1. Summary of key comments and recommendations

Please note that we have chosen to answer the questions indirectly rather than directly.

1.1. Cohesion policy needs to be examined against the context in which it operates, especially the Lisbon strategy which can run counter to cohesion policy objectives. These need to be reconciled.

1.2. Cohesion policy should primarily aim to benefit lagging regions – that is those with a significantly weaker economy than the EU average, and to a lesser degree those with a significantly weaker economy than their member state average. But cohesion policy should also target thematic support to regions which are weak in specific areas essential to a knowledge economy.

1.3. Cohesion policy should be delivered by a wider set of instruments than the Structural Funds. In particular, all EU policy, action and legislation should be cohesion-proofed.

1.4. The programming approach used within the Structural Funds is warmly welcomed, but could be strengthened further, particularly by closer integration between the several Funds.

1.5. The processes applied to the Structural Funds are over-complicated which very much weakens their effectiveness in reaching their target. They should be simplified and greater proportionality applied.

2. Barnsley Metropolitan Borough Council (BMBC)

2.1. BMBC is the local authority for the district of Barnsley in South Yorkshire, England. Barnsley has a population of some 222,000.

2.2. Barnsley has suffered massive de-industrialisation over the past twenty-five years, with the complete closure of its previously predominant coal industry, as well as large-scale reductions in the significant steel and glass industries.

2.3. The other South Yorkshire districts (Doncaster, Rotherham and Sheffield) have all suffered similar declines in employment. As a result the South Yorkshire NUTS 2 area benefitted from Objective 2 status during the 1993-1999 programming period and Objective 1 status during
the 2000-2006 period. In the current programming period South Yorkshire has transitional Phasing-In status.

2.4. So Barnsley has extensive experience both of the problems of lagging regions and of the potential of EU cohesion policy to help tackle those problems.

2.5. As South Yorkshire’s Phasing-In status suggests, Barnsley has now largely put its heavy industrial past behind it, and is looking forward with confidence to its future as a Twenty-First Century Market Town with a strong knowledge economy underpinned by advanced digital infrastructure, the advent of new economic sectors, and a rapidly improving skills base.

3. Cohesion policy in context

3.1. The objective of cohesion policy is to reduce disparities between regions. This is not just for moral, political and social reasons, although they are important. It is also for economic reasons. Under-performing regions hold back the Union’s economic performance in two ways. Firstly, almost self-evidently, they contribute less than they might to overall output. Secondly, and less obviously, significant regional imbalances skew the way markets operate, generating inefficiencies and blockages.

3.2. However, this cohesion objective does not always fit easily alongside the EU’s broader objectives, nor even into broader economic objectives. The Lisbon agenda has the objective of boosting the economic performance of the whole of the EU, and so tends to encourage the maximum possible growth in all regions without regard to, and often exacerbating, disparities between them.

3.3. It is important to acknowledge this tension, and to find ways to accommodate it, otherwise the Union risks designing policies which pull in conflicting directions and cancel each other out.

4. Who should benefit from cohesion policy

4.1. There was much discussion leading up to the 2007-2013 period about whether the Union’s cohesion policy should only operate in those regions or member states significantly below EU average GVA. In the event it was agreed to deploy Structural Funds in all regions, but with a significant weighting to the least prosperous regions and member states. This remains an issue, especially in the context of what we have said in the previous section.
4.2. In principle we would argue that cohesion funding should be reserved for lagging regions. By which we mean primarily those regions which are significantly below EU average, but also secondarily (and to a lesser degree) regions which are significantly below the average of their member state.

4.3. However, we noted in Section 1 that policies need to meet both cohesion and wider objectives. So we would argue that there is indeed a case for deploying Structural Funds in average or above-average regions in specific fields key to a modern knowledge economy where their performance is below average. So, for example, a region which has average or above-average GVA, but which has significantly low R&D investment, or a significantly low proportion of university graduates in its workforce, could receive funding aimed at improving performance in those fields.

5. **The tools of cohesion policy**

5.1. Historically the EU has primarily used funding instruments, in particular the Structural Funds, to achieve its cohesion objectives, deploying grant aid targeted at more backward regions to support the development of infrastructure, economic activity, and skills. This has had significant success in stimulating lagging regions, helping them to be more productive and so approach the average.

5.2. Much less attention has been focused on the potential cohesion (or anti-cohesion) impact of policy decisions, especially decisions emanating from Directorates General with no direct responsibility for cohesion policy. Yet policies and legislation on, for example the environment, or enterprise, or trade, or research, can have profound effects, positive or negative, on the ability of regions to overcome their weaknesses. This applies equally to funding instruments designed to promote those wider policies.

5.3. Achieving convergence between the EU's regions needs more than a segregated cohesion policy and funding. Cohesion needs to be mainstreamed into all the Union’s activities. In effect, all decisions and activities of the Union need to be “cohesion-proofed”.

6. **Cohesion policy processes**

6.1. One of the great strengths of the Union’s cohesion policy has been its emphasis on a programming approach to the deployment of the Structural Funds. And this has been more effective with each successive programming period. There remain areas where further improvement is possible.
6.2. The impact of the various Structural Funds would be far greater if they were better integrated. Even with the current legislative restrictions this was reasonably achievable under Objective 1 where the three funds were managed in a single programme, and this combination of the funds should be the norm for all beneficiary regions. Reform of the legislation to allow even closer integration of the funds would render them even more effective. We note also in this regard that inter-DG rivalry, while by no means endemic, does sometimes occur and is unhelpful.

6.3. The Co-operation strand of ERDF, especially but not exclusively the ‘C’ element, cannot claim the same effective programming approach. This is understandable in that it is geographically much more disparate, making a single coherent programme harder to generate. And we certainly would not want to see an imposed uniformity destroy the local and thematic diversity which is a key element of its effectiveness. Nonetheless the Co-operation strand would be better if the large number of stand-alone projects could be brought into a more coherent framework.

6.4. The processes which govern access to the Structural Funds remain fiendishly complex, especially for local and smaller actors. In particular the application processes and audit requirements are often hugely disproportionate to the benefits. This has a number of deleterious effects:

6.4.1. too much of the scarce resource is spent on administrative processes

6.4.2. too many actors are deterred from accessing the funds

6.4.3. large and experienced organisations are favoured, creating an industry of EU funds specialists

6.4.4. there is leakage from lagging regions to more prosperous ones through the use of consultant experts

6.4.5. the Union’s reputation is damaged

The Union should therefore make a further serious effort to simplify its processes, including going further in applying proportionality.