

Funding of EU Structural Fund Priorities in Scotland, Post-Brexit

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Introduction

1. This paper addresses the issue of the replacement of EU Structural & Investment (ESI) funding in Scotland after the UK leaves the EU. It briefly summarises the history of the funds and then considers the scale and design of the proposed Shared Prosperity Fund (SPF), which has been earmarked to replace ESI funding. This mainly relates to Question 1 of the Committee Brief:

“How should Scotland’s share of post-Brexit structural funding be determined? (for example, should it be on measures such as GDP, needs-based, via the Barnett formula; match funding or based on competition?)”

2. The paper discusses the size of the SPF, how it might be distributed both between the constituent countries of the UK and using different geographies. It goes on to propose a use of the SPF in Scotland that focuses on social capital rather than on human capital (skills) and infrastructure (physical capital). This proposal for its use is accompanied by a possible scheme for its geographic distribution that is based on the Scottish Index of Multiple Deprivation.

ESI Funding in Scotland

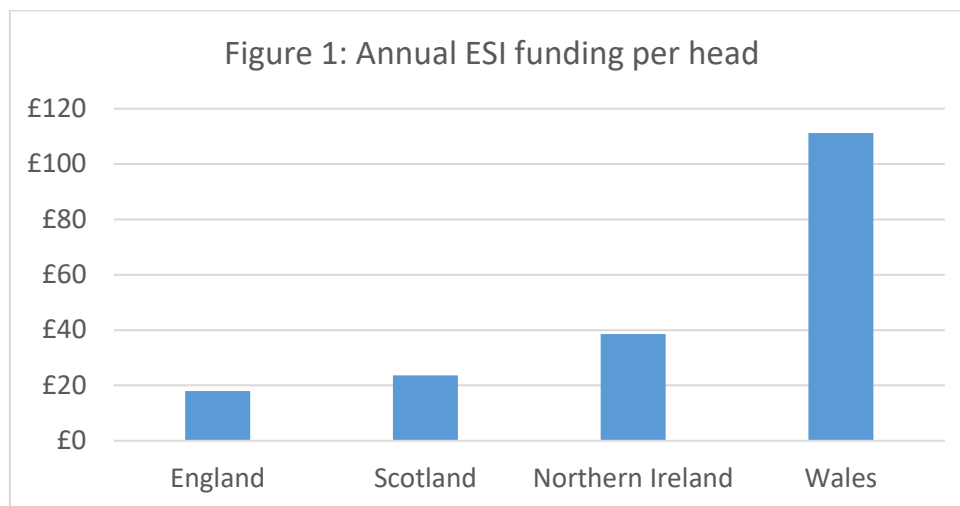
3. Scotland has long experience of the ESI funding. This is particularly true of the Highlands and Islands which benefited from Objective One status from 1994 to 1999 and from transitional funding thereafter and continues to receive special recognition within the current ESI allocation.

4. Currently, the ESI comprises four funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Maritime and Fisheries Fund (EMFF) and the European Agricultural Fund for Rural Development (EAFRD). The Scottish Parliament’s “European Union Funding in Scotland” report details estimated spend during the 2014-2020 budget round for each of these funds. As of September 2018, the total value of ESI funds allocated to Scotland for this budget round was £842 million. Note that:

- a. ESI spending is allocated in euros. Its sterling value is therefore subject to exchange rate variation.
- b. ESI spending in Scotland has benefited from a €367 million transfer from CAP Pillar 1 into the EAFRD. Thus, as far as rural development is concerned, the boundary between agricultural support and support for rural businesses may not be easily defined.
- c. In total, Scotland received approx. £895 million in the 2014-20 budget round, of which £193 million was specifically allocated to the Highlands and Islands. Scotland’s share of total ESI funding allocated to the UK is close to its population

share (8.32%). It amounts to £23 per person per annum over the 2014-20 budget round (see Figure 1).

- d. A comparison with broadly equivalent expenditures by the Scottish Government - covering “Skills and Training”, “Enterprise Trade and Investment” and “Rural Economy Enterprise” - shows that ESI spending per head is relatively small in comparison. The [Scottish Budget 2019-2020](#) shows aggregate spending on these programs amounted to £719.5 million in 2018-19 - equivalent to £133 per person. ESI funds are important, but form a relatively small proportion of all support for enterprise, rural development and skills in Scotland.
- e. An extensive infrastructure has developed to process ESI grant applications and awards. Those involved in this infrastructure are likely to resist radical change in their structure.
- f. The requirement for match funding for many projects also complicates the application process and may result in otherwise worthwhile projects not going ahead in areas where match funding is scarce.



