DEPARTMENT FOR THE ENVIRONMENT, FOOD AND RURAL AFFAIRS

THE EFFECTIVENESS OF EU STRUCTURAL FUNDS IN DELIVERING THE GOVERNMENT'S ENVIRONMENTAL OBJECTIVES

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

1 Overview

For the most part, European Structural Funds provide support for economies lagging behind the European average. In addition, there is the pan-Community coverage of Objective 3 which supports labour market issues of common interest. In the UK, the funds are administered through regional partnerships of public sector organisations, and are planned and delivered in multi-year cycles.

For the current 2000-2006 Programming Period, Environmental Sustainability (ES) was introduced as a horizontal theme, to be considered throughout all aspects of Programme and project development, delivery, monitoring and evaluation. In England, this requirement was implemented through a range of administrative and management actions. These range from the inclusion of compulsory questions in application forms and reporting against environmental indicators, to the involvement of environmental champions in decision-making bodies and the employment of staff whose central role is to work with partners to improve environmental aspects of their projects.

This was – and remains - the first time that such a proactive and systematic approach to environmental issues has been implemented within a mainstream funding context.

Against this background, this study was commissioned by Defra, working in conjunction with a broadly based steering group, to assess the impact of the various measures undertaken to mainstream environmental issues. The overall aim is to highlight those measures which have proved most effective, to enable future regional funding arrangements to take account of the current experience.

Accordingly, this study has looked at three areas.

Firstly, it has reviewed written material. The focus was on those documents which were most influential in determining the projects funded, and assessing their environmental approach.

Secondly, an extensive exercise was undertaken to collate the details of all projects which go significantly beyond statutory environmental requirements to contribute strongly towards UK Government Environmental Policy details. These projects were analysed by type, geography and lead applicant.

Thirdly, consultations were undertaken with regional partners and at national level to explore the reasons behind differences between Programmes, and to identify key success factors.

The study was intended to be complementary to other work being undertaken over the same period, most notably on the role of the three statutory environmental and countryside agencies, (EA, EN and CA) who act as competent environmental authorities in the current Programmes. Accordingly, their work is only touched on where relevant to the three areas above.

Our overall conclusion is that the integration process has met with some success. There is evidence of a greater range of environmental projects being supported than has been the case in the past, of a much wider adoption of environmental measures

within conventional projects, and of changes in the attitudes towards environmental issues among many economic development partners. Consultation responses showed clearly that Structural Fund Programmes are perceived as having added considerable value in terms of environmental integration.

This progress made is attributable largely to the involvement of environmental champions and staff within a systematic framework of project development and appraisal. Administrative processes, such as guidance and criteria, operating without such expertise tend to be less effective, in part due to the support required by partners tackling a new issue. Although some of the experiences gained are specific to particular Programmes, it is nonetheless possible to draw out lessons which could be used to inform approaches in other areas.

The remainder of this executive summary highlights key points from each of the three areas of research outlined above, and provides recommendations on future practice.

2 Integration of Environmental Sustainability in Programming Documents and Processes

The Structural Fund Regulations state that:

> *'…in its efforts to strengthen economic and social cohesion the Community also seeks to promote the harmonious, balanced and sustainable development of economic activities, a high level of employment, equality between men and women and a high level of protection and improvement of the environment;*
> *…those efforts should in particular integrate the requirement of environmental protection into the design and implementation of the Structural Funds.'*

At its simplest level, integration implies a combination of support for environmental actions where these also have economic and social benefits, together with increased consideration of environmental issues within mainstream projects; essentially the greening of the economic development process and projects.

The concept of partnership is central to the writing and delivery of Structural Funds. Regional Programmes bring together a mix of Regional Development Agencies, Local Authorities, Universities and Colleges, the Voluntary and Private Sectors and, as a consequence of mainstreaming, environmental and equalities agencies.

The development of Programmes takes account of the policy context, evidence from socio-economic and environmental profiles, evaluations of past work, and consultation with partners. The first part of this study assessed the ways in which environmental integration had been undertaken during the course of development of regional programmes. This is a two stage process: firstly, an environmental profile is prepared, and secondly, key issues from the profile are used to inform the detail of what projects are to be funded, and what approach to environmental issues they should take.

The study found that the range of data used in preparing environmental profiles was similar in most Programme areas. While these data could provide a useful, if partial, outline of the environmental characteristics of Programme areas, the profiles were found not to have been a strong driver of Programme content.

