

Strategic Environmental Assessment of the EU Structural Funds Competitiveness and Employment Programme for South West England 2007-2013

Environmental Report: Non-Technical Summary

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November 2006 / Updated April 2007**

Introduction

The process of preparation of the EU Structural Funds Competitiveness and Employment Programme for South West England 2007-2013¹ is subject to a Strategic Environmental Assessment (SEA).

A central aim of SEA is to ensure that all stakeholders are able to contribute to the process, and the aim of this non-technical summary is to provide accessible information to enable them to do so. Its structure follows that of the main report and covers:

- The background to, and focus of, the Programme.
- A description of the SEA process, and the way it has been tailored to better reflect the requirements of the Operational Programme.
- A summary of the key environmental policy issues and environmental context in which the Operational Programme will be delivered
- The assessment criteria which have been used to assess the range and detail of activities proposed under the Programme.
- The conclusions from the assessment process, and possible mitigation actions.
- The alternatives open to the Programme, in terms of possible environmental approaches, and proposals for monitoring

This summary has been updated from the version which accompanied the consultation draft of the Programme; a final section describes the consultation process undertaken, the findings from it and changes made to the Programme as a result.

Background to, and Focus of the Programme

European Structural Funds are used to promote regeneration and economic development in regions which are lagging in comparison to the European average. The Funds are delivered within the wider context of EU Policy, including EU policies on the environment and sustainable development.

The European Union has recently expanded to include Central and Eastern Countries, together with Malta and Cyprus. By comparison with others in Europe, these Member States are much less well developed in economic terms. Accordingly, they will receive the bulk of the available funding in the 2007-2013 period.

The South West of England will receive funding under a number of Programmes in the next round, which runs from 2007-2013, including a Convergence Programme, with a higher level

¹ The terms Competitiveness Programme, Operational Programme and OP are used interchangeably in this report

of funding per person, in Cornwall and the Isles of Scilly, and a Competitiveness and Employment Programme which covers the rest of the South West. This SEA refers only to the Competitiveness and Employment Programme, and a separate SEA is being produced which refers to the Programme in Cornwall and the Isles of Scilly.

The of Structural Funds has historically been characterised by a high degree of partnership working and decision-making, involving, among others, the South West Regional Development Agency, the Government Office for the South West, Local Authorities, Further and Higher Education, and the Environmental Sector.

In the past, Structural Fund Programmes have helped fund a wide range of investments, covering business development, infrastructure, community economic development and training, all of which were designed to improve economic development in parts of the South West. However, it is necessary to produce a much more focused programme for the South West for two reasons:

Firstly, there is less money available under the SW Programme, but there has also been a relaxation of rules which were intended to focus the Funds on areas of particular need. All areas of the SW are now eligible. This means that a clear focus is necessary to ensure that best use is made of the available Funds.

Secondly, there has been a great deal of development in economic policy in the South West, particularly around the preparation of the Regional Economic Strategy. The UK Government has made clear its intention to link Structural Fund Programmes closely to such regionally based strategies to avoid any possibility of duplication of effort.

Building on this, the proposals for the Competitiveness Programme are to focus on three Priority areas of:

- Innovation and Knowledge
- Enterprise and Growth; and
- Sustainable Communities *<title changed in the final programme to Urban Enterprise>*

There is a strong, horizontal approach on environmental management across all of these Priorities.

The SEA Process

The purpose of the SEA is to ensure the Programme will deliver a high level of environmental protection and enhancement. The SEA achieves this aim by providing a structured process through which the activities proposed under the Programme are tested against agreed environmental criteria. The SEA process involves a number of stages:

- Screening is undertaken to determine whether there are significant environmental effects².
- Collation of baseline environmental information provides a background for further stages.
- A Scoping Report sets out the general approach to be taken, and is subject to consultation, to give stakeholders an opportunity to influence the process.
- An Environmental Report is produced, providing comment on the draft Plan. The main element of the Environmental Report is the assessing the likely effects of the plan on the environment.