5. Note that the larger funds, ERDF and ESF, have tended to focus on infrastructure and skills development respectively. In the recent budget rounds, support for SMEs has also become prominent, with a particular focus on environmental issues. And the LEADER initiative, which is funded through EAFRD, has sought to increase support for rural development by engaging with local community and business networks.

6. These priorities suggest that EU interventions have principally been aimed at improving productivity through measures to enhance stocks of both public capital and labour while not distorting trade other than in directions providing public benefit such as moving towards a low carbon economy. Specific interventions focussed on SMEs and communities are perhaps aimed at helping economic actors which are too small to influence overall patterns of economic activity and which have particular sustainability challenges.

7. Decisions over Structural Funding are made using GDP per head at NUTS 2 level. Scotland has four NUTS 2 regions - Highlands and Islands, North-East Scotland, Eastern Scotland and South-West Scotland. Less developed regions (those with GDP per head less than 75% of the EU average) are eligible for the highest levels of support, while transition regions (those with GDP per head greater than 75% but less than 90% of the EU average) qualify for more limited support. The EU allocates funding to member states based on these qualification criteria, but allows member states some latitude to redistribute funding.

8. The allocation to Scotland in the 2014-20 budget was settled by the UK Government. In overriding the EU Commission's judgement, the UK Government provided Scotland with a larger share of the total UK allocation than strict application of the Commission's formula would have implied. The additional funding, which amounted to €228 million over the 2014-20 budget round, came at the expense of additional funding to English regions.

9. Should the UK leave the EU, the UK Government has committed to replace ESI funding with alternative arrangements. These are described collectively as the "Shared Prosperity Fund". As yet relatively little of the detail of this fund has been settled. Some limited description of the fund is contained in the 2017 Conservative manifesto and subsequent UK Government statements. Thus, in its 2017 manifesto, the Conservative Party manifesto proposed a replacement "Shared Prosperity Fund" for existing ESI funds. Specifically, it argued that:

"We will use the structural fund money that comes back to the UK following Brexit to create a United Kingdom Shared Prosperity Fund, specifically designed to reduce inequalities between communities across our four nations. The money that is spent will help deliver sustainable, inclusive growth based on our modern industrial strategy. We will consult widely on the design of the fund, including with the devolved administrations, local authorities, businesses and public bodies. The UK Shared Prosperity Fund will be cheap to administer, low in bureaucracy and targeted where it is needed most."

10. And in a statement to the House of Commons in July 2018, James Brokenshire (Secretary of State for Housing, Communities and Local Government) argued that the objective of the SPF would be to tackle inequalities between communities by raising productivity in those areas whose economic performance is relatively weak. (House of Commons Written Statement, 24th July 2018). He also acknowledged that the SPF would respect the devolution settlements and that it would be a simplified integrated fund.

11. These statements imply that:

- a. The aim of the fund is to reduce spatial inequalities within the UK by improving economic performance in those areas that have lagged behind in recent years.

- b. Changes in productivity are the mechanism by which this reduction is to be achieved. This presumably implies some “catch up” among low productivity regions to those with high productivity.
- c. Spending on the SPF will be comparable to existing ESI expenditure
- d. The fund will be less bureaucratic than the existing ESI funds. This may be possible in the UK given that much of the EU bureaucracy is associated with preventing corrupt use of the funds.

12. Given this description, a measure of the success of the SPF would be a relative improvement in measured (per capita) productivity in areas where productivity is currently low. An obvious candidate measure would be Gross Value Added (GVA) per head, local measures of which have been developed in recent years by the Office for National Statistics.

13. Note that increases in GVA could be achieved without there being consequential increases in local living standards. This could occur if the share of output going to profits rather than wages increases and these profits are not reinvested in the local economy. For example, though there has been very significant investment in the whisky industry recently, wages comprise only a small share of value added in this sector and alcohol industry investment could switch to locations outside Scotland if other drinks offered more profitable opportunities.