The major obstacle to environmental profiles playing a more functional role in strategy development is the availability and quality of data. For many environmental issues:

- meaningful data are simply unavailable or not available on a relevant spatial scale (for example, on access to and quality of green space in urban areas); and
- available environmental measurements are not easily applied in the context of project monitoring in an economic development context (e.g. the lack of practical means for linking assistance to business to air quality or greenhouse gas emissions).

Where integration was more effective, it was generally as a result of the activities of environmental champions who understood the processes involved, and had promoted the greening of generic economic instruments. It is only very recently, through the introduction of SEA, that this formal role has been duplicated in domestic funding.

Activities Supported by Programmes

Although there are regional variations in focus, typically, Structural Fund Programmes support four broad types of action:

- business development, typically providing services for SMEs.
- infrastructure, including site preparation and building works, the development of tourism attractions, regional marketing, and, in some areas, transport projects.
- community economic development projects, such as those supporting the social economy or physical regeneration.
- training and people development projects, covering entry level skills, targeting marginalized groups, and training for employees of SMEs.

Each regional programme presents a range of actions under the above headings. These are laid out in *Priorities*, which describe broad fields of intervention, and *Measures*, which give the detail of types of projects that can be supported. Partners then apply for funding, with projects being assessed through a detailed process involving formal applications, peer group appraisal, and setting targets against monitoring indicators.

Integration of ES in this context generally involves a combination of administrative and management actions, including:

- definition of key environmental issues, and of their relevance to economic and social regeneration actions.
- development and adoption of assessment processes, indicators and monitoring systems which allow environmental actions to be reported and rewarded.
- involvement of environmental expertise in decision making structures.
- provision of structured training and support for those developing and delivering projects, making environmental issues and required actions as clear as possible for project sponsors.

The study found that there was some variation in the depth of environmental integration, against the above criteria:

- Merseyside, South West, and North East were strongest and most consistent Programmes.
- The Cornwall & Isles of Scilly, North West, East Midlands, and West Midlands Programmes contained many elements of good practice, but were less well defined in places.
- The South Yorkshire, Yorkshire & Humberside, and East of England Programmes had obvious gaps.London and the South East Programmes had very patchy integration.there was an almost total absence of integration in the national Objective 3 Programme.

This analysis was based on Programme Documents published in 2000 and 2001. It is worth noting that both the East of England and London documents were strengthened, in environmental terms, following Mid-term Evaluations and while improved guidance and pilot initiatives have sought to strengthen integration in Objective 3.

3 The Integration of Environmental Sustainability in Projects

The second, main part of this study was to identify all projects that made a clear and distinctive contribution to UK Government Environmental Aims, especially those of greatest relevance to Defra's PSA targets. These impacts occur from two types of project.

Vertical and Horizontal Projects

Vertical projects are those which have a specific environmental purpose, and address this in ways which deliver social and economic benefits – the main aims of the Programmes. Typical examples are environmental management in business projects, or those seeking to increase tourism on the basis of environmental attractions. It was relatively straightforward to identify vertical projects, either from the project name or applicant.

Horizontal projects are traditional economic development projects which are being delivered in ways which, in addition to economic and social outcomes, contribute to environmental aims. It was considerably harder, as anticipated, to identify good horizontal projects, as degree of expert judgement is required. In practice, most such projects were identified by Environmental Sustainability Theme Managers (ESTMs), in conjunction with the consultants. In some cases, primary research was undertaken to supplement ESTM expertise, for example where the ESTM had been appointed relatively recently.

It should be noted that horizontal projects were only included in this study where they were judged to make a significant contribution towards environmental aims. The process of selection, inevitably, was to some extent subjective, and a conservative approach was generally taken. Accordingly, it is likely that a larger number of projects than have been captured in the analysis will have some, albeit limited, environmental benefits beyond that required by legislation.

As an example, a construction project may introduce an environmental management system to reduce energy costs during use. While of benefit, this was not judged significant when compared to a similar project which had built in aspects like ground source heating, used only timber from certified sustainable sources, and had taken account of local biodiversity action plan aims when designing soft landscaping.

We would therefore emphasise that projects not included as good practice should not be interpreted as having negative environmental impacts. Rather, it is much more likely that other projects are simply meeting existing legislative standards, or exceeding them only at the margins.