² Screening is not required in this case – the European Commission has issued guidance confirming that SEA is required.

- Public consultation on the draft plan and Environmental Report is undertaken to gather feedback from stakeholders.
- The plan is finalised. An SEA Statement, highlighting changes made to the Plan, taking into account the views expressed during the consultation, is required, and is provided separately. The option exists to update the Environmental Report, although this is not a formal requirement.
- Monitoring and review are undertaken throughout delivery of the plan to help identify adverse effects and to provide information for the next programming iteration.

In this case, the SEA process has been adapted to reflect the fact that the majority of activities which are likely to be supported by the Programme relate to business development, and not to infrastructure. Therefore, it is difficult to assess the likely individual and collective impacts of projects which will be supported before they are developed.

Accordingly, there is a greater focus on the process through which individual projects will be developed and delivered. This focus is in line with previous evaluation work, which showed that a combination of administrative aspects (questions in application forms) and management aspects (involvement of environmental expertise in all decision-making process) produced the best results in terms of environmental performance.

The table below shows how the SEA and Programme Development processes have proceeded.

Steps in Programme Development	Steps in SEA Process
EC documents and the (draft) NSRF set out the broad areas which can be covered by the OP, and also emphasise the need for connection to regional priorities as set out in the RES.	These documents provided context for the SEA Scoping Report.
The RDA and GOSW, together with regional partners, co-ordinated the production of detailed socio-economic material, with support from Ekos Consultants. A number of Task and Finish Groups were set up and provided input into the draft Programme. Consultation events were held in Exeter and Bristol in late September.	A Steering Group was set up to contribute to the environmental aspects of the Competitiveness Programme, and also to oversee the SEA process. Representatives from Government Office for the South West, South West RDA, Environment Agency, English Heritage, Natural England, the Regional Environmental Network and Exeter University were involved.
The draft Operational Programme was developed, taking into account summary findings from the SEA process, and the finalised NSRF.	The Environmental Report has been produced, based on the actions set out in the draft OP, and taking into account responses on the Scoping Report.
A 12-week consultation on both the draft OP and Environmental Report ran from November 2006 until Mid-February 2007	
A revised OP, taking into account consultation responses, will be submitted to the European Commission.	The Environmental Report has been updated and an SEA Statement produced; reference to the Statement is included in the final section of this updated summary. Both the update report and SEA Statement will accompany the final OP submission.

Environmental Context

A great deal of policy material and environmental data was reviewed to provide the environmental context for the SEA. The table below highlights the most important issues and

trends – issues around energy and climate change are of critical importance to the Programme.

