

European and International Board

Agenda

Tuesday 15 October 2013
11.00am

Westminster Suite (8th floor)
Local Government House
Smith Square
London
SW1P 3HZ

To: Members of the European and International Board
cc: Named officers for briefing purposes

www.local.gov.uk

This meeting is



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European & International Board

15 October 2013

The European & International Board meeting will be held on **Tuesday 15 October 2013 at 11.00am**, Westminster Suite (8th Floor), Local Government House.

A sandwich lunch will be available after the meeting.

Apologies

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

Political Group meetings

Please refer to your Political Group office (see contact details below) for group meeting timings and venues.

Labour: Aicha Less: 020 7664 3263 email: aicha.less@local.gov.uk
Conservative: Luke Taylor: 020 7664 3264 email: luke.taylor@local.gov.uk
Liberal Democrat: Group Office: 020 7664 3235 email: libdem@local.gov.uk
Independent: Group Office: 020 7664 3224 email: independent.group@local.gov.uk

Attendance Sheet

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Location

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LGA Contact

Frances Marshall (Tel: 020 7664 3220, email: frances.marshall@local.gov.uk)

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European & International Board - Membership 2013-2014

Councillor	Authority
Conservative (7)	
Gr. Uff. Marco Cereste OSSI OMRI [Vice Chair]	Peterborough City
Gordon Keymer CBE	Tandridge DC
Neil Clarke	Rushcliffe BC
Nick Daubney	Kings Lynn & West Norfolk BC
Keith Glazier	East Sussex CC
Alan Melton	Fenland DC
Liz Eyre	Worcestershire CC
Substitutes:	
David Hall	Somerset CC
Joanne Beavis	Braintree DC
Judith Wallace	North Tyneside MBC
Chris Pillai	Calderdale MBC
Labour (7)	
Sue Murphy [Deputy Chair]	Manchester City
Chris Shaw	North East Lincolnshire Council
Sir Albert Bore	Birmingham City
Aaron Shotton	Flintshire CC
Sherma Batson MBE DL	Stevenage BC
Roger Lawrence	Wolverhampton City
John Kent	Thurrock Council
Substitute:	
Dave Allan	Sunderland City
Robert Evans	Surrey CC
Liberal Democrat (2)	
Richard Kemp CBE [Deputy Chair]	Liverpool City
Sian Reid	Cambridge City
Substitute:	
Paul Crossley	Bath & North East Somerset Council
Independent (2)	
Clarence Barrett [Chair]	Havering LB
Diane James	Waverly BC
Substitute:	
Adrian Naylor	Bradford MDC
Peter Jones	Babergh DC

Agenda

European and International Board

15 October 2013

11.00am

Westminster Suite (8th Floor), Local Government House, Smith Square, London, SW1P 3HZ

Item	Page	Time
FOR DISCUSSION		
1. European and International Board Membership, Lead Member Priorities and Work Programme for 2013/14	3	11.00am
2. Future EU Funding, 2014 - 2020 Sue Baxter, Deputy Director of EU Programmes, Economic Development Directorate at the Department for Business, Innovation and Skills (BIS) who is leading the UK negotiations on structural fund reform and Simon Nokes, one of the local government secondees to BIS, will provide an update on the latest position in the EU-wide negotiations.	11	
3. International Trade and Development: Local Government's Role	23	
FOR INFORMATION		
4. Round-up of activity: Board EU lobbying priorities, institutions and international activities	29	
5. Note of the last meeting	43	
6. Date and Time of Next Meeting: Tuesday 10 December 2013, Worcestershire. <i>Further details to follow.</i>		

European and International Board Membership, Lead Member Priorities and Work Programme for 2013/14

Purpose

For discussion and agreement.

Summary

This report sets out proposals for the Board's priorities and key areas of work for the 2013/14 year, set against the available resources. The Board's Membership for 2013-14 is attached at **Appendix A** for noting.

Recommendation

That the Board agree its priorities and work programme for the 2013/14 meeting cycle.

Action

Over the course of the next year officers to progress the Board's agreed priorities and projects in line with available resources.

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

European and International Board Membership, Lead Member Priorities and Work Programme for 2013/14

Background

1. This is the first Board of the new LGA year and it is the opportunity for Members to prioritise the work of the Board over the next year.
2. At the LGA Conference in July, the launch of *Rewiring Local Services* was well received by councils, parties, business and other organisations. It set out a radical agenda for public service reform, demonstrating how local partners could provide more effective services at the local level. The full publication is available here: <http://www.local.gov.uk/campaigns>.
3. The steer from the LGA Executive is for the Board to help move the 'Rewired' agenda to the next stage, examining how local government and its partners could offer better outcomes for communities.
4. With much of the legislative framework for local services originating in Brussels, it is important to the achievement of our *Rewired* agenda that we influence the legislative process in Brussels and ensure that the view from localities is strong in formulating the UK position in Brussels.
5. There is also a wider international agenda where the local role in securing new international trade needs to be recognised.

Priorities

6. With this brief, it is suggested that the work of the Board has four clear priorities in 2013-14:
 - 6.1. **EU funding:** From next year, local areas across England will access £5.3 billion of EU structural funds for 2014-20. This budget will form a large proportion of any new public resources available for local regeneration. The LGA has already scored a major lobbying victory in securing the local delivery of EU funds from 2014 - through Local Enterprise Partnership (LEP) areas. However, much of the detail of the UK programme has yet to be agreed. (A later report on this agenda sets out the details of a programme of work in this area for Members' consideration.)
 - 6.2. **European legislation affecting councils:** Every year the European Commission publishes an annual work programme which sets out its legislative programme for the next year; this is the EU equivalent of the Queen's Speech. From this programme, the Board will advise the LGA Executive on the EU lobbying priorities based upon those proposals which will have most impact on councils. For example, for 2013, the Board's priorities have included the reviews of procurement and state aid rules to support local growth, the work on environmental regulation to ensure no new financial and regulatory burdens on councils and the structural funds review to

ensure new regeneration funding in local areas. The 2014 legislative programme is likely to be announced in late October and it is suggested that the December Board looks in detail at the proposed programme and the likely impact on councils.

- 6.3. International trade and development:** There is much demand from local government in developing nations for support from English councils. The LGA has championed the idea of peer-to-peer support in international aid as an effective way of using resources. We have delivered a number of externally funded programmes which have demonstrated the effectiveness of this approach. For example, the pan-African LGA (UCLGA) commissioned the LGA to support the development of peer reviews between councils in Africa to secure better services - work which was funded through external sources. Increasingly there is a trade link to this work, with councils in emerging economies wanting to secure both capacity-building support and to develop trade links with English towns and cities. The leadership role of councils in this area has been promoted by the LGA. In recent months, there have been a number of positive developments. For example, the European Commission has announced a new policy which develops a clearer role of localities in the delivery of aid and the UK Trade Minister, Lord Green, has encouraged the LGA to develop a better partnership with UKTI to ensure that the local role in developing new trade links is utilised more effectively. Our '*Rewired*' agenda sets out our ambition for a stronger local approach to economic development. A later report on this agenda sets out the details of a programme of work in this area for Members' consideration.
- 6.4. Supporting LGA representatives on EU and other bodies:** There are a number of important EU and international bodies to which the LGA nominates elected members and which play a formal role in international decision making. For example, the LGA makes nominations to two formal European bodies, the EU Committee of Regions (COR) and the Council of Europe's Congress of Local and Regional (Congress). COR is consulted on all EU proposals which affect councils and has great influence in ensuring that councils' views are heard in the development of EU proposals. The LGA support to these bodies is based on the policy priorities set by the European and International (E&I) Board. Given the importance of both the EU and international agenda to achieving the agenda set out in *Rewiring Public Services*, there will be a report to each Board on the on-going work of these bodies and to ensure that there is an alignment of the domestic work of the LGA with the work of our representatives on these bodies.
7. We currently believe that the above projects can be delivered within the available resources. However, the work programme will be constrained by the overall resource envelope of the LGA, which may have implications for the scale and timing of the work to be delivered should unforeseen reactive work be required or new priorities arise during the year.

Leadership of our work

8. Members may also wish to consider how we structure the leadership of these issues. European and International Board Office Holders considered this issue and suggested that the Board agrees Lead Members for particular issues. For this meeting, the EU funding work will be led by Deputy Chair, Cllr Sue Murphy, and the international aid and trade report will be led by Deputy Chair, Cllr Richard Kemp.

9. It is suggested that once the EU legislative programme is considered and priorities set, lobbying priorities are assigned to a Lead Member, who would be responsible for, as an example, aligning the work of LGA Boards and international bodies to secure the most effective voice for councils. Officer support would be provided. Broadly, issues could be grouped around five areas:
 - 9.1. EU funding;
 - 9.2. Environment, energy and waste;
 - 9.3. EU procurement and state aids;
 - 9.4. Employment law; and
 - 9.5. Trade and aid.