14. UK receipts from ESI funding has been around £2.4bn per annum under the current EU budget round. The implication of UK Government statements is that the SPF will be of a similar magnitude. In terms of UK public expenditure, this means it will be a very modest. To put it in perspective:

- a. An SPF of £2.4bn would have been equivalent to 0.3 per cent of UK Total Managed Expenditure (TME) in 2018. The SPF will therefore account for a very small proportion of UK public spending.
- b. Annual expenditure on the SPF will be less than the expected budget *overrun* on the Crossrail project of £2.8bn ([House of Commons Public Accounts Committee, March 2019](#))

15. Current ESI spending accounts for a small fraction of public spending both within Scotland and the UK as a whole. Whereas there is considerable political lipservice to the need to reduce spatial inequalities within the UK, the size of the proposed SPF suggests that, if this is the main spending programme aimed at reducing spatial productivity differences in the UK, it is extremely unlikely to achieve its objective¹. If it is to be used in conjunction with

¹ There is [some evidence](#) that EU structural fund spending has had positive effects on growth in the UK if it is targeted on specific areas of regional need. But the effects are too small to produce significant convergence in GDP per head in the short to medium-term.

other regional development such as the City Deals, then how it may integrate with these programmes has to be clearly specified.

16. In relation to Scotland, as already noted, ESI funding is around £23 per head per annum. Between 2015 and 2020-21, welfare cuts will result in reduced spending of £117 per head per annum (calculation based on Beatty and Fothergill (2016)). Clearly, even if first round SPF spending had a significantly positive effect on economic performance, it is difficult to see how it could offset the negative effects of reduced welfare spending in second and subsequent rounds based on these differences in size.

The Geography of the Shared Prosperity Fund

17. Currently, the EU uses the NUTS 2 geography as the basis for allocating ESI funding. In the 2014-20 budget round, those NUTS 2 regions whose GDP per capita lay below 75% of average EU GDP per head were described as “less developed regions”, while those with GDP per head between 75% and 90% of the EU average were described as “transition regions”. This was the relatively simple “indicator of need” that was used to direct ESI funding. Clearly it depends on:

- a. the selected geography
- b. the indicator(s) used
- c. the rule applied to the indicator

If the SPF is to be based on a measure of need, each of these elements will have to be selected. The choices are critical to the eventual funding allocations across different parts of the UK.

18. What is the appropriate geography? There are 276 NUTS 2 regions in the EU. For the EU, the choice of geography reflects a trade-off between targeting homogeneous areas of disadvantage (which would suggest smaller areas since disadvantage tends to be relatively local) while being able to transfer responsibility to authorities competent to manage the funds (which would suggest larger areas). Similar considerations will apply to the geography selected for the SPF. However, since it will be restricted to the UK, a more detailed geography might be selected, such as NUTS 3, of which there are 174 regions in the UK and 23 in Scotland. In recent years, the Office for National Statistics (ONS) have made considerable advances in developing spatially disaggregated measures of economic activity. In particular, estimates of Gross Value Added² (GVA) have been developed for different geographies within the UK. In what follows, we use GVA data to show how the SPF might be allocated if it followed a similar design to the 2014-20 ESI mechanism. Specifically, we examine which Scottish NUTS 3 regions would qualify under a rule which assigned the status

² Note that GVA *plus* taxes on products *less* subsidies on products equals GDP. GVA is a more reliable measure of local economic activity since taxes and subsidies on products tend only to be available at the whole economy level.

of “less developed regions” to regions where GVA per head was 75% or less than the UK, or Scottish, average.

19. Table 1 lists the NUTS 3 regions where GVA per head is less than 75% of the UK average for each of the years 1998, 2007 and 2017. The figures in the columns show the proportion of UK GVA per head in the relevant NUTS 3 area and year. While clearly a needs assessment exercise is likely to focus on the most recently available data, it is interesting to follow how the number of regions falling below the 75% threshold has changed over time. Table 1 shows that in 1998 there were 45 such regions in the UK; in 2007 there were 61; while in 2017 there were 75. Even though ESI spending was present throughout this period, UK spatial inequality has steadily increased. Unless SPF funding is vastly more efficient in generating productivity increases than ESI funding, the trend seems to indicate that it is likely that further increases in spatial inequality are more likely than reductions.