SEA Topics, Data Coverage, and Key Points from Initial Analysis

SEA Topic	Data	Trends, Key Points and Policy Highlights
Population	Extensive information on population estimates and trends is included in socio-economic data, as will data on demographic structures and trends.	The population of the SW has been rising at the fastest rate of all English regions. This trend is expected to continue, driven in part by the high quality of life in the region. The rising population is increasing demand for housing, for the use of transport infrastructure, and on environmental resources. Existing policy is to accommodate that growth in ways which minimise negative environmental impacts.
Human health	Data on life expectancy and morbidity is likely to be included in the socio-economic profile, along with wider information on aspects like Incapacity Benefit which are directly relevant to the Programme.	Life expectancy in the SW is among the highest in England, although with variation between socio-economic groups. Wider studies show a generally positive relationship between employment (and voluntary work) and health. Local environmental improvements can also be linked to health improvements, and to a number of key health aims, especially around promotion of active lifestyles.
Biodiversity Flora and Fauna	Data on designated areas are likely to be included, together (where available) with assessment data on their condition. The SW Nature Map is also reproduced. Trend data on bird species, including farmland birds, is one of the government's headline indicators of sustainable development.	The majority of pressures on biodiversity are associated with agricultural practices, although climate change is also likely to have effects in the future. The proportion of SSSI's in target condition is continuing to increase, but a significant minority remain in poor condition. One of Defra's PSA targets is to have all SSSI's in favourable condition by 2010. In terms of the wider countryside, there has been a long-term decline in farmland bird numbers, although there is some evidence of populations stabilising more recently. Agri-environment schemes which have nature conservation as a central aim have been introduced and expanded in recent years, and take up of such schemes in the SW is proportionately the highest in England.
Landscape & cultural heritage	Maps on landscape designations such as National Parks and Areas of Outstanding Natural Beauty are available, as are data on the occurrence of historic and distinctive landscape features through the Countryside Quality Counts study. Information is also available on the built heritage of towns and villages across the region.	No trends are appropriate in respect of designated landscapes, but data from the Countryside Quality Counts study shows that there is significant change in landscape character, particularly around the Bristol conurbation. In addition to rural forms and countryside, the built heritage, urban form, distinctive buildings and building materials are all key elements of the landscape. The natural and historic landscapes of the SW form a significant part of the attraction for tourists.
Soil / Change of land use	Soil condition in the Programme area is closely associated with agriculture, and direct effects from the Programme are therefore unlikely. However, increasing development and expansion of urban areas implies a wider change in land use. The 'traditional' measure of sustainable development in this respect is the re-use of brownfield land.	The re-use of brownfield land within the SW is at lower levels than in England as a whole.
Water	Data are available on water quality, availability, and cost	Water quality has been improving in both biological and chemical terms, and is well above the English average in both cases. There is, however, increasing pressure on water use, and water availability may be a constraint on

		development in some areas in future. Water costs per unit have been rising in recent years, although standing charges have fallen to very low levels.
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Air quality	Local air quality data are limited; where problems exist, they are concentrated in urban centres, and are most closely associated with emissions from transport.	Local air quality has improved in recent years in line with technological advances in road transport engines and emissions. However, rising volumes of road transport and congestion mean that isolated issues remain, concentrated in urban centres.
Climatic Factors	Climate change emission data by source are available. Trend data on transport use, the fastest growing source of emissions, is available. Limited data exist on the generation of renewable energy in the region. Data from Devon are also available on energy costs as a proportion of all business costs.	The twin issues of reducing climate change emissions and adapting to unavoidable effects of climate change are highlighted across all policies, from EC to regional level. The issues are also recognised in the RES. Existing trends at UK level show a slight fall in emissions from industry, but a consistent rise in emissions from transport, and these trends are thought similar in the SW. Data show that a very significant scale of change of approach that would be necessary to reduce emissions, especially in relation to transport (including air travel, where emissions are increasing rapidly at present). Energy costs have risen consistently in recent months, and demand from business for energy efficiency services has also increased correspondingly.
Material assets	Data on waste arisings by source (domestic, industrial, commercial) are available, as are data on recycling. It is also hoped that data on the costs of waste disposal will be available. Data on the benefits from waste minimisation projects are also being sought.	Volumes of waste generated in the region are of comparable levels to those elsewhere in England. Construction waste forms the largest single component of all waste, and volumes are rising. Volumes of industrial waste are falling slowly. Landfill and recycling are the main method of disposal, and there is increasing pressure on landfill availability. Volumes recycled are rising. Costs of waste disposal are also rising, driven jointly by the need to meet higher standards and increases in landfill tax.
<i>The topics below are not included in SEA guidance, but were added with the agreement of the steering group as being relevant to the aims and activities of the Programme</i>		
Env. performance of business	Some data are available on ISO14001 registrations.	No trend data are available. There is a greater concentration of ISO 14001 registrations in areas with large manufacturing industry bases such as the Midlands, than in the SW. Registrations overall represent a very low proportion of the business base.
Tourism	Data are included on the value of tourism, and the features which attract tourists to the SW.	The high significance of the natural and built environments is widely recognised in relation to tourism, as is the range of employment created as a result.
Skills, training & awareness	Although there are individual University departments and training organisations which specialise in environmental subjects, no substantive data is available on the extent to which mainstream training embeds environmental concerns.	In the longer term, higher levels of understanding of environmental issues and solutions will be critical to delivery of a more sustainable economy.
Local env. quality	National, but not regional, studies are available on the extent to which local environmental improvements are associated with social and economic benefits, including health.	A number of case studies illustrate the contribution that environmental actions can make to local regeneration. Generally, activities relate either to local improvements, often with associated training activities and benefits, or to the development of social economy businesses which focus on recycling.