10. Should this principle be agreed, the allocation of portfolios would be agreed through the European and International Board Office Holder's meeting.

European & International Board - Membership 2013-2014

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Conservative (7)	
Gr. Uff. Marco Cereste OSSI OMRI [Vice Chair]	Peterborough City
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Independent (2)	
Clarence Barrett [Chair]	Havering LB
Diane James	Waverly BC
Substitute:	
Adrian Naylor	Bradford MDC
Peter Jones	Babergh DC

EU Funding 2014-2020

Purpose

For discussion and direction.

Summary

Next year, local areas across England will have access to £5.3 billion EU Structural and Investment Funds (EU SIFs) for 2014-2020. The LGA has already scored a major lobbying victory in securing the local delivery of these funds through Local Enterprise Partnership (LEP) areas.

Many aspects of programme management and delivery will be agreed over the next few months. It is critical that these are in place well in advance of the programme's live running and that they enable local partners to have real influence over spending decisions. This is key to the LGA's long-standing call for locally responsive EU funds.

This meeting provides members with a timely update on recent developments, and proposes a programme of work to progress the LGA's lobbying. Cllr Sue Murphy (Deputy Chair), will introduce this paper and provide an overview of Greater Manchester developments. Board Members are encouraged to update on their local preparations.

There will be a presentation to the Board from Sue Baxter and Simon Nokes. Sue Baxter is Deputy Director of EU Programmes at the Department for Business, Innovation and Skills (BIS), who is leading the UK Government's work on EU SIFs. Simon Nokes, is one of two local government secondees in BIS working as part of the UK negotiating team on behalf of the sector. These secondees were recruited jointly by BIS and LGA through open competition and ensured there was a partnership approach to EU negotiations.

Recommendation

Members are asked to comment on the report and next steps.

Action

Officers to take forward Member recommendations.

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EU Funding 2014-2020

Introduction

1. Councils and their local partners have traditionally found it difficult to target EU funds toward local need as they have been heavily driven by national, rather than local, priorities. This has been a barrier to achieving local growth, hampering local areas' ability to use EU funds like the European Regional Development and European Social Funds (ERDF and ESF) to develop regeneration projects and support the vulnerable in society.
2. Given this history, and recent reductions in public finance, the decision to devolve the majority of England's £5.3 billion EU SIFs for 2014-2020 to LEP areas is a victory for the sector. It is now one of the only pots of public money for local regeneration, and local areas need maximum influence over it.
3. Since the Board last met, the LGA has worked to ensure the Government sticks to its commitment that local areas drive EU spending. The LGA has worked closely with the UK negotiating team within the Department for Business, Innovation and Skills (BIS).

Key facts

- £5.3 billion EU structural and investment funds (SIFs) for 2014-2020 are devolved to LEP areas and must be match-funded. Spending is expected to start in mid-2014.
- Investment will be channelled into four main areas: Smart specialisation, Skills, employment and social inclusion, SME competitiveness, and Sustainability.
- European Regional Development and European Social Funds (ERDF and ESF) will support infrastructure, employment, skills and social inclusion.
- LEPs must finalise EU strategies by January 2014 to plan how funds will be spent, develop projects, source match-funding, and spend allocations on time. In most cases, councils are driving this forward on behalf of LEPs.
- EU regulations expect partnership to be reflected in all national and local practice as strategies are developed, agreed and overseen (UK Partnership Agreement, Operational Programme(s) and LEP EU Strategies).
- The UK Partnership Agreement will set out a business plan for spending EU funds. The England section is based on the 39 LEP EU investment strategies.
- EU funds must be match-funded. The Local Growth Fund offers little match, meaning local areas must look to other sources to co-invest in local LEP EU plans. Large proportions of match sit with national agencies.
- In the summer, Government published EU funding guidance to LEPs, plus national match-funding packages, which LEP areas can choose to take up.
- A (shadow) National Growth Board is established to put in place management and delivery arrangements. Local Growth Teams will operate locally.

The new landscape

4. This is the first time that the majority of EU funds have been devolved. There is an enormous appetite within the sector and LEPs to ensure EU funds target local growth and boost national prosperity, but they have a challenge to deliver a new model within tight timescales.
5. While the Government has committed to localise decisions on EU spending and simplify the funds, there is a risk this may be hard to achieve because:
 - 5.1. Whitehall has found it difficult to join up delivery. Whilst delivery has been localised, the different EU funds have been aligned (rather than joined up) at the local level. There will continue to be a national overview of ESF and ERDF, with the Department for Communities and Local Government leading on ERDF and the Department for Work and Pensions leading ESF. Rural and fisheries programmes remain outside of an integrated approach.
 - 5.2. Whitehall has selected national agencies and organisations¹ to offer packages for LEPs as match-funding – known as ‘opt-in’ packages. Some local areas may struggle to find their own match so the offer of national match is welcome. However, given past experience of the agencies offering ‘opt-ins’, there is a real risk they will offer limited local responsiveness, reverting to previous nationally driven co-financing systems. The wide range of offers also risks fragmenting local strategies.
6. Councils have decades of experience accessing funding for local projects, and many have managed programmes to get around the challenge of nationally driven EU programmes. This is proving extremely useful as local areas look for leadership to articulate what the funds will deliver in concrete terms, how they will add value to local provision and how they will be match-funded. Councils are driving forward this work on behalf of LEPs.
7. Initial drafts of the 39 LEP EU strategies were submitted on 7 October, setting out how local areas intend to target EU funds to deliver growth and jobs locally. This has involved identifying potential projects, sourcing match funding options including negotiating with available national organisations proposing opt-in packages, and drafting and consulting on strategies. Local areas were disappointed that late coming opt-in programmes from the Department for Work and Pensions (DWP) and others were not disclosed until 20 September. This has given local areas insufficient time to discuss how the offer could work locally.

¹ These packages are offered by the Skills Funding Agency, Department for Work and Pensions, Big Lottery, UKTI, Growth Accelerator, European Investment Bank, Princes Trust, and Arts Council England

Local government influence

Shadow National Growth Board

8. Since the localisation of funds and partnership being enshrined in *Article 5.2 of the Brussels regulations*, decisions affecting management and delivery must be made in partnership. The shadow National Growth Board (sNGB), established to make arrangements for, and oversee EU funds in England, must play a critical role in making this happen by bringing together all relevant national and local representative bodies which will secure the successful preparation, implementation, delivery and monitoring of England's allocation.
9. The LGA worked closely with the LEP Network to ensure the seven places allocated to local areas were filled with senior local government and LEP representatives. The LGA also put forward substitute members. **Appendix A** lists sNGB membership.
10. The first Board took place on 13 September, and was chaired by a civil servant, with no Minister present. Papers suggested the sNGB would perform an advisory function to national departments, and that decisions would be made by Ministers outside of meetings. This was not the expectation of the local government delegation (the LGA Chairman Cllr Sir Merrick Cockell, Cllrs Sir Albert Bore and Sir Richard Leese, and Cllr Ian Stewart). They set out the principles detailed below that needed to be reflected in the Board's work, resulting in its role being recast:
 - 10.1. Councils and local partners will offer genuine collaboration on the Board to secure these funds drive growth. To do this it must make decisions, rather than play an advisory role. This was agreed by consensus. **We have turned the Board into a decision making body; all major decisions will be put before the Board and agreed by consensus.** The Board's Terms of reference and work programme are being revised to reflect this.
 - 10.2. As large amounts of EU and match-funding will be invested locally, transparent decision making and partnership is needed. The sNGB must involve senior partners including Ministers leading the Board rather than civil servants. As a result, **Ministers will attend future meetings. Michael Fallon and Baroness Hanham will open the next sNGB (7 November).**
 - 10.3. Rather than deal with purely operational business members set out, it must also make strategic decisions. As a result, **Board business will now consider and agree issues of strategic importance** including drafts of the UK Partnership Agreement, Operational Programmes and local strategies.
11. The LGA Chairman wrote to Ministers Michael Fallon and Baroness Hanham confirming the decisions agreed by consensus. The letter is attached at **Appendix B**.

Agreeing LEP EU strategies

12. First drafts of LEP EU strategies were submitted on 7 October, and will be signed off by the sNGB in January. Between now and then, they will undergo various iterations and assessment processes. The LGA made clear that any assessment should be light touch, and national decisions should not constrain local ambitions for growth.