The Relationship Between Vertical and Horizontal Projects

The relative contributions of vertical and horizontal projects to environmental policy aims has been a contentious issue. As the debate has matured, and experience widened, it has become more generally agreed that the two approaches are complementary, and also that neither alone will be sufficient to meet policy aspirations. Some systemic issues, of which the need to reduce greenhouse gas emissions is a perhaps the best example, require small actions on the part of a large number of people. In this case, a mainstreaming approach is the only option. Conversely, there remain environmental issues which are, at the present time, best tackled by dedicated projects. An example is the provision of environmental management services for businesses and where specialist expertise is necessary.

In some areas, vertical and horizontal approaches may be interdependent. Conventional business development projects may deliver a horizontal component through a referral mechanism to a specialist service, whether or not supported by Structural Funds. Wider adoption of such services, in turn, will help deliver policy aims more effectively, by engaging a wider spread of businesses.

Incidence of Projects Integrating Environmental Sustainability

The central outcome from this part of the study was a listing of all vertical and horizontal projects in each Programme Area, differentiated by category of project and quantified by the number and value of projects. There was considerable variation in the proportions of projects found in different Programmes, as shown in the Tables below.

TABLE 1: VERTICAL PROJECTS BY REGIONAL PROGRAMME (ERDF)					
Programme	**No. of projects**	**Total Cost**	**ERDF**	**% ERDF by value**	**% projects by number**
Merseyside	21	£51,929,562	£19,068,853	4.9	3.9
South Yorks	22	£14,538,456	£5,860,885	1.5	6.6
Cornwall & IoS	20	£33,874,000	£11,403,112	7.6	10.4
North West	69	£22,714,000	£10,057,000	2	-
North East	96	£73,719,085	£27,020,280	8.5	8.5
West Midlands	28	£112,684,000	£26,945,000	4.7	7.8
East Midlands	50	£48,434,681	£14,972,371	7.8	11.8
Yorkshire & Humber	26	£9,944,000	£3,263,000	1.1	2.2
East of England	9	£17,309,737	£5,461,695	6.6	6.8
London	15	£7,040,281	£3,633,340	3.3	5.5
South East	7	£1,933,898	£896,481	4.2	3.2
South West	15	£28,965,682	£10,173,523	14.6	10.5
ALL	378	£423,087,382	£138,755,540	English Average 4.5%	English Average 6.3%

TABLE 2: VERTICAL PROJECTS BY REGIONAL PROGRAMME (ESF)			
Programme	**No. of Projects**	**Total Cost (£)**	**ESF (£)**
Merseyside	34	£11,827,749	£4,957,298
Cornwall & IoS	6	£3,981,498	£1,843,409
North East	27	No data	£4,353,143
East Midlands	3	No data	£222,470
Yorks & Humber	4	£4,160,000	£1,844,000
South West	6	No data	£6,011,481
Total	80		£19,231,801

As examples, vertical projects might provide specialist environmental advice to SMEs, develop the environmental sector, expand green tourism, or focus on environmental issues at community level, including through the training of unemployed people. It is worth emphasising that almost all of these projects are in practice environmental projects which deliver clear social and economic benefits, which remain the central focus of Structural Funds Programmes.

The balance of project types and applicants was also found to vary substantially at regional level, for example, projects involving institutions or environmental NGOs are more prominent in some areas than others, to some degree reflecting existing regional variations.

Horizontal projects reflect the full range of activities aimed at developing regional economies. They focus on business development services, infrastructure and construction projects, tourism, community regeneration, and transport. Projects included in the table below are, however, being delivered in ways which in addition to economic and social outcomes, incorporate environmental benefits above and beyond those which would normally be expected.

TABLE 3: HORIZONTAL PROJECTS BY REGIONAL PROGRAMME (ERDF)					
Programme	**No.**	**Total**	**ERDF**	**% by value**	**% by number**
Merseyside	63	£786,321,742	£200,555,749	51	11.8
South Yorks	31	£188,948,084	£48,211,974	12	9.3
Cornwall & IoS	102	£251,843,389	£116,299,833	77	53.1
North West	71	£107,888,000	£48,540,000	9.5	-
North East	23	24,354,190	£9,386,102	2.9	2
West Mids	35	£176,409,000	£47,449,000	8.3	9.8
East Mids	59	80,680,070	27,920,324	14.5	13.9
Yorks & Humber	38	£55,557,000	£18,102,000	6.1	3.2
East of England	31	£61,865,269	£19,914,109	24	23.5
South East	14	£5,567,231	£2,102,163	9.6	6.4
London	20	£35,605,704	£12,927,018	11.6	7.4
South West O2	62	£91,811,986	37,026,173	59	43.7
Total	544	£1,843,881,665	£581,394,445	English average 18.7%	English average 9.6%

