ESPON 2013 Programme

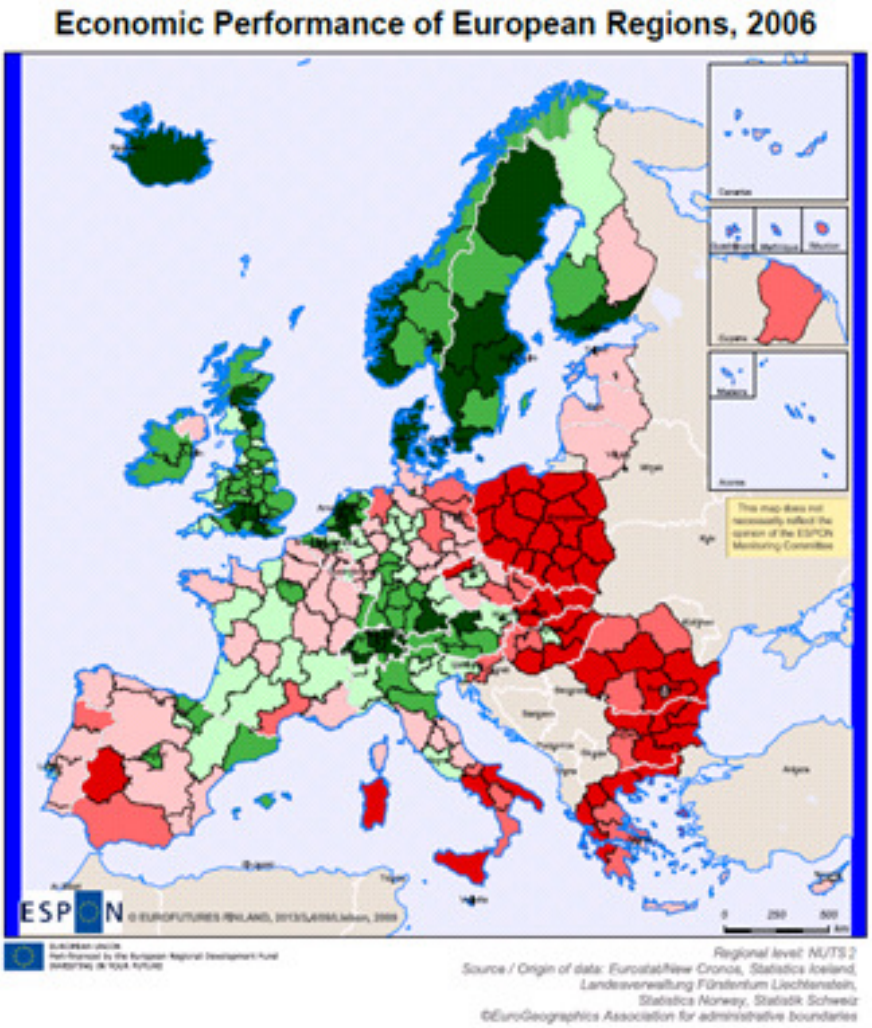
Promoting local growth

Smart, sustainable and inclusive growth

In the UK, the focus is on the private sector to generate growth. But since private sector-led growth itself cannot be ensured, decision-makers need to do all they can to create an environment which promotes successful, balanced enterprise.

The European Structural and Investment Funds 2014-2020 seek an integrated approach to achieving 'smart, sustainable and inclusive growth'. They focus on improving issues like innovation, R&D, skills and social inclusion.

In England, the Government has asked Local Enterprise Partnerships to assess their local needs and develop strategies for using European Structural and Investment Funds allocations. This leaflet is designed to help decision-makers think strategically about development opportunities and challenges in their area.



Composite Lisbon performance ca. 2006

Average quartile for all seven mapped indicators:

- 1,0 – 1,5 (High performance, most indicators in the best quartile)
- 1,5 – 2,0
- 2,0 – 2,5 (Medium performance)
- 2,5 – 3,0
- 3,0 – 3,5
- 3,5 – 4,0 (Low performance, most indicators in the worst quartile)
- No data available

For each of the seven variables, all regions are ranked from 1 through 287 and then divided into quartiles (1 through 4). Composite performance calculated as the average of these seven quartile rankings.

The map shows the UK's economic performance in comparison with the rest of Europe. The UK ranks highly, with the majority of the country performing well in the seven indicators used:

1. GDP per capita
2. GDP per employee
3. Employment rate
4. Employment rate for older workers
5. Long term unemployment rate
6. Regional unemployment rate dispersion
7. Expenditure on R&D.