13. Four task and finish groups are assessing how core themes: 1) Smart Specialisation, 2) Skills, Employment and Inclusive Growth, 3) SME Competitiveness, and 4) Sustainability are being addressed in local strategies. To ensure this is not a Government dominated exercise, the LGA and LEP Network have nominated eleven officers from across England to be involved in the assessment process. **Local areas have therefore secured another stage of influence over the development of the funds.** After this, a further assessment will take place by local BIS and DCLG growth teams before being signed off by the NGB in January.

Proposed next steps

14. We have secured significant routes to influencing decisions, placing representatives from local government and LEPs at the heart of decisions affecting their ability to use the funds. The sNGB's new decision making powers provide an effective platform to upscale issues which warrant national discussion. It is important to use our new role to ensure localised EU funding is not unravelled once we move into live running of the programme.
15. Discussions with councils and LEPs reveal issues which could hinder activity. As proposed in *Appendix B*, it is suggested that a report is drafted for the next sNGB to articulate local areas' key principles for engagement in the new programme and to set our expectations for the content of the UK Partnership Agreement which has to be signed off by the European Commission in the next few months.
16. For the Partnership Agreement, we should offer a mix of principles to guide the way in which funds are managed and some tangible issues for delivery. The suggestions below are by no means a refined or exhaustive list. Members are invited to propose amendments and additional issues for officers to circulate a draft version for member approval:

PRINCIPLES (to guide the delivery of programmes)

- 16.1. Good governance at all levels. The commitment to localism and localised EU funds require Whitehall and its agencies to operate in a far more collaborative and locally responsive way than it has done previously both nationally and locally.
- 16.2. Local approaches to growth and Light touch national decisions. Local intelligence on need and opportunity to drive growth should not be compromised or impeded by national administrative processes or lengthy and overly complex decisions which may delay project approval.

DELIVERY

- 16.3. Partnership and consensus. The European Commission has set out its expectation that partnership must be pivotal to the EU funds to secure approval of the UK Partnership Agreement. This is also an expectation of local government and its partners. All decisions about EU Funds and the strategies governing them must be agreed in partnership and by consensus at both national and local level. As such, negotiations with the Commission on the UK Partnership Agreement should be undertaken in partnership rather than exclusively by Government Departments

- 16.4. Opt-in models must be fit for purpose. It is critical any match-funding offered by Government through national opt-in programmes are flexible enough to support local investment priorities. To do this, they must be a starting point for local negotiation, demonstrating how co-investment will add value to locally agreed strategies. This should include co-commissioning investment proposals, involvement in selection and approval panels, scrutinising provider performance, and dealing with poor performance. Service Level Agreements should set out roles and responsibilities.
- 16.5. Trust local areas to deliver and self-regulate. Local partners should be trusted to deliver and provide mutual support as necessary through self-regulation and peer challenge. Whitehall should not impose premature and unnecessary performance management regimes.
- 16.6. Integrated Territorial Investments For those areas that want to manage EU funds via ITI mechanisms, full consideration must be given to proposals.
- 16.7. England representation. Representation for England should be secured where decision-making and consultation is shared with Devolved Administrations. NB - There was no England representation when the decision was made for £784 million (11%) of England's allocation to be redistributed to the Devolved Administrations. This issue should be addressed as future decisions could result in English local government losing out.
- 16.8. Certainty over budgets. Local areas need surety that EU allocations will be available for the programme duration.

APPENDIX A – NATIONAL GROWTH BOARD MEMBERSHIP (September 2013)

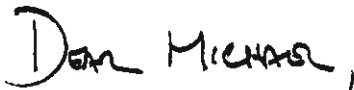
Nominees	Position	Nominating Organisation
Emma Ward (Chair)	Director, Local Growth	BIS
Philip Cox	Director, Local Economies, Regeneration and European Programmes	DCLG
Sarah Hendry	Director, Rural Development	DEFRA
Angus Gray	Head of European Social Fund Division	DWP
Agnes Lindemans	Head of UK Unit DG Regio	DG Regional Policy, European Commission
Eleuterio Rodriguez Marino (sub for Filip Busz)	Programme Manager - Team Leader England	DG Employment, Social Affairs and Inclusion, European Commission
Jean-Bernard Benhaïem	Deputy Head of Unit DG Agri	DG Agriculture and Rural Development, European Commission
Cllr Sir Merrick Cockell	Royal Borough of Kensington & Chelsea	Local Government Association
Cllr Sir Albert Bore	Birmingham City Council	Local Government Association
Cllr Ian Stewart	Cumbria County Council and South Lakeland District Council – ‘transition area’	Local Government Association
Chris Pomfret	Cornwall LEP Chair	LEP Network
Cllr Sir Richard Leese	Leader Manchester City Council	LEP Network
Professor Anthony Forster	South East LEP , Vice-Chancellor of the University of Essex	LEP Network
Andrew Bacon	Leicester LEP Chair	LEP Network
Professor Madeleine Atkins	Vice-Chancellor of Coventry University	Universities UK
Alex Conway	European Programmes Director	Greater London Authority
Dr Adam Marshall	Director of Policy & External Affairs	British Chambers of Commerce
George Trow	Principal and Chief Executive, Doncaster College	Association of Colleges
Kevin Rowan	Head of the Organisation and Services Department	Trades Union Congress
Stuart Etherington	Chief Executive NCVO	NCVO
Martin McTague	FSB Chair for Local Government Policy	FSB
Doff Pollard	Chief Officer Tees Valley Rural Community Council	Rural and Farming Network
Bevis Watts	Chief Executive Avon Wildlife Trust	Local Nature Partnerships

Helen Miller	North Northamptonshire LAG Chair	Leader Groups representative
Charles Ramsden	Head of EU and International Policy	Equalities representative
<i>LGA substitute members</i>		
<i>Cllr Philip Atkins</i>	<i>Staffordshire County Council – ‘transition area’</i>	<i>LGA substitute</i>
<i>Cllr Roger Stone</i>	<i>Rotherham Metropolitan Borough Council</i>	<i>LGA substitute</i>
<i>Cllr Clarence Barrett</i>	<i>London Borough of Havering</i>	<i>LGA substitute</i>

From the Chairman of the Association
Cllr Sir Merrick Cockell

The Rt Hon Michael Fallon MP
Minister for Business and Enterprise
Department for Business Innovation and Skills
1 Victoria Street
Westminster SW1H 0ET

25 September 2013

A handwritten signature in black ink that reads "Don Michael,".

Issues arising from the shadow National Growth Board

I was pleased to attend the first meeting of the shadow National Growth Board (NGB) last week on behalf of the Local Government Association. The LGA strongly supported your decision to localise the delivery of EU funds and we have welcomed the opportunity to develop a shadow Board to ensure that the most effective delivery arrangements are in place in England.

I am writing to highlight the key issues raised by myself and other partner representatives at the Board and the decisions that we made.

I am sure you are aware that Cllr Sir Richard Leese, Cllr Sir Albert Bore, Cllr Ian Stewart and I have been chosen to represent both councils and LEPs on the Board. Having the leaders of the Local Government Association (LGA), our major cities, and counties on this Board reflects the importance that both LEPs and councils are placing on this work. With £5.3 billion to invest in local regeneration over the next seven years and an equal amount of match funding, it is important that we have such senior players leading this work. There was a consensus at the meeting that given the importance being placed on the work by senior partners, a Minister (rather than a civil servant) should chair future meetings

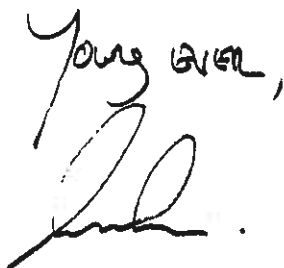
At the meeting, the EU Commission set out its expectations about the partnership commitments that were required to secure approval of the UK Partnership Agreement. Councils and local partners are keen to offer genuine collaboration on the Board to secure these funds for the UK. I raised a concern that the Board must not act as an advisory body to Ministers (as suggested in the Board papers). There was no dissent from around the table. It was readily agreed that the Board needed to be decision making body and such decisions should be reached by consensus.

I understand that revised terms of reference are being drawn up by officials to reflect the comments within the room, and we are all looking forward to receiving them.

I raised a further concern at the meeting regarding the UK Programme Board having no representation for England. Your officials have since clarified that the UKPB is an officer level gathering, which neither takes decisions nor sits above the NGB. Nevertheless, the principle of English representation still stands. You will recall that the LGA and partners voiced strong opposition to the decision to reallocate part of England's EU funding allocation to other parts of the UK. Your officials agreed to look into this and come back with a proposal for discussion which addressed the English issues.

The first Board meeting was very positive in that it showed the commitment of business, councils and other important partners to work together with Government to secure much needed investment in local areas.