TABLE 4: HORIZONTAL PROJECTS BY REGIONAL PROGRAMME (ESF)			
Programme	**No. of Projects**	**Total Cost (£)**	**ESF (£)**
Cornwall & IoS	10	£9,116,124	£4,116,562
West Midlands	5	£2,380,000	£1,071,000
TOTAL	15	£11,496,124	£5,187,562

The incidence of ESF projects involving vertical or horizontal integration of ES varies by region, largely reflecting the fact that the inclusion of ESF Measures in Objective 2 Programmes was optional.

Objective 3 Programme

In addition to funds available through regional programmes, ESF is administered through a national Objective 3 Programme. The nature of this Programme is such that it was not possible to identify all environmental projects supported. A large sample of 3,000 projects was considered, and vertical projects were found to account for 2.4% of the financial total, with an ESF value of £14.2m.

This reflects both the different aims and circumstances of operation of ESF – the focus is on target groups, rather than industrial sectors or geographic areas – and the relative lack of complementary policy drivers when compared to ERDF. Further, it was not possible, given the information available, to identify horizontal projects, other than on an anecdotal basis.

Contribution of Projects to Environmental Policy Aims

While integration of ES could be quantified in terms of numbers of projects and project expenditure, it is not possible using centrally held data, to quantify the environmental outcomes of projects and thereby their impact in terms of Defra's PSAs or wider Government aims. However, it is clear that both vertical and horizontal projects do contribute to these, especially in relation to reducing energy consumption, reducing waste and promoting recycling. Positive impacts are also evident in respect of green tourism projects, which contribute towards the promotion of access to the countryside and, in some cases, include elements of nature conservation management.

The most significant contribution, however, is to Defra's PSA of raising awareness and encouraging better environmental approaches as a component of sustainable development. There is clear evidence that applicants have altered their behaviour as a result of Programme aims.

It is also worth noting that Programmes make significant contributions to wider sustainable development aims – for example, most community regeneration projects included here contribute directly to ODPM's aims in respect of sustainable communities. Further, the broad 'resource use' impacts described above are directly in line with the core priorities of the more recent Strategy for Sustainable Development, *Securing the Future* (2005).

4 Findings From Regional and National Consultations

As seen in Section 3, the performance of Programmes varies very considerably in terms of environmental integration, even allowing for some variation being due to differences in project identification. Accordingly, the consultation phase, involving over 40 interviews explored the reasons behind these variations. Additional feedback was received from national meetings and a consultation seminar. Key points from the consultation phase were that:

- successful Programmes were those where the environmental champions were closely involved from the start at strategic level, and where ESTMs had been appointed early in the life of the Programme, in a role which provides a degree of leverage on project selection.
- environmental champions could include representatives of both Competent Environmental Authorities, and of environmental and mainstream partners such as NGOs, academics or local authorities.
- the role of ESTMs in supporting individual project sponsors at all stages of development was seen as the single most effective activity in delivering environmental integration. A high level of reliance upon written procedures was found to be much less effective.
- even Programmes where integration was weaker than average were seen as taking a more sophisticated approach to environmental integration than those systems employed by local partners and domestic funding regimes.
- almost without exception, interviewees regarded the Structural Funds process as having added considerable value in terms of the range and number of projects funded and, importantly, in terms of raising awareness of the practical aspects of environmental solutions among the economic development community.

Two wider issues were highlighted by interviewees in a minority of regions. Firstly, the maturity of the partnership involved was seen by some to be a factor in successful mainstreaming. It was suggested that it was easier to introduce wider aspirations into partnerships which had already been operating Programmes with confidence in the past. Secondly, in some regions, there was a perception that there had been pressure on project quality, including environmental quality, by the requirement to spend and claim funds by specific deadlines, newly introduced for the 2000-06 Programme period.

The positive role of ESTMs emerges very strongly from the consultation phase. On this basis, it is worth examining in more detail the relationship between their capacity (on the basis of the total value of ERDF in respective Programmes) and the staff complement available. This is shown in the table below, together with the ranking of each Programme, calculated from the combined total of vertical and horizontal projects identified above. There is a clear correlation between the figures – not surprisingly, a strong performance is associated with greater capacity.

