

EU Funding 2014-2020

Purpose of report

For discussion, direction and approval.

Summary

At the last Board meeting, Members requested further discussion and information on 2014-2020 EU funding. This report includes:

1. the role of the European Investment Bank (EIB) and the implications of instruments such as Jeremie and Jessica, as requested by members; and
2. a draft LGA position on delivery options for EU funds which maybe appropriate across England. **This will be circulated separately.**

Feedback from relevant LGA meetings is addressed in Item 4.

Recommendation

Members are asked to comment on the report and make any recommendations for officers to action.

Action

Officers to take action as directed by Members.

Contact officer: Ian Hughes
Position: Head of Programme
Phone no: 020 7664 3101
E-mail: ian.hughes@local.gov.uk

EU Funding 2014-2020

European Investment Bank and instruments including JEREMIE and JESSICA

1. In the current funding period 2007-2013 the European Investment Bank (EIB) launched a number of new loan products to assist with regional development. The new instruments are partly based on existing loan schemes developed in the UK such as the Merseyside Investment Fund and Finance Cornwall.
2. EIB loans will play an important role in the future funding landscape for local authorities alongside traditional grant financing from the structural funds.
3. The new instruments include:
 - 3.1 JEREMIE – Joint European Resources for Micro to Medium Enterprises, allows EIB funds to be matched with ERDF to create a holding fund which is used to provide loans (or equity or guarantees) to SMEs. The instrument has been used in Wales, Yorkshire and the Humber, the North West and the North East to create loan funds of over £90 million.
 - 3.2 JESSICA – Joint European Support for Sustainable Investment in City Areas, typically allows European Regional Development Fund (ERDF) and EIB funds to be brought together to create an urban development fund to support urban regeneration projects and public-private partnerships. Wales, Scotland, London, the North West and the East Midlands have opted to use the instrument creating loan funds of between £15 million and £100 million.
 - 3.3 ELENA - European Local Energy Assistance, helps local authorities to prepare energy efficiency or renewable energy projects. London, Bristol, and Birmingham have benefitted from funding.
4. It was primarily the Regional Development Agencies in 2009-2010 who decided which EIB loan instruments to use in their region. Several English regions undertook evaluations and decided not to run the schemes. Possibilities remain for individual projects to bypass the regional loan schemes and apply directly to the EIB for a single loan.
5. The delivery of JESSICA funding has been held up by difficulties agreeing the schemes with the EU, and by private sector developers withdrawing their support in a difficult financial climate. Individual loans are only expected to begin being issued this year.
6. The benefits of running a loan scheme are that they are set up as revolving funds allowing the same capital to be re-lent several times over. Also as soon as the loan fund is established the ERDF component counts as having been spent thus reducing the risk of underspend significantly.

**European and International
Board**

9 November 2012

Item 2

7. Members are asked to give a steer on these issues and if EIB loan schemes should be prioritised in future as an area of work for LGA.
8. In this short brief we summarise a new approach to developing EU funding programmes for 2014 – 2020, focusing specifically on how the European Regional Development Fund and European Social Fund (ESF) can help drive growth and prosperity in local economies.

Delivery options for EU funds

9. Discussions with our member authorities suggest they are exploring a variety of options with Government departments about ways in which they want to use future EU funds, including the levels of engagement and types of delivery mechanisms which could be used.
10. A LGA draft position paper which explores options for delivery will be **circulated separately**. Members are invited to discuss the contents, and make recommendations to be incorporated in a further iteration.

Contact officer: Ian Hughes
Position: Head of Programme
Phone no: 020 7664 3101
E-mail: ian.hughes@local.gov.uk