I look forward to future meetings. I would be pleased to develop a paper for you which sets out the most important issues for inclusion in Partnership Agreement from a local government perspective and how we could use the learning from the local government self-improvement model to secure the most effective local delivery of EU funds. I have written in similar terms to Baroness Hanham CBE.

A handwritten signature in black ink, appearing to read 'Merrick Cockell', with a flourish at the end.

Councillor Sir Merrick Cockell

International Trade and Development: Local Government's Role

Purpose of report

For information and comment.

Summary

This report provides an update on the LGA's international trade and development work, and seeks Members' steer on taking this work forward.

Recommendation

Members are invited to note the progress of work and to provide comment and direction as necessary.

Action

Officers to take actions as directed.

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International Trade and Development: Local Government's Role

Introduction

1. In responding to increasing international demand for English local government to support developing nations, the LGA has pioneered externally funded, international development peer-to-peer support packages. This model has projected our sector's self-support principles onto the global stage, recognising that councils across the world face similar economic, social and environmental challenges (delivering services with reduced budgets, ageing populations, youth unemployment etc.). While UK local government has much to offer, there are equal amounts of learning it can bring home too.
2. In recent years, new themes have evolved in international development. Councils in emerging economies are keen to secure both capacity-building support and forge economic trade links with English towns and cities. The LGA is promoting local government's leadership role in this area. While there has been a perception that international trade promotion is the business of national governments and their agencies, there is a growing realisation from lead Whitehall departments that local government can add value to activity.
3. In recent months we have made much progress in gaining recognition for a local approach to aid and trade. This report sets out recent developments; Building on the momentum of recent successes, and bringing these strands closer together, the LGA could now develop a strong local government offer which would both place it at the heart of UK international trade and development efforts, and support our *Public Services Rewired* ambition for a stronger local approach to economic development.

Recent work

4. The LGA has been involved in various works on aid and trade in recent years. It should be noted that our work is demand led, delivered by local government peers and externally funded.
5. There is a body of recent work which demonstrates a growing localist approach to aid and trade policy, with increasing demand for local government skills. These developments are set out below.

Pan-African Peer Review

- 5.1 The LGA was recently commissioned by the pan-African LGA to pioneer the model of local government peer review across Africa countries. To date, peer reviews led by African local government experts from thirteen African countries, shadowed by British local government peers, have been delivered in Namibia, Ghana, Cameroon and Uganda, with a fifth entirely African-led peer review recently completed in the Ivory Coast.

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Collaboration with Mexican local government

- 5.2 Another example is our collaborative work with Mexican local government and the British Embassy in Mexico. In March 2013, the LGA co-hosted a trade delegation comprised of the deputy permanent secretary of INAFED (equivalent organisation DCLG) and representative from 3 states, including state directors for development, one regeneration and environment minister, plus the dean of their largest university.
- 5.3 Mexican local government was developing a programme of public-private collaboration and wanted to examine the 'English Model' and open up a new market to UK firms. The Mexican local government was clear that its relationship with the UK on trade would be delivered through its peers in England.

Millennium Development Goals

- 5.4 The Millennium Development Goals, which have guided international aid policy since 2000, will expire in 2015. There is now a global debate about what development will look like post-2015, and decentralised approaches to development cooperation could play an important role. Our calls for a more localist approach are echoed by partners from across Europe and the Commonwealth, and are timed to coincide with EU and global policy debates.

European Aid Policy

- 5.5 A recently announced European Commission policy communication recognises local government as a critical partner in delivering its future aid commitments. Alongside partners from across Europe and the Commonwealth, the LGA has actively lobbied for this recognition and is now working with partners on a collective response from local government. Despite the fact that funds have not been allocated yet, the EU Commission has now invited local government to come up with a proposal for a collective delivery mechanism.

Commonwealth Local Government Forum

- 5.6 The Department for International Development (DFID) is also providing £4.5 million in funding for the Commonwealth Local Government Forum (CLGF) to support local government in southern and western Africa, as well as south Asia. Through our membership of CLGF we are also exploring ways in which British local government expertise can be sourced for these programmes.

Foreign and Commonwealth Office

- 5.7 The Foreign and Commonwealth Office (FCO) are now beginning to consider the potential of international engagement by UK cities, and how they need to react in terms of domestic relationship. This is an area the FCO has had limited engagement in the past, and they are particularly interested to identify where they can do more. FCO have already approached Manchester City Council in this context.

UKTI

- 5.8 This approach strongly aligns with the work the LGA is already undertaking with UKTI to better engage with cities internationally, particularly in context of increased engagement with emerging economies.
- 5.9 Following a successful meeting between the LGA Chairman Sir Merrick Cockell and

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Lord Green, Minister for Trade and Investment, the LGA and UKTI agreed a collaborative programme of activity. Our objectives are to:

- 5.9.1 Highlight local government's support for the government's ambition to increase the UK's exports and attract more inward investment, particular missing links with second tier emerging markets.
- 5.9.2 Evidence local government's unique role in nurturing links, attracting inward investment opportunities and supporting export activity.
- 5.9.3 Establish a closer relationship between UKTI and local government – including joint activities.

5.10 We aim to achieve this by:

- 5.10.1 A jointly branded report aimed at signposting local government / LEPs to their respective regional UKTI contacts and highlighting best practice for those areas taking a proactive approach to integrating international opportunities within their local growth strategies.
- 5.10.2 The second output picking up on UKTI's concern that there are few tangible relationships between the UK and second tier emerging markets or "second cities", which are amongst the fastest growing economies in the world. Local government has demonstrated this is a key area where local-to-local leadership works well.
- 5.10.3 While the local government sector cannot match the overall global coverage of UKTI, it can drill down to levels that that UKTI cannot, For example, Essex County Council has developed close municipal ties with Jiangsu province in China over a 25 year period, leading to many successes for UK plc. For example, China's biggest publishing company, Phoenix Publishing & Media Group, has signed a Memorandum of Understanding (MOU) with Essex County Council to set up its UK Headquarters in Essex. The achievements here were based upon long-term political relationships at the local level. The key decision makers were local Chinese politicians demonstrating that local the impact of political equivalents forging links.

5.11 The LGA has therefore commissioned new research to update our intelligence on local government links with second tier emerging markets. The aim is to identify good practice and any potential blockages to sector progress. UKTI fully supports the aims and objectives of the research. Analysis of this research will inform on-going lobbying work, into removing barriers and new opportunities for the sector.

Next steps

- 6. Whilst many of the projects and initiatives described in the report are not connected, collectively they could set out a new narrative on the localist role in international aid and trade. Members have long championed this cause and the recent successes described in this report could help create the environment for a more strategic debate about the role of localities in international aid and trade.

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7. Below are some suggestions to build on recent work and members' views and suggestions are sought to move the work forward.
 - 7.1 **Continued programme of work with UKTI** – (as outlined above) including explore *co-commissioning* and piloting work. The LGA could co-design a series of pilots with UKTI to add value to local business plans for trade and investment.
 - 7.2 **Responding to the EU Commission** – Working with partners across EU, Commonwealth and beyond in order to respond to the EU's policy on local authorities in development, including exploring new co-commissioning mechanisms.
 - 7.3 **Supporting the Commonwealth** – Ensuring UK local government skills and expertise are contributing to a 3-year Department for International Development (DFID) funded capacity building programme in Southern and Western Africa and South Asia.
 - 7.4 **Open up a renewed dialogue with FCO, Department for Business Skills and Innovation (BIS) and DFID** - Ensuring local government is central to a cross-Whitehall conversation on development cooperation and trade and investment.

Round-up of activity: Board EU lobbying priorities, institutions and international activities

Summary

At an earlier meeting, European and International Board (E&I) Members requested a regular update on recent developments on each of our key priority topics. In addition, the Board routinely receives an update of recent developments in the European and international bodies to which it nominates members and on the LGA's international activities.

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.

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Round-up of activity: Board EU lobbying priorities, institutions and international activities

A: BOARD EU LOBBYING PRIORITIES

LGA response to the Balance of EU Competence review

1. During the last meeting, Board members discussed the Government's two year *Balance of EU Competence review* with a representative from the Foreign and Commonwealth Office. The review is broad ranging aiming to assess the impact of the EU on the UK, covering 32 policy and legislative areas. Many local authority functions are affected by EU laws, which they comply with through UK Statutory Instruments or EU Regulations. These can have a significant, administrative, financial and regulatory impact.
2. The LGA responded to the Review since evidence suggested that more needs to be done to ensure the process of negotiating, transposing and implementing EU laws effectively engages local government. We recommend practical steps are taken to achieve this within the UK and in Brussels. Our response is attached in **Appendix A** and can be viewed online at <http://www.local.gov.uk/european-and-international>.