Development of Assessment Criteria

In addition to providing background information for the SEA process, the development of context information helps clarify the most important issues to be addressed in the assessment process. The headline questions are in the table below:

To what extent will the activities proposed under the programme...
...seek to reduce climate change emissions?
...include actions to mitigate the existing and predicted effects of climate change?
...encourage greater efficiency in the use of materials, including re-use of waste?
...contribute towards improvements in water quality and management?
...reduce emissions associated with transport?
...ensure developments enhance and fit within both natural and built landscapes, including historic townscapes?
...contribute towards improvements in biodiversity?
...seek to develop sustainable technologies, both as a sector in their own right, and as a tool for improving the wider environmental performance of the programme area?
...improve understanding of environmental issues and solutions among, and appropriate to, all organisations receiving support through the Programmes?

These criteria were then used to assess the detail of proposed activities set out in the Programme.

Results of the Assessment Process

A key feature of this type of Programme is that the nature of impacts will depend on the detail of projects at the point of implementation. For example, there is a strong focus on the development and commercialisation of new products and technologies in the Programme, under the broad heading of innovation. The associated environmental impacts could be positive or negative, depending on the types of product developed and the environmental implications, particularly in terms of energy and resource use.

Accordingly, the assessment process highlighted the range of possible impacts, but also, wherever possible, the types of mitigating activities which would encourage the activities to maximise positive impacts and minimise negative ones.

The assessment of the Programme as a whole found that environmental issues were consistently highlighted at strategic level. Individual priorities also incorporated most, but not all, of the key aims emerging from the SEA, and summaries of cumulative impacts are presented below.

Knowledge and Innovation

The focus on the development and commercialisation of new technologies clearly recognises the opportunities associated with environmental change. However, there is at present less explicit recognition of the need to ensure that new products and services which are supported assess, and if necessary are assisted to improve, their environmental impacts. This will be particularly important in relation to energy use, in the context of the likely focus on reduction of carbon emissions. There are likely to be only quite limited, secondary opportunities to enhance the natural environment under this heading.

The assessments clearly show that impacts will depend upon the extent to which the structures employed seek to improve the environmental impact of individual products.

Enterprise and Growth

There is already a strong focus on business efficiency and the development of the environmental sector under this heading, which reflects the focus of the SEA. The key point here is to ensure that the expansion of business efficiency services are:

- Targeted at those sectors which will benefit to the greatest extent, such as those with higher energy requirements, or which depend on large volumes of water, for example those in the food and drink sector; and, in a related point,
- Integrated within mainstream services, so that all business advisors are aware of both issues and solutions, and, in line with the above, able to recommend their use as appropriate.

The outcomes of these actions will include both more efficient mainstream business, but also an expanding market for the environmental technology sector. Although the role of the Programme will be more limited in this respect due to its small scale, there may also be possibilities of supporting green procurement activities more widely, to further develop the market.

Some elements of this Priority also provide seek to encourage under-represented groups to start new businesses. Advice on environmental impacts is often most effective at this stage; it is generally easier to incorporate recommendations while other changes are happening in any case, than to seek to address issues once they are embedded.

Urban Enterprise

There are likely to be strong positive impacts associated with support for social economy organisations with an environmental focus, for example in relation to refurbishment of white goods or recycling activity, with associated social benefit when delivered as a focus for training.

Implications of Impacts Over Time

As the Programme focuses almost exclusively on revenue projects, it is difficult to be precise about its likely impacts over time. However, in general, it is possible to state that new products and services developed will clearly have impacts beyond the life of the Programme, and so it is critical to improve their environmental performance to ensure future acceptability with the changing environmental agenda, not least because such impacts will also have implications for their economic success.