The strongest exception to this trend is the Merseyside Programme, which has been more effective than the ESTM capacity would initially suggest. A combination of two reasons is suggested for this. Firstly, the high proportion by value of the Programme representing good practice is associated with a relatively small number of projects – environmental expertise has been focused where it can make most difference. Secondly, the Programme is seen to have a wide range of effective environmental champions, in addition to the ESTM.

It is also worth noting that CEAs were instrumental in setting up the majority of posts, and that just over half of ESTMs are currently supported financially by CEAs.

TABLE 5: ESTM CAPACITY AND RELATIVE PROGRAMME PERFORMANCE

Programme	ESTM Capacity (FTE)	Total ERDF per Programme, £m	Ratio FTE / £100m (approx)	Programme ranking (combined % vt & hz projects)
Cornwall & IoS Obj 1	2	£202	1	1
South West Obj 2	1	£104	1	2
East of England	0.65 (latterly)	£95	0.7	4
London	1 (latterly)	£153	0.7	6
East Midlands	1	£230	0.4	5
North East	1	£389	0.25	10
South Yorkshire Obj 1	1, reducing .3	£527	0.2, reducing 0.06	7
West Midlands	1	£475	0.2	8
North West Obj 2	1	£541	0.18	10
Merseyside	1	£598	0.17	3
Yorkshire & Humberside	0.25	£300	0.08	12
South East	-	£18	-	8

Total Programme values from ODPM in Euro, converted to £ Sterling, excluding performance reserve. Capacity figures from ESTMs.

Comparison With Regional Development Agencies

For the purposes of comparison, the second phase of the study included both desk based and interview research with staff of Regional Development Agencies. This found that, although the RDA approach is clearly improving in terms of environmental integration, it was still some way behind the processes currently employed in Structural Funds. In particular, involvement of champions is less consistent, and there are no equivalents of ESTMs involved in the assessment of project, nor in providing assistance to project sponsors.

5 Conclusions and Recommendations

The research has focused on processes and actions for integrating environmental sustainability that have been introduced to the Structural Funds in the 2000-06 programming period. The approach remains the most systematic in any mainstream (i.e. non-environmental) funding stream in our experience.

The combination of project based analysis and views expressed by consultees suggests very strongly that the processes introduced have been successful in improving environmental integration in and, almost certainly, the environmental impact of the Programmes. The awareness and range of partners involved has been widened considerably. Although there is great variation in the relative performance of different Programmes, a key point is that all Programmes are seen to have added value compared to the background situation in their respective regions.

A range of administrative and management aspects have been introduced in support of mainstreaming, of which the employment of dedicated ESTMs has been instrumental. The more successful regions have been those where environmental champions have been involved at strategic level from the earliest stages of Programme development onwards, influencing written materials, and facilitating the delivery of project-based work by ESTMs. Written materials alone do not appear to have delivered ES integration to the same extent in the absence of involvement of environmental expertise.

The detail of regional development arrangements post-2006 remains to be determined. It is unclear whether, or to what extent, Structural Funds programmes will exist in England, but it is almost certain that resources will be lower than at present as funds are increasingly concentrated on new Member States. As a result, any English Programmes are likely to be less influential than at present.

If the environmental sustainability agenda is to be sustained in a systematic and meaningful fashion within regional development post-2006, it will require to operate substantially outside a Structural Funds framework. The challenge is to consider how the experience and learning from 2000-06 can be applied across different funding streams.

Programme Preparation

Where environmental profiling work is required in future, in the context of either Structural Funds Programmes or Regional Economic Strategies:

- National guidance on the scope and content of such analyses should be provided, and set text on appropriate areas, for example on policy context and administrative responsibility, could be offered to regions for use in relevant sections. Such guidance should be produced on behalf of DEFRA, should involve consultation with stakeholders, and should be neutral in tone.
- Consideration should given to the use of national data in areas where regional data are weak, and are unlikely to show much variation.

Strategies, whether at the level of Structural Funds Programmes, Regional Economic Strategies or sub-regional partnerships should incorporate the following elements of good practice:

- clear statements of the potential for integrating ES in the texts relating to each Strategic Priority and the rationale for doing so.
- identification of particular forms of environmental action and / or environmental integration as a sub-set of eligible actions at Measure or Action Plan level.
- identification of quantified targets for tangible environmental outcomes that can clearly be related to the eligible actions, supported by definitions.
- a statement on how ES will be prioritised or otherwise taken into account in the project selection process.