Public Procurement

3. The new EU procurement rules are scheduled to be agreed at EU level by the end of the year. The main discussions have concluded. The new rules are likely to come into force in the UK at a date to be determined by Government in late 2014 or 2015. The Cabinet Office is favouring an early implementation, as the new rules streamline the procurement process.
4. Gains from LGA lobbying in Brussels include: shorter procurement timescales; new abilities to pool services with neighbouring authorities; and a greater ability to negotiate with suppliers to ensure best value in public contracts.
5. The LGA's focus is now on consulting with councils on the implementation of the rules. Councils will need to amend some of their procurement processes. There are several important areas, such as awarding contracts in the field of social services, which have been left to Member States to decide how to implement and we will want to ensure no national 'gold plating' of EU regulations.
6. The LGA is also working closely with the Cabinet Office. The work is being led by the LGA's Improvement and Innovation Board, as part of the LGA's 'productivity' offer to councils.

State aids (Airports)

7. The EU has proposed new state aid rules, which would further limit the amount of public support that councils can give to finance local airport investments and operations. Several local authorities own or have a stake in their local airport.

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8. The LGA has been closely involved in a campaign, via the CEMR (Council of European Municipalities and Regions), to ensure vital public support to airports, particularly the smaller ones, will continue to be allowed in the future. The EU's proposals have caused concern as many airports feel their operations will no longer be viable without an element of public support.

Environment (air quality)

9. The latest annual compliance assessment published by DEFRA shows that 38 of the UK's 43 air quality zones exceeded the EU's annual average NO₂ limit of 40 µg/m³. (The European Commission granted nine UK zones extra time to comply with the limit, conditional on staying below 60µg/m³, which is no longer the case in five of the nine zones; this could invalidate the time extension in these areas).
10. Members will recall that since the introduction of the Localism Act, the Government can seek to pass an EU fine onto a local authority. However it is thought unlikely that the EU will act pending a case brought against the UK by a Non-Governmental Organisation (NGO), to be heard in the European Court of Justice in mid-2015.
11. It is recalled that the EU is currently consulting on a review of the 2008 Directive, with the possibility that a future Directive expected in 2015 could raise the targets and broaden the range of pollutants covered. As a formal consultative body the CEMR has been invited to contribute to the reflection: its position paper accepts the broad objectives of EU policy on air pollution, but stresses that polluters should pay rather than fine local councils for breaches that they cannot mitigate.

Environment (waste)

12. Similarly, the European Commission is reviewing its objectives and legislation in the field of waste management, an important duty for local councils, and has invited CEMR to comment. The LGA contributed substantially to the draft CEMR response, which again accepts the policy objectives, but challenges the raising of targets, insists on greater producer responsibility, and proposes allowing national governments and local councils to decide for themselves how to achieve agreed targets (subsidiarity principle).
13. One waste stream that is not explicitly covered by existing EU law is plastic waste. A new EU Directive is expected shortly to include, amongst other things, an EU-wide policy on charges for plastic shopping bags. The Committee of the Regions will shortly (9 October) adopt its opinion on plastic waste, drafted by LGA Member Cllr Linda Gillham (Independent, Runnymede BC).

Roma

14. The LGA set this as a watching brief. The European Commission is continuing to assess and identify good practice and effective approaches to Roma integration through National Integration Strategies. LGA Member Cllr Roger Stone is preparing a report for the Committee of the Regions for adoption in December 2013.

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Board priorities on which there have been no developments since the last meeting (July 2013)

15. Working Time Directive: the European Commission is continuing to consider whether to launch a new proposal.
16. Institutions for Occupational Retirement Provision (IORPs): the results of a stakeholder consultation were published in July 2013. A formal proposal does not seem imminent.

B: INSTITUTIONS

17. The Board takes responsibility for a number of external bodies where UK local government has formal representation. These bodies include:
 - 17.1. The EU Committee of Regions;
 - 17.2. Congress of the Council of Europe;
 - 17.3. CEMR (the European LGA);
 - 17.4. CLGF (the Commonwealth LGA); and
 - 17.5. UCLG (the world LGA).

Congress of the Council of Europe

18. The Congress is the local and regional arm of the Council of Europe. It: scrutinises local democracy in Member States through peer review against set benchmarks; promotes good governance; defends the rule of law and the application of human rights at the sub-national level; promotes exchange of experience in key policy areas.
19. The main item on the Congress work programme with particular relevance to LGA is the on-going peer review of local democracy in the UK. This was debated at previous meetings of this Board. Following the May fact-finding visit to LGA, Yorkshire and Scotland, Congress will conduct a second visit in November to meet UK Ministers, parliamentarians, WLGA and NILGA. The draft recommendations will follow shortly after for adoption in March 2014.
20. The October 2013 plenary session, besides adopting peer reviews on local democracy (Albania, Denmark, Hungary, Ireland, Ukraine), will focus on local and regional responses to the economic crisis; local strategies to combat extremism; migrant entrepreneurship; and a strengthened approach to local election observation.

EU Committee of the Regions

21. The CoR is an advisory body of the EU. Comprising 350 local and regional politicians from across the EU, it defends the interests of local councils in formal EU decision-making.
22. LGA nominations to fill post-May vacancies appear to have stalled over the summer break, with a change of FCO personnel also delaying the process. LGA officers are chasing progress.

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23. The October plenary session will adopt two reports by UK rapporteurs on adaptation to climate change and on plastic waste. The plenary will be addressed by President Barroso, the Regional Policy Commissioner (re implementation of funding programmes from 2014) and the Chair of the EP Regional Policy Committee.

Council of European Municipalities & Regions (CEMR)

24. The CEMR is the European LGA, its members are the 40+ national LGAs from across Europe, collectively representing over 100,000 local councils. The CEMR is formally consulted by the European Commission on issues likely to affect local government at an early stage in the preparation of new laws, making it an influential advocate. The LGA contributes substantially to its positions.

25. The current CEMR three-year term ends in December 2013. The UK has seven full and alternate places on the Policy Committee which oversees the work of this organisation, of which the LGA nominates 4+4 and by convention nominates the Delegation Leader who sits on the Executive Bureau. Group offices are currently managing this process.

26. The CEMR Policy Committee in December will also set the budget for 2014, which foresees a continuing freeze on the subscriptions of the largest contributors, including UK.

Balance of EU competences review: LGA response

September 2013



SUMMARY

1. The Local Government Association (LGA) is the national voice of local government. Our mission is to work with councils to support, promote and improve local government.
2. Given the broad range of EU competences affecting local government, the LGA is submitting a single response to the Government's Balance of EU Competences Review rather than respond to each specific consultation. Our response covers the role of local authorities, principles of subsidiarity, good governance and better regulation in EU legislation and its implementation, which are relevant to all policy fields.

INTRODUCTION

3. We understand that the Review aims to develop an audit of what the EU does and how it affects the UK on 32 specific policy topics. Members of the LGA European and International Board discussed the Review with a Foreign Office official in July 2013. Our members expressed reservations about the organisation of the review, which they considered to be protracted and over-complex. Overall, they felt that the local dimension was missing from the Review, and that the "call for evidence" may not distinguish between objective, fact-based evidence on the one hand, and anecdotal, politically-motivated commentary on the other.
4. The LGA is responding to this review for three reasons:
 - i. the Review covers many areas where local authorities have a duty to provide services, enforce regulations, and/or inform the general public. We estimate that around half of all new UK laws affecting the sector have their origins in EU law. Once transposed, they may have financial, administrative and regulatory implications;
 - ii. the 2011 Localism Act EU Financial Sanctions provision requires a significant shift in the way that the Government considers how new EU legislation could affect local councils in terms of new obligations and burdens; and
 - iii. more needs to be done to ensure the process of negotiating, transposing and implementing EU laws is effective. We recommend practical steps are taken to achieve this within the UK and in Brussels.

Submission

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THE ROLE OF THE LGA

5. The LGA is a cross-party organisation and does not take a view on the future UK role and relationship with the EU. Our role is to assess the impact and practicability of specific EU legislative proposals and policy initiatives on a case-by-case basis. The earlier local authorities can influence the process, and the more involved they are with the Government in doing that, the more effective new laws are likely to be. Our aim is to ensure that EU legislation is proportionate and fit for purpose, in that it delivers its intended benefits without imposing undue financial, administrative and regulatory burdens on our member authorities. We are concerned that in recent years, local authorities have had to deliver many new EU obligations at a time of severe budgetary constraint.
6. We want to ensure that our member authorities benefit from EU funding and other opportunities that can be accessed through our EU membership, and that exchange of experience and good practice is promoted. Working through institutions such as the EU Committee of the Regions (CoR) and the Council of European Municipalities and Regions (the pan-European LGA) can be an effective way of ensuring that the interests of English local government are pursued.

