGRAPHY OF THE PARTNERSHIPS

The partnerships tend to cover large regions (particularly the Highlands and Islands) and one covers disconnected areas (Eastern Scotland). This creates difficulties for organisational co-operation and means that territorial rivalry can undermine the building of a common sense of identity and strategic thinking. In addition, it means that important differences in economic and social conditions within the regions tend to be neglected. Necessary co-financing sometimes appears more readily available in prosperous localities, and so they can end up receiving a disproportionate share of the structural funds. In the central belt this may have occurred in the New Towns and Enterprise Zones at the expense of the older urban cores, because of the scale of government investment in infrastructure taking place there. Uneven fund allocation could be compounding the problems of older and poorer areas by helping to attract companies and jobs from there, thereby reinforcing social and spatial polarisation within regions.

Some of the Partnerships have recently introduced a corrective into their programmes called 'community economic development' in an effort to protect a share of the funds for the most deprived neighbourhoods and run-down areas. Locally-based organisations have been given preference in applying for the funds, in order to ensure that they are spent according to local needs and with community participation, and not simply absorbed by larger regional bodies operating standard labour market programmes. Although reasonably

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successful at encouraging new regeneration initiatives in several of the poorest areas, early experience suggested that the earmarked budgets were not being taken up fully, and drawn on barely at all in some areas, because of the lack of technical capacity among many local organisations, and the difficulty which they face in securing the required co-financing from other sources.

There is a case for arguing that some of the regional programmes should have tighter boundaries and more geographical focus. In addition, the regions should have special priority areas more clearly defined within them, with dedicated resources, assistance with capacity building, and a higher rate of subsidy to support a lower tier of local partnerships focused on concentrations of deprivation (Lloyd et al 1996). Such areas should be designated on the basis of real unemployment rates and other deprivation indicators, and the area boundaries should reflect realistic journey-to-work patterns of those most prone to unemployment, i.e. the less-skilled residents. The current assumption that new jobs anywhere within large Travel-to-Work-Areas (the building blocks of the designated regions) will benefit the poorest areas is misguided.

STRATEGIC ROLES AND 'CAPACITY'

The strategic capability of the partnerships is probably the most important issue of all. It encapsulates some of the other concerns and raises the fundamental question of the appropriate role of the partnerships. At the outset it must be acknowledged that there is no agreement on what the strategic functions of the partnerships should be, or indeed on the meaning of the term 'strategic'. The UK government do not appear to regard regional planning and strategy formulation as valid or worthwhile functions of the partnerships: 'their focus lay on the primacy of flexible regional responses to market forces' (Lloyd and Meegan 1996, p.83). In England the Conservative government opposed formal plans based on detailed analysis of regional problems and strategies setting out specific priorities for regeneration because they 'could limit the flexibility and local partnership-building capacity which the Government's Offices for the Regions are seeking to encourage in order that local needs can be better addressed on a more responsive basis' (Trade and Industry Committee 1995, p.171). They tend to see the region as little more than 'a container for programmes of various kinds operated under the auspices of national government' (Lloyd and Meegan 1996, p.79).

In contrast, the structural fund regulations require the partnerships to produce specifically regional strategies based on identification of regional problems

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and the delivery of coherent regional programmes to address them. The EU views the regions as important entities in themselves and not as containers. Effective regional partnerships comprising social and economic partners are needed to provide a level of governance that can diagnose the problems and devise commensurate responses to deal with them. Innovation and creative thinking are expected to come from wide consultation and organisational interaction.

It is fair to say that the Scottish partnerships conform to neither model. They are not fully-fledged strategic alliances of the kind implied by the EU, but this may be a long-term vision that is unrealistic anywhere at present. Their strategies tend to be drawn up by small groups of individuals representing some of the key agencies and overseen by the Scottish Office as the Implementing Authority. There is insufficient time or institutional capacity for detailed analysis, planning, monitoring and reflection, partly because of the Commission's tight timescales. The formal plan in several regions does not appear to be taken very seriously by most of the local partners. Many prefer it to be rather general and non-specific in order to retain flexibility and avoid detailed 'interference' by the Commission. Once the documents are approved, the Partnerships become preoccupied with the practicalities and technical details of project scoring systems, committee cycles and response times, establishing rules and procedures, soliciting project bids, processing them and informing the partners of progress. There appear to be serious constraints on the capacity for strategic thinking, innovation and institutional capacity building.