20. Among those regions below the 75% threshold, there were 7 in Scotland in 1997 (16% of the total), 6 in 2007 (10% of the total) and 10 in 2017 (13% of the total). The number of NUTS 3 regions in Scotland below the 75% threshold has typically exceeded its population share (8.2%). However, NUTS 3 populations in Scotland have smaller population than those in the rest of the UK, on average. The total population Scottish NUTS 3 regions falling below the 75% threshold comprise 8.7% of the UK population. Thus, using this approach to needs assessment implies that Scotland would receive only slightly more than its population share of the SPF. This is very close to the 8.3% of the UK Structural Funds that Scotland currently receives.

21. Note that when using the NUTS 3 geography, areas of Scotland falling below the 75% threshold are widely dispersed, from the Scottish Borders to Na h-Eileanan Siar. It is notable that none of Scotland’s cities would qualify, and neither would any part of the Highlands.

22. How would the funds be distributed within Scotland if the SPF funding was devolved to the Scottish Government but a similar needs assessment mechanism was applied *within* Scotland? Thus, rather than taking 75% of UK GVA as the cut-off, this would imply a cut-off of 75% of *Scottish* GVA. Table 2 shows the results. They differ from Table 1 only because Scottish GVA per head is slightly lower than UK GVA per head and therefore regions whose GVA fall just below the UK threshold would no longer qualify based on the Scottish GVA per head. Comparing Tables 1 and 2, the shift to Scottish GVA per head would only exclude Na h-Eileanan Siar from the 2017 list of Scottish NUTS 3 regions eligible for SPF support.

23. Using such a simple GVA-based threshold and a NUTS 3 geography to determine “need” has some drawbacks:

- a. using a 75% threshold fails to take account of *how far* regions are below the selected threshold. Thus, East Ayrshire, where GVA per head was only 53.7% of the Scottish average in 2017 would qualify alongside Inverclyde, East Renfrewshire and Renfrewshire where GVA per head was 74.8% of the Scottish average.

- b. there is no obvious way to set the “best” threshold. Setting a low value would concentrate support among the poorest regions while a higher value spread support across a larger group of regions. Spreading the fund widely is likely to have more political support, but may sacrifice effectiveness.
- c. NUTS 3 regions do not necessarily correspond with areas that have well-defined administrative authorities capable of managing the fund: some NUTS 3 regions encompass more than one local authority e.g. Perth and Kinross and Stirling, while others are not matched to a single local authority e.g. Caithness and Sutherland and Ross and Cromarty.
- d. while GVA is clearly related to productivity, acknowledgement that the SPF will be too small to significantly reduce regional productivity differences might suggest that it should be used to address other forms of spatial inequality. The OECD³ has argued that GVA per head does not encompass issues such as sustainability, environment or social cohesion and well-being. Given that the fund is not large enough to be capable of significantly reducing spatial productivity differentials, it would seem odd to base its allocation solely on a measure related to productivity.
- e. Arguing along these lines, the Joseph Rowntree Foundation⁴ has argued that need should be measured using an index based on employment shares and low earnings. In its analysis, eligibility for the SPF would be restricted to the 40 local authorities with the lowest score on this index. In Scotland, only Dundee, Glasgow City and North Ayrshire would qualify. It is further argued that the Barnett formula should not be used to allocate the SPF. Specifically, it argues that:

“the fund should operate outside of the Barnett formula, which is used to allocate public expenditure to the devolved administrations. Using the Barnett formula would significantly disadvantage Wales and Northern Ireland as it is primarily based on population, and not on an assessment of economic need.” (Joseph Rowntree Foundation (1918) p20)

This argument seems to be based on a misunderstanding of the Barnett formula, unless SPF allocations to the devolved nations do not start close to existing EIS allocations. Clearly, maintaining consistency with current EIS funding levels for the devolved nations is likely to have the lowest political cost for the UK government in establishing the SPF.

³ OECD Observer (2005) [‘Is GDP a satisfactory measure of growth’](#) blog.