IMPACT OF EU RULES ON LOCAL AUTHORITIES IN ENGLAND

Wide-ranging impact of EU obligations on local authorities

7. Local authorities have a broad range of functions. Many of these are affected by EU laws, with which they comply through UK Statutory Instruments which transpose EU Directives, or through EU Regulations which have 'direct effect'. These can have a significant, administrative, financial and regulatory impact on the way in which local authorities are run, and the services that they provide or procure, costing time and money to implement.
8. We estimate that around half of all new UK laws affecting the sector have their origins in EU law. Broadly, the areas of EU legislation and policy that we prioritise include promoting jobs and growth via EU funds; regulation of public services and procurement; state aid rules; environment, waste and energy; employment law; equalities and social policy; good governance and local democracy.
9. Once transposed, EU law impacts local authorities through:
 - a. energy efficiency and consumption rules affecting municipal buildings, housing stock and public transport;
 - b. landfill, waste framework, waste electrical and electronic equipment, and air quality rules framing all local environmental and waste management services;
 - c. the renewable energy directive setting ambitious targets for energy generation and in the transport sector;
 - d. internal market laws on public procurement framing the way in which local authorities buy goods, works and services; and laws on licensing affecting their regulatory activities;

- e. state aid rules affecting how new businesses, public transport, and airports can be supported with public finance;
 - f. new EU rules affecting the activities of local authority registrars – EU birth, death, and marriage certificates;
 - g. working time and health and safety rules affecting shift patterns in Fire and Rescue Authorities and residential care homes; other EU employment laws stipulate parental leave entitlements and rules on the employment of temporary workers;
 - h. wide ranging consumer policy laws are regulated by local authority trading standards officers;
 - i. regulation of businesses, often delivered through local trading standards, environmental health and licensing services;
 - j. rules on the free movement of people and labour can affect local communities and local economies in many ways, with the consequence that local services may need to be adapted;
 - k. EU cohesion policy defines how much funding is available to create growth and jobs in local communities; and
 - l. rules to make it easier for the service and retail sector to operate across the EU impact on council licensing functions.
10. The impact of these laws may be positive or negative, and the burdens imposed may be negligible or substantial, proportionate or disproportionate to the objectives being pursued. The magnitude of the burden may be affected by the way in which the EU law is transposed into UK law ('goldplating'). In some cases, the EU provides funding to assist local authorities to meet their obligations.

Transposition issues

11. The Localism Act EU Financial Sanctions provisions enable a Minister to seek to pass on to a local authority a fine from the EU for tacitly failing to comply with an EU obligation, if the Government can prove that the local authority contributed to UK non-compliance. This significantly changes the relationship between central and local government on EU legislative matters.
12. The Government assumes that all local authorities know if a UK Statutory Instrument implements an EU Directive, and should therefore be aware if they are potentially liable to an EU financial sanction. The reality though is not that clear cut. This is because the Government has not always made explicit in domestic legislation that it is wholly, or in part, transposing an EU law. This practice, if continued for future EU legislation, will have a significant impact in enforcing the Localism Act EU financial sanctions provisions.

Case study: Air Quality

The Government transposed its responsibilities under the EU Ambient Air Quality Directive through the UK Air Quality Standards Regulations. It is entirely separate to, and has no read across with, UK legislation setting out local authorities' air quality management role through the Environment Act and Air Quality Regulations, neither of which makes clear that they result from an EU law, or that failure to comply could potentially result in an EU fine being passed on by the Government.

13. It can take years for EU laws to be agreed, transposed and implemented. Often these decisions are made without a thorough assessment by the Government on how these rules will be implemented. At times the concerns of local government are inadequately addressed, which may result in unforeseen financial and administrative burdens on local authorities.

Case study: EU public procurement Directive

When it came to agreeing the 2004 EU public procurement Directive, the Government predicted that the new rules would not add new costs or administrative burdens to the public sector or business, and that 'any costs in the procurement process should be reduced by these simplified and improved rules'. In practice, there have been a number of different cost and administrative burdens on local authorities. These include needing to seek legal advice on certain types of contractual relations, and having to spend time dealing with the threat of legal challenges. Typically procurement officers spend more time on legal issues, whilst failed bidders seek disclosure of all information to the contract award, and seek to challenge it. A 2010 LGA survey revealed that 66% of local authority procurement managers felt the Directive brought increased procurement process costs and administrative burdens, creating a more complex procurement process.

14. Notwithstanding the above, the EU rules have modernised the way in which councils procure i.e. by using framework agreements, e-auctions, and the competitive dialogue procedure. The rules have helped local authorities to achieve cost savings from better value goods, works and services contracts.
15. Recent changes to be agreed by the end of 2013 will help local authorities allowing faster award procedures, greater local authority collaboration, and an ability to stipulate environmental and social conditions. They are required to fully adopt e-procurement within 30 months following the introduction of the Directive.
16. Unclear and poorly drafted reinterpretation of directives into domestic regulations can lead to uncertainty and significant additional cost.

Case study: Waste Framework Directive

One example is the experience of DEFRA and the Welsh Government who, following a costly and time-consuming legal challenge, recognised that the domestic regulations as drafted did not adequately reflect the requirements of the Waste Framework Directive and should be amended. DEFRA and the Welsh Government have now replicated the requirements of the Directive into domestic regulations. The officer resource and wider litigation costs incurred by both the Department and the Welsh Government could have been avoided by taking this clearer approach at the outset of proceedings.

Reducing the burden of EU law on local authorities

17. Despite English local authorities being subject to an array of EU obligations, little is done by the Government to adequately involve them in assessing the impact of these laws before they are agreed or transposed, which creates unnecessary burdens.

Case study: Energy Performance of Buildings Directive

Reducing energy consumption is a significant EU, national and local authority priority. However, the original Energy Performance of Buildings Directive and its implementation have added administrative and financial burdens to local authorities. The Directive sets minimum energy standards for new and existing buildings undergoing major renovation, but implementation in England focused on process, rather than outcomes. The Directive recommended that all public buildings be assessed and display an energy certificate (DEC) no more than ten years old, highlighting energy consumption. DCLG however set out that DEC's be renewed *annually*. This cost fell to local authorities, increasing implementation costs for English local authorities compared to EU counterparts.

18. EU legislation sometimes impinges on the ability to make local decisions about how services are fundamentally designed and delivered. For example, the EU Services Directive contains many positive initiatives but it also place limits on how licensing services can operate and the fees that can be charged. On-going discussions relating to EU food legislation suggest councils may be required to charge for some services. This would restrict the ability for councils to design services based on local needs and priorities.

Success stories

19. There are instances where the Government has engaged effectively with local authorities on EU legislation, but these are the exception rather than the rule. Key to this has been early engagement before a UK policy line is developed, enabling local authorities to help give an evidence base to UK policy positions.

Case study: Energy Efficiency Directive

The draft Directive proposed to apply a binding annual 3% renovation target to local government buildings. While the policy intentions of the EU were supported by local government, it would have been financially impossible for councils to achieve this without diverting significant resources from key services, at a time of unprecedented budgetary constraint. Working with the Government and other local governments across the EU to identify the potential impact of the EU target, we were able to successfully remove local government from the scope of the Directive. Moreover, from a UK perspective these targets were unnecessary since a number of national initiatives (Carbon Reduction Commitment, Green Deal, and other local measures) already steer English local authorities to achieve energy efficiency improvements in their building stock.

Case study: Directive promoting renewable energy sources

The Renewable Energy Directive set the UK a target to increase alternative energy usage to 15% by 2020. Through the CoR, the LGA successfully campaigned for the Directive to recognise local authorities' role in decentralised, alternative energy generation, and the positive impact it could have on local green job creation, secure energy sources, and more local control on future supplies. It enabled local areas to press ahead with renewable energy, without adding complexity to local planning regulations. Only by working closely with the Government from the outset was local government able to influence the outcome in Brussels and Westminster.