It does, however, highlight important differences between areas in the UK on measures of competitiveness; Northern Ireland and Merseyside being areas which have performed less well in comparison.

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Opportunities, challenges and local conditions

The 'SWOT' method is extensively used in business and by decision-makers to scope the range of factors that shape decisions. However, it is a generic method and does not necessarily focus on either the characteristics of a place or on the need for integrated solutions.

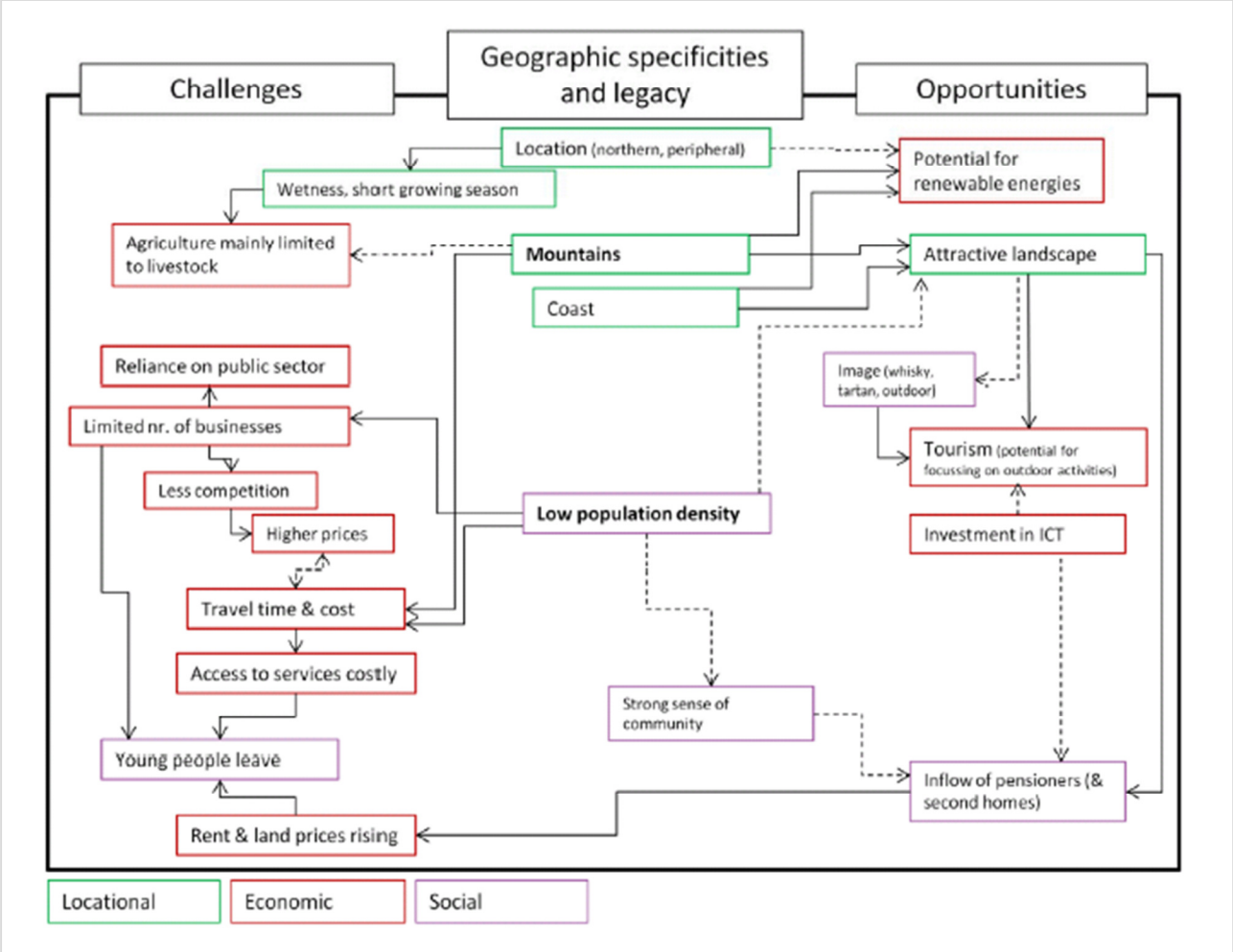
The development opportunities and challenges in an area can be captured by using the 'Nexus model' – a tool created by a team of European researchers. As the name suggests, it focuses directly on the linkages between development challenges and opportunities.

The Nexus approach involves three steps to analyse the area, its characteristics and set the scene for the development of targeted policy. The model can be used to examine an area's advantages and disadvantages, as well as explore opportunities for smart, sustainable and inclusive growth in cities and regions – 'Nexus + Growth'.