⁴ [Designing a Shared Prosperity Fund](#), Joseph Rowntree Foundation, 2018

- f. The IPPR⁵ has argued that a more broad-based approach, which reflects considerations beyond growth, should be taken to the use of the SPF. Its approach would be to encourage citizen engagement in the design and use of the SPF at the local level. While this approach has the great advantage of increasing local engagement with the use of development funding, it does not address the issue of allocation between areas. The IPPR propose a “neighbourhood level metric” which “targets what really matters to communities” to allocate funding. If this process of selecting this metric is driven locally, outcomes will be contested between areas and there will be an inducement to game the system.
- g. However, the Scottish Government focuses on *deprivation* as its major indicator of need and uses this concept to drive many of its policies. For example, the widening access targets are that by 2030, 20% of entrants to all higher education should come from the 20% most deprived areas. Importantly, the measure of deprivation is driven by an index that is calculated in the same way across Scotland. The Scottish index of multiple deprivation (SIMD) is used to define Scotland’s “most deprived areas”. It brings together a number of indicators including health, housing, crime and employment to construct measures of deprivation at a much more detailed geography than NUTS 3 – namely data zones. There are almost 7000 data zones within Scotland. This [map](#) shows some groups of data zones that have experienced consistent deprivation since at least 2004. Their distribution differs markedly from a measure of need based on GVA per head at the NUTS 3 geography. There is much greater concentration around Scotland’s cities and the Central Belt. Relatively few areas have both high levels of deprivation and low GVA per head, with North Lanarkshire and East Ayrshire having perhaps the clearest overlap. This illustrates both the importance and the difficulty of selecting the geography for the distribution of the SPF.

24. This discussion shows that the allocation of the SPF will not be straightforward. Key to the allocations will be decisions about the *objectives* that the SPF has been set and the *levels of governance* at which these decisions will be made. The latter could stretch across a spectrum from local community groups up to the UK government. Inevitably, higher levels of government will wish both to take credit for the outcomes of the SPF and also to ensure that they are used properly to support the stated objectives. Both of these considerations run counter to the desire to devolve responsibility for distribution of the SPF as far as possible.

25. On the other hand, it appears that “top-down” funding approaches, even though well-intentioned, may fail to enhance funding bodies’ reputations. Blaenau Gwent is in the heart of the South Wales valleys which received around £4bn of EU funding over the last 20 years.

⁵ [Regional Funding after Brexit](#), Institute for Public Policy Research, 2019

Yet this local council recorded Wales's largest Leave vote, with 62 per cent of the population backing Brexit in 2016.

26. The role for the Scottish Government in relation to the SPF will depend on negotiations with the UK Government and in particular on the U.K.'s willingness to devolve responsibility for distributing the SPF within Scotland. The UK Government has implied that it will respect the devolution settlement is in relation to the SPF, which might suggest a transfer of administrative control of the fund to the Scottish Government. This would be similar to the current position, except that the UK Government would replace the EU Commission as the source of funding.

27. Given that a continuation of the existing ESI settlement or a GVA-based exercise both give Scotland around its population share of SPF funding, the likelihood is that the UK government will propose a settlement for Scotland around this amount. The application of the Barnett Formula in the case of a funding stream already close to Scotland's population share would not lead to a significant Barnett squeeze. In contrast, Wales would be likely to resist a funding mechanism based on the Barnett formula since its current share of ESI funding is well above its population share.

28. In these circumstances, inclusion within the Barnett formula would mean that changes to the size of the SPF in Scotland would track changes made at UK level. Clearly this could have both positive and negative consequences depending on the view taken by the UK government concerning expansion or contraction of the SPF. But it is unlikely that a needs-based formula would yield a better result, given that, on most measures of need, Scotland's share of "needy" regions does not exceed its population share.

29. In an already crowded policy space, there is a danger that introducing new levels of administration, management and accountability relating to the SPF will lead to increases in costs that impair policy effectiveness. With the recently introduced City Deals and Industrial Strategy adding to existing devolved frameworks for economic and skills development, there is a danger of incoherence around both objectives and strategy leading to an inefficient use of public resources.

30. Devolving decisions to lower levels of government, or even to determine priorities through citizen engagement may shift the costs of administering the funds, but is unlikely to reduce them, since there will still be a need for advice and accountability.

31. Irrespective of the level at which the fund is operationalised, the devolved governments are likely to have to agree guidelines about how the SPF can be applied and evaluated.

A Proposal

32. In this section I propose a possible approach to the use of the SPF in Scotland. It is premised on Scotland being allocated its population share of the SPF and being able to use these funds as it sees fit, so long as these do not distort the UK internal market.