It is also the case that a focus on high profile projects, and on those with low carbon approaches, accepting the financial limitations of the Programme, will help delivery longer term impacts through their example to the region as a whole.

Issues Around the Implementation of the SEA

The summary assessments above are generally positive. However, it should be noted that the Programme does not, at this stage, discuss the detail of implementation arrangements. Such arrangements have been recognised in

evaluations as being critical in the delivery of environmental integration, and the existing Programmes in the South West have a strong track record on which to build in this respect.

Consideration of Alternatives is a central element of the SEA process. Following discussion, the SEA Steering Group agreed that the most meaningful approach to this issue was to examine alternatives in the context of the depth of environmental integration to be employed within the new Programme. The table overleaf sets out three indicative options which are presented – it would, of course, be possible to combine elements of these.

This approach combines the consideration of alternatives with that taken to mitigation, in that the second and third options seek more explicitly to understand and reduce the environmental impacts of the Programme in line with the assessment findings. The second option represents, to a large extent, the current position. The third option is constructed around moving the Programme towards a more Carbon Neutral position across all its activities. This is in recognition of the importance of the issue of climate change, which emerges clearly from both the environmental context and policy material.

There is not yet clear understanding about what a commitment to carbon neutrality might mean in practice. However, it is important to recognise that a greater focus on carbon is in line with many of the aims of the current European Programmes and RES, including, for example:

- Business efficiency work and the development of renewable energy technologies both address carbon emissions.
- Waste minimisation and the re-use of waste reduce emissions.
- The use of BREEAM standards reduces emissions during the life of buildings.
- The re-use of historic buildings has benefits in terms of embodied carbon.
- The use of local materials reduces emissions from transport, as well as maintaining distinctive built landscapes.

Moves towards Carbon Neutral should therefore be seen as a significant step forward, rather than a complete change of direction, but would still imply a much greater focus on the use of energy in projects than is the case at present.

Table 6.1: Alternative Approaches to Environmental Integration

Outline of Approach	Delivery implications	Comment
1. Environmental activity is limited to: <ul style="list-style-type: none"> that required by prevailing legal standards, i.e. planning permission, emissions control... Except where the market demands otherwise (e.g. energy saving services) 	No staff resource or additional administration required. Application questions would seek only confirmation of legal compliance.	Although possible in theory, this option would be out of step with Commission and UK Government guidance, as well as the stated aims of the SW RES. This is effectively the position which existed in EU Programmes in 1994-99 and earlier.
2. Higher levels of environmental added value are sought on a project by project basis, where these represent the mainstreaming of existing good practice, such as: <ul style="list-style-type: none"> BREEAM standards in building projects; Integration of environmental advice into business development projects, where possible Projects with a strong environmental theme are supported only where they, individually, generate social and economic outcomes. 	<p>A similar staff resource would be required to that under the current Objective 1 and 2 Programmes³.</p> <p>As now, application processes would include consideration of environmental issues as part of the decision-making process, and environmental expertise would be integrated into (and developed within) those processes.</p>	<p>This is essentially the current model. Evaluations⁴ show that it has been extremely effective in the SW and in other GB regions and nations, and that the staff resource is critical to delivery; programmes which relied only on administrative mechanisms were much less successful in embedding environmental sustainability in projects.</p> <p>The continuation of this approach in the new Programmes would represent consolidation, and possibly a limited progression compared to existing practice, especially if best practice lessons from elsewhere in the UK are replicated in the SW.</p> <p>It is worth noting that current Programmes which relied only on administrative mechanisms and which did not employ staff to work with partners, were considerably less successful in delivering environmental additionality.</p>
3. The environmental impacts of the Programme as a whole are assessed and addressed; the most appropriate way to do this, given the focus of the	In addition to the above, it is likely that some form of mechanism would have to be created to oversee projects which compensate for the carbon emissions of	This approach would represent a considerable step forward for the Programme, and would be in line with the aspirations of the RES to develop economically within environmental limits. It is clear that emissions of CO2 are already higher than is

³ As a rough guide, the staff resource at present equates to 1 Full Time Equivalent per £100m funding available.