Yet the Scottish Partnerships do appear to be more effective and strategic in some respects than many of their counterparts elsewhere. They are not dominated by central government; there are fewer conflicts than elsewhere, partly because the larger ones have independent executives to promote collaboration, communication and fair play; some have made deliberate efforts to involve a wide spectrum of interests in the process, including the voluntary sector and locally-based initiatives; and some have introduced novel policies (such as community economic development) and procedures (such as expert advisory groups and consultative forums) in response to identified weaknesses. The accumulated operational experience of the Partnerships leads to a situation where the greater part of the expertise resides at regional level and not in the Scottish Office.

Proponents of the Scottish model believe that it is strategic in some respects. A broad framework of action and priorities is established at the outset of each programming period and revised for the next period in the light of experience and evidence from evaluation. In the meantime, the bidding process allows

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the partnership to respond to the changing priorities and proposals for action from the individual partners. Once established, the partners develop their own ranking and scoring mechanisms for dealing with applications for funding. The degree of objectivity which is achieved helps to produce some degree of consensus on implementation and enables the partnership to be more strategic than if it was simply reacting in an ad hoc way to proposals as they arrived.

The regional programme is sufficiently broad to permit significant new initiatives and departures from established practice during the programming period. Having said this, members of some of the newer partnerships did feel constrained by the initial financial allocations and struggled to meet targets and to get partners to respond to the new, common agenda. Overall, many believe that the accelerating pace of economic change requires a more flexible and responsive mode of economic planning than allowed for in traditional forms of regional planning, with more innovation in policy instruments and project types. It is felt that action should be driven more by practical problems and experience on the ground than by abstract principles.

Nevertheless, it is generally acknowledged that there is room for improvement and scope for further development of the strategic capability of the partnerships. Key partners could take the process of preparing the formal strategy more seriously; there could be more dialogue and debate about development priorities, more strategic analysis of economic problems and possibilities, more collaboration between partners on key policies and projects, more effort devoted to building administrative capacity where it is deficient, and more effort devoted to monitoring and evaluation. The biggest test of strategic capability might be whether a Partnership could agree on specific spatial development priorities.

Some of these things are already happening as part of the dynamic process of partnership development over time, or because financial constraints are forcing agencies to be more strategic and work together more closely. However, in at least one partnership area, there is widely perceived to be a lack of leadership so that strategy is neglected. Cuts in local government finance, inability to vire between capital and revenue budgets, and a reluctance on the part of the privatised utilities and communication companies to come forward with development schemes all imply problems in drawing down the EU funds. Overall, some of the constraints on the partnerships arise from external factors, such as restrictive rules and bureaucratic procedures governing the structural funds, administrative delays within the Commission, and their unrealistic, tight timescales for programmes and projects. These are clearly beyond local control and require attention at higher levels, if the strategic potential of the Partnerships is to be realised.

CONCLUSION

EU structural policies have had an important impact on the institutional infrastructure for economic development in Scotland, as well as the tangible programmes for physical infrastructure, training, business development and environmental improvement. The EU has encouraged more consultation and collaboration between development organisations than occurred in the past. In many areas the regional partnerships have provided a unique vehicle for inter-organisational communication and co-operation at a broad spatial scale.

Of course the challenges of partnership working are considerable and it is bound to be a learning process, slower in some areas than in others. The partnerships are very large in terms of membership and geography, making it difficult to promote tangible co-operation and to identify common interests. Developing mutual understanding and trust naturally takes time and is distracted by short-term organisational horizons, a short term view of funding issues, competition for resources and territorialism. Some tensions may be inevitable and indeed healthy, but they need to be managed or regulated to avoid destructive consequences. The creation of independent Executives has proved particularly useful in facilitating communication and collaboration among the partners, as well as in administering the efficient allocation of the funds.

Overall, the Scottish partnerships have clearly come a long way, although there is undoubtedly further to go. The future EU reform of the structural funds should bear in mind the substantial investment there has been in these partnerships, the potential that exists for their future development, the learning experiences so far, and the opportunities that will be foregone if they break up. It seems to be a fact of life, and perhaps an unfortunate one, that the funds appear to be a necessary catalyst for many of these organisations to collaborate at this level. The funds are likely to become even more influential in the future as domestic sources of funding come under increasing pressure, depending, of course, on the outcomes of the expected post-1999 reforms.

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