CONCLUSIONS AND RECOMMENDATIONS

20. Our experiences have led us to the conclusion that the decision making process in agreeing EU laws and transposing them into UK law, and their implementation, could be more effective.
21. Given the breadth of EU obligations affecting local authorities and the introduction of the Localism Act, the LGA has repeatedly called for a more robust, closer and structured involvement from the outset with Government Departments on EU issues involving the sector. For us, it is imperative that Ministers have an appreciation of the impact of specific targets and deadlines in proposed EU laws, and of local authorities' ability to deliver them.
22. While the Localism Act led to a Government commitment towards a more systematic approach to gather intelligence and evidence on the local implications of EU laws, it remains to be seen how effective and systematic this will be.
23. The LGA has initiated a series of activities to promote better partnership working. Principles of sharing relevant information, working together in compiling a shared evidence base to further our mutual priorities and to ensure maximum influence on shared priorities are key outcomes that we would like to achieve. We anticipate a number of EU reviews on existing Directives, including working time, and seek assurance from the Government that it will examine the implications on local public services (Fire and Rescue Authorities and residential care homes), so that future pressures are mitigated.
24. The LGA frequently lobbies the Government (in Whitehall and Brussels), the European Commission and Parliament to promote the principles underlying these recommendations through the EU smart regulation strategy, and by applying these principles to specific directives. The LGA has good working relationships in Brussels with UK civil servants (UKREP) for intelligence-gathering and influence.

25. **Rewiring Public Services**, a new LGA campaign proposes ten significant changes between local and central Government in order to transform public services. The initiative contains two important elements which are relevant to this consultation and which are reflected in our recommendations. The first is to address the ‘English question’ relating to devolution. Our model reduces bureaucracy and red tape by streamlining services and devolving to the local level, resulting in a slim core for central government of England. The second is to ensure that the principle purpose of regulation is to enable the delivery of economic growth aligned to local vision. Our recommendations are presented in the light of these benchmarks.

Recommendations relevant to the Government

26. **Identifying challenges early**. As the sole UK negotiator for EU laws affecting English local authorities, the Government has an important role in securing the best possible outcome for UK taxpayers. This should require a thorough examination by the Government in partnership with the LGA and its member authorities to analyse challenges and opportunities in delivering and/or implementing measures at local authority level and ensuring it is costed. It must engage with the LGA at two crucial stages: firstly: whilst negotiating the UK’s line on a draft EU law which could affect local services; and secondly: when UK Parliament transposes an EU directive into UK law (see public procurement example).

27. **Systematic, high level engagement is needed**. Scotland, Wales and Northern Ireland have a constitutional right to be consulted and influence UK national policy, including on EU legislation, and to participate in Council meetings in Brussels. There is no equivalent influence or representation for England. This absence was most notable when decisions were made to re-allocate part of England’s EU funding allocation to the Devolved Administrations. It is our view, as set out in *Rewiring Public Services*, that in most cases this would best be done by consulting local government through the LGA.

28. **Avoiding goldplating**. There is a risk that the original purpose of legislation may be lost by over-zealous legal interpretation or reinforcement, losing sight of the original intention to enable or safeguard appropriate rights and responsibilities. The LGA therefore urges the UK Government to apply new EU rules in the lightest possible way and avoid ‘goldplating’ (see energy performance of buildings example). In recent years, English local authorities have had to implement new EU obligations at a time when they have had to absorb cumulative reductions in their budgets. The Government has outlined its commitment to protect businesses from goldplating EU legislation by using direct ‘copy out’¹. The same commitment should apply to local authorities, in particular given their new exposure to potential EU fines at a time when their capacity to deliver has been reduced.

¹ <https://www.gov.uk/government/news/government-ends-goldplating-of-european-regulations>

29. **Effective transposition.** In line with the above, the Government should identify more explicitly the link between EU obligations and UK Statutory Instruments (see air quality example), so that there is clarity where and how domestic law responds to EU obligations and statutory requirements. This could be done by stating on the face of a UK Statutory Instrument which EU law it fully, or in part, transposes, and any EU targets and deadlines it incorporates and which may in consequence expose the local authority to a potential EU fine.
30. **Effective communication.** The Government could use the www.gov.uk website more effectively to house in one place all information relevant to a Directive and its implementation. An annual list of EU legislation affecting local government could be published to ensure that all parties understand the origin of new obligations. This should be in addition to systematic, timely and co-ordinated communication, which is critical if local authorities are to apply rules in a timely manner and thus avoid the UK being in breach of EU law.

Recommendations for EU decision-makers

31. **Only legislate when necessary.** We acknowledge that ‘good governance’ is not ‘no governance’. In some policy areas it is logical that EU countries collaborate to set a level playing field. However, the EU should legislate only when absolutely necessary and with a minimum of bureaucratic rules and a maximum of consultation, forewarning and financial assistance, leaving it to local authorities and the UK Government to work out the detail. This addresses the issue of ‘subsidiarity’.
32. **Light-touch EU legislation.** We recommend ‘light touch’ EU legislation where appropriate, in which the legislative purpose is clearly articulated, and that it should be for the Government, in consultation with local authorities and the LGA, to work out the detail of how we achieve EU objectives. This addresses the issue of ‘proportionality’.
33. **Alternatives to legislation.** The EU should consider alternatives to legislation, and introduce time limits and review periods (‘sunset clauses’), to accelerate the repeal and simplification of existing rules (the concept of ‘one-in, one-out’).
34. **Strengthen democratic legitimacy.** EU decision-makers must better involve local authorities - through the LGA, European associations and local government representatives in the CoR - to strengthen the democratic legitimacy of EU decisions and ensure that all new EU laws are necessary, proportionate and workable.
35. **Effective EU wide enforcement of rules.** Where EU laws are in place, there must be more effective enforcement of rules across Member States. We note that the UK assiduously implements its EU obligations, while others take a less robust approach to compliance.

Contact officers: Jasbir Jhas jasbir.jhas@local.gov.uk and Richard Kitt richard.kitt@local.gov.uk, Senior Advisers, Local Government Association

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Note of decisions taken and actions required

Title:	European & International Board
Date and time:	Thursday 11 July 2013, 11.00 am
Venue:	Westminster Suite, Local Government House, London

Attendance

Position	Councillor	Council
Chair	Dave Wilcox OBE	Derbyshire CC
Deputy Chair	Gr. Uff. Marco Cereste OSSI OMRI	Peterborough City
	Richard Kemp CBE	Liverpool City
	Cllr Shirley Flint	North Kesteven DC
Members	Sherma Batson MBE DL	Stevenage BC
	Roger Lawrence	Wolverhampton City
	David Shakespeare OBE	Wycombe DC
	Joanne Beavis	Braintree DC
	Sandra Barnes MBE	South Northamptonshire DC
	Sian Reid	Cambridge City Council
	Dave Allan	Sunderland City
	Sue Whitaker	Norfolk County Council
Apologies	Guy Nicholson	Hackney LB
	Keith Glazier	East Sussex CC
	Liz Eyre	Worcestershire CC
	Gordon Keymer CBE	Tandridge DC
	Neil Clarke	Rushcliffe CC
	Sir Albert Bore	Birmingham City
	Sue Murphy	Manchester City
	Lord Graham Tope CBE	Sutton LB
Speakers	Cat Evans	Foreign and Commonwealth Office
Officers	Ian Hughes, Jasbir Jhas, Russell Reefer, Rachael Donaldson & Frances Marshall	

Item	Decisions and actions	Action by
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Welcome and Introductions

The Chair opened the meeting by welcoming everyone present and noted the apologies that had been received.

1. EU Funds and Local Enterprise Partnerships

Jasbir Jhas (Senior Advisor) introduced the report which outlined a number of significant developments in the negotiation process for establishing the 2014 – 2020 EU funding programmes, as well as setting out what Local Enterprise Partnerships (LEPs) and local partners need to do to ensure arrangements for the new programme work in practice. She drew particular attention to the positive EU funding announcements as part of the recent Spending Review and highlighted the need for clarity on a number of details which could impact on the influence local partners have over spending. Members were invited to provide a steer in terms of next steps.

In discussing the report, Members made a number of comments, including:

- Whilst Members welcomed the Government's commitment to devolve the majority of spending decisions for England's EU Structural and Investment Funds to LEPs, the availability of sufficient match funding was raised as a key issue. With the Single Local Growth pot well below the £70 billion recommended by Lord Heseltine, there were concerned it would not offer sufficient critical match-funding for EU projects. Members asked that the LGA push for all local authority funding, including health funding, to be eligible to be used as match funding. It was agreed that a letter be sent to the Minister for Business and Enterprise and to the Parliamentary Under Secretary of State for Department for Communities and Local Government (DCLG) raising these concerns as well as thanking them and their wider team for their constrictive dialogue with the sector throughout the process, which would be continued through the National Growth Board (NGB).
- In discussing whether the LGA should make a support offer to councils where there is a struggling LEP, a number of different views were expressed, in favour of and against the suggestion, as well as in terms of the type of support on offer. A number of suggestions were made, including: an economic growth peer reviews for geographical areas; signposting; increasing the role of other partners such as Universities; and the NGB undertaking a readiness and effectiveness role. Members were in agreement that following the publication of the Government's detailed guidance to LEPs, that the LGA produce a summary of the guidance which would include an accessible top up brief for the wider LGA membership.