33. Past uses of EIF funding have largely been aimed at enhancing productivity by increasing investment in skills and infrastructure. Social capital has not been a priority. Yet Scotland faces several challenges for which greater investment in social capital might be at least a partial solution.

34. First, the rise of populism seems to coincide with a breakdown in support for “top-down” solutions to societal problems among those who feel they have been “left behind” by recent economic and social change. This has also led to scepticism around the value of existing EU funding schemes, even in areas that have received generous treatment in recent years. As suggested previously, significant EU investment in infrastructure and skills has nevertheless led to comments such as “but this has not made a material difference to people’s lives. They are still struggling to find work, struggling to make ends meet.” (Adam Lusher, The Independent February 12, 2019). While such comments are perhaps based on a misunderstanding of the capability of relatively small interventions to transform economic opportunity, increased opportunity to be involved with rebuilding social capital could be a crucial catalyst for citizen re-engagement in these areas.

35. Second, some parts of Scotland are facing the prospect of serious population decline over the next two decades. Other countries have already faced such prospects and have searched for policy responses which are sometimes labelled as “smart shrinkage” - the idea that places can lose population but still maintain quality of life. Research⁶ on 98 small towns in Iowa showed that:

“smart shrinking towns exhibit higher social infrastructure by possessing more bridging social capital across diverse groups, greater quantities of linking social capital such as memberships and local organisations, and frequent civil engagement by participation in local projects. These activities are supported by a community culture of openness, tolerance, and support.” (Peters et al (2018) p39)

This model would involve greater community involvement in the allocation of funds towards investment in social infrastructure along the lines proposed by the IPPR. Clearly, an infrastructure would have to be built around supporting the types of social entrepreneurship that demonstrably enhance social capital. Local authorities would play a key role in providing this infrastructure and ensuring that its costs are contained.

⁶ Peters, D. J., Hamideh, S., Zarecor, K. E., & Ghandour, M. (2018). Using entrepreneurial social infrastructure to understand smart shrinkage in small towns. *Journal of Rural Studies*, 64, 39-49.

36. In previous paragraphs, I have suggested that it would be possible to allocate the SPF within Scotland based on SIMD classifications. Allocations using this geography would be relatively costless and would be seen to be impartial: SIMD statistics are difficult to game.

37. Thus, this proposal is similar to that of the IPPR in that it envisages much greater community involvement in the use of funds, but it relies on existing well-established statistics to determine allocations. Specifically, allocations would be made at local authority level using the SIMD, but to be funded, projects would have to be driven by social entrepreneurs, local businesses and community groups.

38. Thus, for example, local authorities where more than 10% of datazones fall within the bottom decile of SIMD scores might be deemed eligible for SPF support. With this eligibility rule, the following local authorities would qualify:

Local Authority	Share of data zones within bottom SIMD decile
South Lanarkshire	10.4%
East Ayrshire	11.0%
Clackmannanshire	11.1%
North Lanarkshire	14.1%
Renfrewshire	16.0%
West Dunbartonshire	16.5%
North Ayrshire	17.2%
Dundee City	21.8%
Inverclyde	27.2%
Glasgow City	32.8%

39. It is worth noting that the local authorities listed above typically receive more funding per head than more prosperous parts of Scotland, given that the local authority funding formula is weighted towards areas of multiple deprivation. However, while there may be some overlap with other public services, it would be important to ensure that the uses of the SPF funds are distinct and focussed on identifiable outcomes over specific time periods. The funding should be open to competition between local authorities in order to incentivise measurable outcomes such as numbers of social enterprise setups.

40. How will we know whether the funds have achieved the intended outcomes? Some part of the SPF funding must be retained to evaluate outcomes from individual projects and to learn lessons that might be applied elsewhere. Note that evaluation of social outcomes may be more complex than evaluating investment in infrastructure or skills.

41. Should there be a requirement for match funding with the SPF? History suggests that match funding often comes from other public sector budgets, particularly local government. Hence one might question whether a matching requirement will skew priorities towards the SPF agenda if it is allocated competitively. Bidders may be encouraged to put up as much of

their “own” money in order to win SPF awards. Match funding is a useful commitment device, but it may skew budget priorities.