The model starts with posing questions about the nature of the area itself, its geographical characteristics and "legacy" – the inherited features that policy and practice has to work with. The diagram below shows an example of a nexus model developed for the Scottish Highlands.

What is Nexus + Growth? Nexus + Growth is a simple model which aims to capture the development challenges and opportunities in an area. Decision-makers can then use this information to develop policy objectives, as well as inform strategies to achieve these objectives.

Using the Nexus model - The Scottish Highlands example



Building your Nexus + Growth model

Step 1: Define the area's features and legacies

In The Highlands example, the main features outlined are its low population density and mountainous terrain. Other regions will have different defining features: in some, it may be its good transport connections or the presence of universities or research institutions. Legacies can be economic, social or cultural, for example demographic structures or cultural infrastructure.

What are the features and legacies in your area? Judgements are involved, so there are not necessarily 'correct' answers. The eleven investment themes in the European Structural Investment Funds might help to identify features and build your Nexus + Growth model. Data from ESPON and other sources can be used to inform this stage by benchmarking the features nationally or in relation to the rest of Europe. However, brainstorming can also be used before hard data is analysed.

"What are the features and legacies in your area?"

Step 2: Connect the features with your policy objectives

The next step is to think about what factors might impact upon these features, and how they might help or hinder the achievement of smart, sustainable and inclusive growth in your area. These can be thought of as intermediate factors linking the area's characteristics and qualities, and the desired outcomes.

Examples might include market trends favouring or inhibiting local businesses, planned new infrastructure, vulnerability to rising energy costs, or the ways in which climate change might affect the city or region.

"What are the factors linking your area's characteristics and desired outcomes?"

Step 3: Identify the challenges and opportunities

The final step involves creating 'logical chains' that follow on from the area's features and legacies, and the processes identified in Step 2. Connections can be made to opportunities and challenges for smart, sustainable and inclusive growth in the area. In The Highlands example, these were split into locational, social and economic factors. A more policy-oriented approach might be to identify connections in terms of how they relate to smart, sustainable and inclusive growth.

The logical chains can show connections, but more importantly can be used to spot potential synergies and the scope for integrated actions that deliver on more than one of the aims – for example the challenge or opportunity to grow green businesses that can also provide local training and employment opportunities for young people. A large city might need to find ways to overcome problems of traffic congestion while also decarbonising its transport system and improving safety. This step could be done using evidence (such as that generated by ESPON) or as a brainstorming exercise amongst experts.

"What are the logical chains that follow on from your area's features and linking factors?"

Implications for policy and practice

The Nexus + Growth model does not take decisions; it allows policy-makers to assess the overall situation in an area, and identify the factors to focus on in order to promote more balanced development. The model enables decision-makers to recognise and analyse the existing characteristics in the area – the challenges and opportunities – and identify intermediate processes and soft factors (for example a strong local identity) that could be influenced to promote an objective such as smart, sustainable and inclusive growth. In this way, it can be used as the basis for policy development.

In The Highlands example, investment in ICT was identified as an opportunity. This can be challenging in rural areas which are not as commercially attractive as urban ones, but due to significant public sector investment, The Highlands now compares favourably with countries like Japan, Germany and the U.S. in terms of access to broadband.

As a result, the area has attracted a number of service centres, bringing with them improved employment opportunities for local residents. There is also evidence that the University of the Highlands and Islands uses videoconferencing as much as all of the UK universities combined – a sign that organisations in the area are improving their connectivity in spite of their peripheral location.

More information

Other applications of the Nexus model

The original Nexus model was developed in the ESPON project GEOSPECS, which looked at development potentials in specific types of places. The work included case studies applying the Nexus model, such as The Scottish Highlands and Irish Sea:

http://www.espon.eu/main/Menu_Projects/Menu_AppliedResearch/geospecs.html.

The Nexus model built on the work of another ESPON project, ESPON TeDi, which studied spatial diversity in Europe:

http://www.espon.eu/main/Menu_Projects/Menu_TargetedAnalyses/espontedi.html.

The ESPON programme

ESPON is a research programme that can help decision-makers to develop place-based policies. Every locality needs to address its distinctive strengths and weaknesses, and ESPON helps decision-makers to do this by providing methods and indicators which allow them to better understand their area's performance and prospects within a European context.

The USESPON project

The USESPON project aims to encourage and support the use of findings from the ESPON 2013 Programme. It supports stakeholders across Europe by providing guidance on using ESPON results in policy-making and practice. For more information on USESPON, have a look at the project website: www.espon-usespon.eu.

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