⁴ The Effectiveness of EU Structural Funds in Delivering UK Government Environmental Aims, Fraser Associates & the Rural Development Company for Defra; executive summary at http://www.objectiveone.com/O1htm/01-cross-cutting/ES_intro.htm

proposed activities, would be to adopt the aim, if possible, of making the Programmes carbon neutral. In addition to the above activities, this would imply support for projects which explicitly deliver carbon positive activities.	mainstream activity. More detail on what this might mean is provided below.	sustainable; the opportunity exists to seek to develop the Programmes in ways which meet the UK Government's aim of decoupling economic growth from environmental impact.
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Monitoring

Evaluation experience shows that it is often difficult to relate the environmental impact of economic development programmes to the activities supported. Accordingly, a range of indicators is suggested which would help monitor the environmental impacts of the Programme. All have been used successfully in EU programmes in the past. *Notes show where indicators have been removed to reflect the update to the Programme.*

Knowledge and Innovation

- Number of new products and services in the environmental sector
- Number of new businesses / products integrating environmental management activities
- Area of brownfield land developed, and its proportion of the total
- *Area of buildings constructed or refurbished to BREEAM standards (this is no longer relevant as the capacity to fund construction projects has been removed from the updated Programme)*

The wider aim under this priority is to ensure that all new products and services incorporate appropriate environmental advice.

Enterprise and Growth

- Number of Businesses in the environmental sector supported.
- Number of (mainstream) Businesses undertaking environmental management, and results in both environmental and economic terms.
- Number of businesses achieving recognised environmental standards.

Urban Enterprise

- Brownfield land developed with EU support (*this is no longer relevant as the capacity to fund construction projects has been removed from the updated Programme*)
- Area of urban greenspace improved for community benefit
- Area of buildings constructed or refurbished to BREEAM standards or equivalent
- Number of environmental social economy businesses assisted
- Training & volunteering placements created with an environmental theme

It is important to note that these indicators do not capture all aspects of environmental integration. For example, the wider aim under the Innovation & Knowledge Priority is to ensure that all new products and services incorporate appropriate environmental advice; this may not easily lend itself to quantification, and so qualitative evaluation may be needed in addition to the above.

Consultation Process and The SEA Statement

In addition to the strong involvement of partners in production of the Programme and throughout the SEA process, the draft Programme and Environmental Report were made available for consultation from late November 2006 until mid-February 2007. The key issues raised during the consultation were summarised and, in combination with the key questions raised in the Environmental Report, a list of recommendations was produced.

Following from the above, these recommendations focus both on the management arrangements for delivery of the Programme as on its content. The recommendations were then passed to SWRDA, as the body which will be responsible for delivery of the Programme. The SEA Statement has been completed by SWRDA, with the majority of recommendations accepted.

One particular change was around the approach to Carbon Management in the Programme. The proposal set out in the draft OP was for the Programme as a whole to be made carbon neutral. In practice, consultation responses suggested that this approach would be difficult to deliver robustly without considerable emphasis on monitoring. There were also unresolved issues around the boundaries to be used – for example, should the assessment look at products and services supported, or the entire activities of companies supported, and over what timescales?

The questions of the ability of the Programme to purchase offsetting credits, and the ethics of doing so were also concerns for many environmental partners.

For these reasons and others, there was much greater interest across all sectors in changing the Programme to reflect the aim of moving towards a low carbon economy, and this approach has now been adopted.

The Assessment chapter of the Environmental Report has been updated to reflect the other changes in the Programme content. These changes have some implications for the environment, but only to a limited extent. Changes are concentrated in the Urban Enterprise Priority, where the capacity to support physical environmental upgrading has been removed (due to the limited funds available); more positively, the explicit aim of providing support for the development of social economy businesses with an environmental focus has been added.