Conclusion

This paper has suggested that under present plans the size of the SPF will be insufficient to significantly address the wide, and growing, spatial inequalities within the UK. It also argues that in any UK-wide needs analysis, Scotland is likely to be awarded a share of the SPF approximately equal to its population share. And that therefore it would not be significantly disadvantaged if its award was “Barnettised”, though the UK government might expect the fund to be “ring fenced”. If Scotland was able to maximise local control over the use of the fund, there might be a case for directing it towards enhancing social capital rather than towards the traditional uses of EIS funding - funding infrastructure and skills. The case for such an approach is that current EIS funding is aimed broadly at increasing productivity, but is not likely to have a very significant overall effect in narrowing productivity differentials and does not necessarily enhance community resilience against some of the challenges that face Scotland’s more deprived communities, and those facing population decline, now and in the future.

Table 1: NUTS 3 Regions with GVA per head less than 75% of the UK Average 1998, 2007 and 2017.

NUTS 3 Regions	1998	NUTS 3 Regions	2007	NUTS 3 Regions	2017
Ards and North Down	41.2	Ards and North Down	41.3	Ards and North Down	36.9
Fermanagh and Omagh	47.4	East Ayrshire and North Ayrshire mainland	50.3	Causeway Coast and Glens	48.1
Causeway Coast and Glens	51.8	Causeway Coast and Glens	51.9	Fermanagh and Omagh	49.1
Newry, Mourne and Down	54.1	Fermanagh and Omagh	52.6	East Ayrshire and North Ayrshire mainland	50.2
Isle of Anglesey	54.3	Gwent Valleys	53.5	Newry, Mourne and Down	50.4
Mid Ulster	57.4	Newry, Mourne and Down	53.9	Isle of Anglesey	52.4
North Lanarkshire	57.8	Dumfries and Galloway	55.5	Gwent Valleys	54.3
Dumfries and Galloway	59.0	Isle of Anglesey	56.1	Mid and East Antrim	55.7
Gwent Valleys	60.0	Scottish Borders	57.9	Torbay	56.8
East Dunbartonshire, West Dunbartonshire and Helensburgh and Lomond	60.1	Central Valleys	59.9	Wirral	57.1
East Ayrshire and North Ayrshire mainland	60.4	Wirral	60.2	East Dunbartonshire, West Dunbartonshire and Helensburgh and Lomond	59.0
Scottish Borders	61.9	South Lanarkshire	61.2	Sefton	59.4
Durham CC	62.4	Durham CC	62.2	Northumberland	60.1
Wirral	62.9	Mid Ulster	62.4	Lisburn and Castlereagh	60.8
Central Valleys	63.4	Walsall	62.6	Durham CC	60.9
Barnsley, Doncaster and Rotherham	63.5	Conwy and Denbighshire	62.8	Scottish Borders	61.4
South West Wales	64.0	Blackpool	63.9	Mid Ulster	61.5
South Lanarkshire	64.5	South West Wales	64.1	Dudley	61.5
Cornwall and Isles of Scilly	65.3	Northumberland	64.3	Central Valleys	61.7
East Derbyshire	65.5	Torbay	64.3	Conwy and Denbighshire	61.8
Sefton	65.8	East Derbyshire	64.6	South Teesside	61.8
Conwy and Denbighshire	65.8	Mid and East Antrim	64.8	South West Wales	62.3