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- With reference to the importance of transparency and accountability, members emphasised the importance that Government make the criteria used to calculate for LEP allocations publically available, as well as emphasising the importance that District Councils are able to engage with their local LEPs.

Decision

That the Board **noted** the report and **asked** that their comments inform the future development of the work programme.

Actions

Write to the Minister for Business and Enterprise and to the Parliamentary Under Secretary of State for Department for Communities and Local Government.

Nick Porter

Develop a top up brief following the publication of Government's detailed guidance to LEPs.

**Nick Porter /
Jasbir Jhas**

2. Local-Central Relations on EU work and Government's EU Review on Balance of Competencies

Cat Evans, the Deputy Head for the Balance of EU Competences Review (Foreign and Commonwealth Office) provided a PowerPoint presentation on the background to and aims of the Government's review. In doing so, she explained that the impetus behind the review was to provide a balanced, evidence based analysis to inform political parties and the public's thinking on Europe, and assured members that the findings would not be used as a vehicle for policy recommendations. In outlining the timescale for the two year review, Cat recommended that should the LGA choose to submitted one overarching response, that it be submitted early on in the process to ensure that the cross cutting themes could feed into to the 32 individual policy reports.

Jasbir Jhas briefly spoke to the report which, in addition to providing context to Cat's presentation, also set out LGA's plans to improve central-local relations on EU lobbying. In doing so, she invited Members to provide a steer as to the LGA's response to the review and invited them to review the agreed principles on the LGA approach to EU legislation and policy, its implementation in the UK, and impact on local authorities.

In discussing Cat's presentation, Members asked a number of questions relating to the objectivity of the evidence, how the review was being promoted to the wider public and the balance between complexity and comprehension in the published reports.

Members agreed the principles upon which the LGA's single response would be founded. It would concentrate on the role of local government in delivering EU regulation and the need to consider a wider view than central

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government-EU relations.

A draft response to the review would be submitted to the LGA Political Group Offices and European and International Board lead members for approval.

Decisions

That the Board:

- i. **noted** the report and presentation; and
- ii. **endorsed** that proposal to submit a single response to the EU Competences Review from the LGA which captures the broad principles of how the LGA approach EU legislation and its implementation into UK legislation.

Actions

Submit the LGA's overarching response to the competencies review to the LGA Political Group Offices and European and International Board lead members for approval.

Jasbir Jhas /
Richard Kitt

3. International Trade and Cooperation Activities

Ian Hughes (Head of Programmes) and Russell Reefer (Advisor) jointly presented the report which provided an update on the LGA's international cooperation work, as well as its support to councils in promoting trade and investment. In particular they drew attention to two key successes: firstly, the EU Commission's recent recognition of local government as a critical partner in delivering the EU's future development commitments, which the LGA had lobbied in favour of for a long time; and secondly, Lord Green's (Minister of State for Trade and Investment) endorsement that UKTI support the local government sector in a more systematic manner, leading to the development of a six-point action plan for council/UKTI collaboration.

Members welcomed the new EU Aid Statement, however highlighted the need for it to be backed up by the EU Commission with action and resources.

Decision

That the Board noted the report.

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4. European and International Board Annual Review: 2012/13

The Board's annual review of the year report was moved without further comment.

Decision

That the Board **endorsed** to annual report for submission to the LGA Executive on 18 July.

5. Round-up of activity: Board EU lobbying priorities, institutions and international activities

The Chair briefly summarised the report which gave an overview of recent developments: in the Board's key priority topic areas; in the European and international bodies to which the Board nominates members; and the LGA's international activities.

Members noted progress with a number of Committee of Regions appointments, the United Cities of Local Government nomination process and the appointment of Cllr Roger Stone as Committee of the Regions' Rapporteur on Roma.

Decision

That the Board **noted** the report.

6. EU Fines: Independent Advisory Panel – Local Government Nominations

Frances Marshall (Member Services) briefly introduced the report which updated Members on the establishment of a pool of experts from within the sector to be drawn upon in the event that an independent advisory panel on EU fines is required.

Decision

That the Board **noted** the report.

7. Notes of the last meeting

The notes of the last meeting were **agreed** as a correct record.

8. Date and Time of Next Meeting

Tuesday 15 October 2013 at 11am, Local Government House, London.

LGA location map

Local Government Association

Local Government House
Smith Square
London SW1P 3HZ

Tel: 020 7664 3131

Fax: 020 7664 3030

Email: info@local.gov.uk

Website: www.local.gov.uk

Bus routes – Millbank

- 87** Wandsworth - Aldwych
- 3** Crystal Palace - Brixton - Oxford Circus

For further information, visit the Transport for London website at www.tfl.gov.uk

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- Victoria and Waterloo: the local underground stations are

St James's Park (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

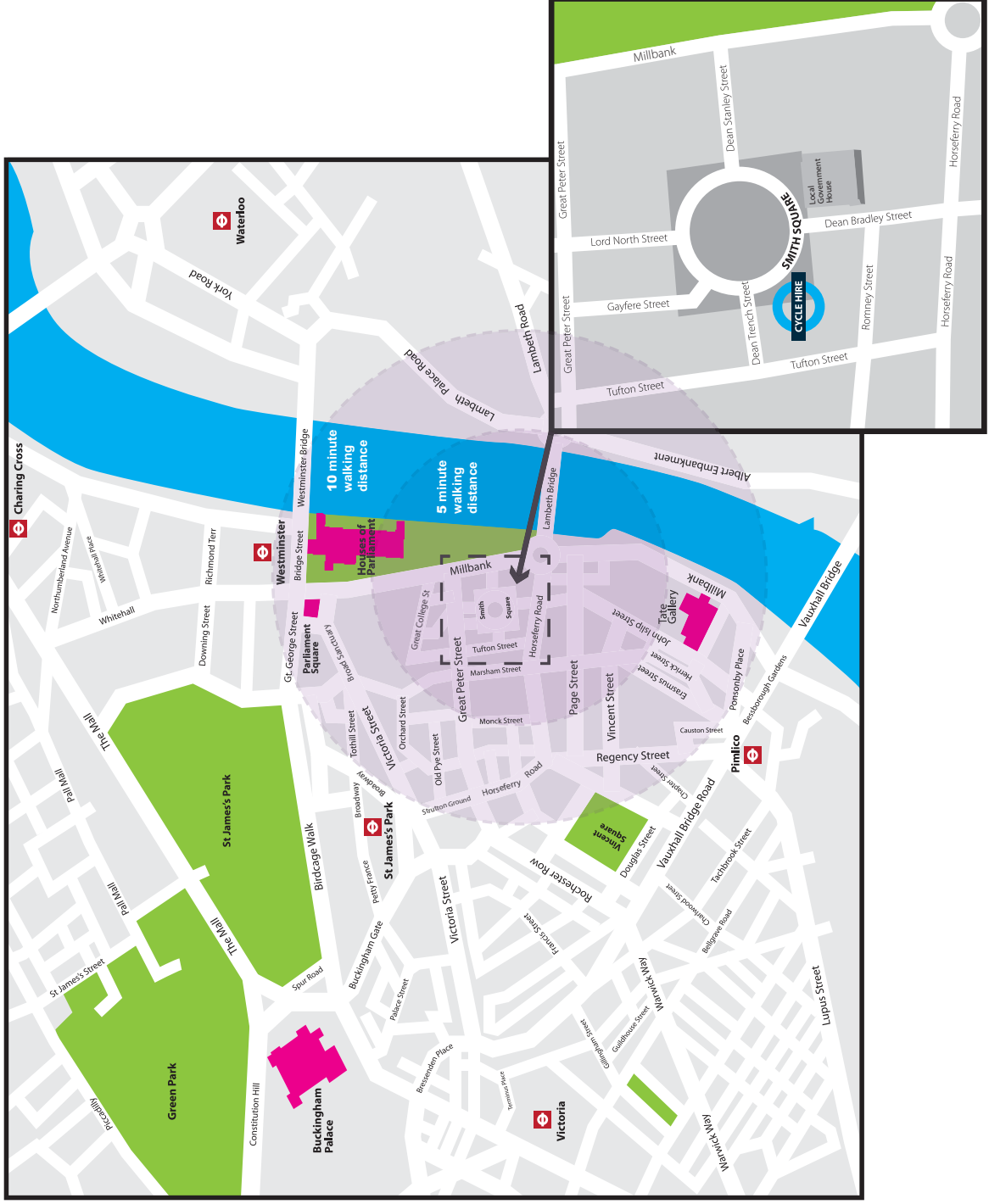
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507 Waterloo - Victoria

C10 Canada Water - Pimlico - Victoria

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