Building on this last point, we would also recommend that the future integration of ES at delivery level should be supported by guidance based on project themes (for example, business development, premises, training, etc.), and that such guidance:

- should identify the main tangible environmental outcomes that can be achieved by project theme (i.e. what are the main environment - economy links).
- should identify the main means through which the environmental footprint of activity can be reduced.
- should be supported by case studies.
- should be produced by or on behalf of DEFRA, should involve consultation with stakeholders, and should be neutral in tone.

In order to monitor progress, we recommend the development of a set of environmental indicators for use post-2006 to cover the main tangible environmental outcomes accruing to different types of project. These should be supported by standard definitions and guidance on their application and monitoring to promote consistency. Detailed, project level evaluations from Programmes will be necessary to allow meaningful targets to be set against these indicators.

We recommend that a core subset of the indicators should be identified, reporting upon which should be mandatory for all regions. Core indicators are likely to be reflective of Departmental objectives and PSAs, but should be designed to allow reporting and aggregation from project level upwards. The ES evaluation and monitoring framework should be produced by or on behalf of DEFRA, should involve consultation with stakeholders, and should be neutral in tone.

Programme Evaluation

The review of evaluations undertaken of the ES element of Programmes shows there is a need to improve the consistency and quality of practice. We therefore recommend that future evaluations emphasise research at project level and that such research should examine:

- intrinsic environmental characteristics of projects (i.e. those environmental outcomes that are dead-weight).
- the extent to which project holders have enhanced the environmental characteristics of their project in response to the ES mainstreaming agenda.
- the value added to projects by doing so.
- any difficulties or obstacles encountered in trying to enhance the environmental performance of projects.
- the effect on organisational behaviour as a result of having worked to improve the environmental outcomes of projects.

Active Support for Integration

The research emphasises the role of environmental champions and managers in successful integration of ES and that these roles remain critical in the future.

We recommend that, post 2006, integration of ES should continue to be supported both at strategic (championing) and at an operational (support for project holders) level.

In the absence of knowledge of future programmes, we are not able to recommend specific structures for championing activity. Experience from the 2000-06 period suggests that the appropriate structure will depend on regional factors, and on the existence of individuals who are prepared to assume the mantle of champions.

Regardless of the form of delivery, we recommend that regional ES champions should guide the work of ESTM equivalents, and there should be clear links between these and appropriate regional strategies. Champions are likely to include representatives of CEAs, Environmental NGOs, academics, and mainstream partner organisations involved in economic development.

We recommend that support should be made available to project holders for integrating ES, but that this should be applied selectively, with priority being given to projects that hold the greatest prospect for environmental outcomes or to those organisations where capacity to integrate is considered weaker.

We recommend that Defra, Government Offices, Regional Assemblies and Environmental Authorities should use their leverage with the Regional Development Agencies and other conduits for regional development funding to promote:

- involvement in the regional ES partnership.
- engagement with the ESTM equivalents.
- the use of clear and appropriate processes that require a description of the environmental outcomes from projects.
- the use of project selection processes that give weight to ES issues.

We recommend that the profile of future ESTM equivalents should include:

- substantive knowledge of the application of ES principles across a broad range of activity gained through study and / or experience.
- several years experience of applying ES principles in a project management context.
- interpersonal skills of a high order.

Role of the RDAs

Review of RDA strategy documents suggests that their approach is not yet as well developed as that used in Structural Fund Programmes. Documents are generally less consistent in integrating environmental sustainability issues across all areas of activity, although it is notable that strategies in the regions reviewed represent considerable progress in relation to the integration of ES compared to previous Regional Economic Strategies.

Consultations with RDAs have confirmed that while progress is being made at strategic level, the Agencies have yet to develop processes to support this in as much depth.

Irrespective of what their future role in Structural Funds may be, over the past 5 years the Regional Development Agencies have increasingly become the conduit for development resources that, historically, have come to regions through a wider range of channels. Accordingly, the RDAs are a critical, but not exclusive focus for future action to integrate ES in regional economic development because of their role in strategy formulation and project funding.

We recommend that, on the basis of their authority as Government Department leading on the environment and through their increasing links with Regional Development Agencies, Defra should promote:

- the championing of ES at board level in the RDAs.
- the development of a broad concept of ES within Regional Economic Strategies (including as part of the consultation on the RES reviews).
- the engagement of CEAs and other partners in elaborating this approach.
- the adoption of more systematic processes for integrating consideration of ES as part of RDAs funding processes.