Derry City and Strabane	65.9	South Ayrshire	65.3	Barnsley, Doncaster and Rotherham	62.6
South Ayrshire	66.2	Greater Manchester North West	65.7	Greater Manchester North West	63.0
South Teesside	67.8	Bridgend and Neath Port Talbot	65.7	Derry City and Strabane	63.0
East Lothian and Midlothian	67.9	North Lanarkshire	66.3	Greater Manchester North East	63.3
Greater Manchester North West	68.1	Barnsley, Doncaster and Rotherham	66.4	Blackpool	63.4
Armagh City, Banbridge and Craigavon	68.3	Sefton	66.4	South Nottinghamshire	63.5
South Nottinghamshire	69.0	Greater Manchester North East	66.4	South Lanarkshire	64.1
Lisburn and Castlereagh	69.0	Cornwall and Isles of Scilly	66.5	Armagh City, Banbridge and Craigavon	64.2
Greater Manchester North East	69.1	South Nottinghamshire	66.6	Southend-on-Sea	64.2
Northumberland	70.1	Armagh City, Banbridge and Craigavon	67.0	Redbridge and Waltham Forest	64.5
Blackpool	70.3	Derry City and Strabane	67.6	Cornwall and Isles of Scilly	64.6
Isle of Wight	70.5	Powys	67.7	Powys	65.0
Antrim and Newtownabbey	71.1	Isle of Wight	67.8	Lincolnshire	66.0
East Merseyside	72.1	Medway	67.9	East Lothian and Midlothian	66.2
Walsall	73.1	South Teesside	68.8	Antrim and Newtownabbey	66.2
Redbridge and Waltham Forest	73.1	Dudley	69.2	Walsall	66.9
Swansea	73.1	Stoke-on-Trent	69.2	Bridgend and Neath Port Talbot	67.0
Bridgend and Neath Port Talbot	73.2	Breckland and South Norfolk	69.3	East Riding of Yorkshire	67.3
Medway	73.5	Lincolnshire	70.0	Lancaster and Wyre	67.7
Gwynedd	73.8	East Sussex CC	70.1	East Derbyshire	67.9
Lancaster and Wyre	73.9	Redbridge and Waltham Forest	71.3	East Lancashire	68.0
Kingston upon Hull, City of	74.8	Inverclyde, East Renfrewshire and Renfrewshire	71.6	Dumfries and Galloway	68.2
Powys	74.9	North and West Norfolk	71.8	North Nottinghamshire	68.3
		Blackburn with Darwen	71.9	Chorley and West Lancashire	68.5
		Swansea	72.1	Bradford	68.7
		Southend-on-Sea	72.1	North Lanarkshire	68.9
		North Nottinghamshire	72.4	Wolverhampton	69.0
		West Cumbria	72.7	Bexley and Greenwich	69.6

		Antrim and Newtownabbey	73.0	Staffordshire CC	69.7
		South and West Derbyshire	73.1	Inverclyde, East Renfrewshire and Renfrewshire	69.9
		East Lancashire	73.2	Medway	70.4
		Lisburn and Castlereagh	73.7	Calderdale and Kirklees	70.4
		Shropshire CC	73.7	East Kent	70.5
		East Riding of Yorkshire	74.3	Swansea	70.8
		Calderdale and Kirklees	74.5	East Sussex CC	70.9
		Staffordshire CC	74.7	Sandwell	70.9
		Lancaster and Wyre	74.9	Essex Thames Gateway	71.6
		Chorley and West Lancashire	74.9	South and West Derbyshire	71.7
		Dorset CC	74.9	Dorset CC	71.8
				Barking & Dagenham and Havering	71.8
				Na h-Eileanan Siar	72.1
				Shropshire CC	72.3
				South Ayrshire	72.5
				Enfield	72.6
				Herefordshire, County of	72.7
				Breckland and South Norfolk	72.8
				Gwynedd	73.2
				Plymouth	73.2
				Hartlepool and Stockton-on-Tees	73.3
				Isle of Wight	73.8
				North and West Norfolk	74.2
				Kingston upon Hull, City of	74.2
				Somerset	74.7

Table 2: NUTS 3 Regions with GVA per head less than 75% of the Scottish Average 1998, 2007 and 2017

NUTS 3 Region	1998	NUTS 3 Region	2007	NUTS 3 Region	2017
North Lanarkshire	63.0	East Ayrshire and North Ayrshire mainland	53.6	East Ayrshire and North Ayrshire mainland	53.7
Dumfries and Galloway	64.3	Dumfries and Galloway	59.2	East Dunbartonshire, West Dunbartonshire and Helensburgh and Lomond	63.2
East Dunbartonshire, West Dunbartonshire and Helensburgh and Lomond	65.5	Scottish Borders	61.7	Scottish Borders	65.7
East Ayrshire and North Ayrshire mainland	65.9	East Dunbartonshire, West Dunbartonshire and Helensburgh and Lomond	63.2	South Lanarkshire	68.6
Scottish Borders	67.5	South Lanarkshire	65.2	East Lothian and Midlothian	70.9
South Lanarkshire	70.3	South Ayrshire	69.6	Dumfries and Galloway	73.0
South Ayrshire	72.2	North Lanarkshire	70.7	North Lanarkshire	73.8
East Lothian and Midlothian	74.0	East Lothian and Midlothian	72.9	Inverclyde, East Renfrewshire and Renfrewshire	74.8