

EU Funding and Successor Arrangements

Purpose of report

For discussion.

Summary

This report provides an update of LGA work to ensure councils continue to receive EU funding during the current funding period (2014-2020) amid Brexit negotiation uncertainties, and that successor funding arrangements are in place and co-designed with local areas once the UK exits the EU.

Recommendations

That Members of the Resources Board:

1. note the report; and
2. steer how we progress our lobbying.

Action

Officers to progress lobbying work in-line with Members steer and direction.

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EU Funding and Successor Arrangements

Background

1. This report provides an update on LGA work to ensure councils continue to receive EU funding during the current funding period (2014-2020), and that successor funding arrangements are in place and localised once the UK exits the EU.

Current EU funding – Growth Programme Board

2. The next Growth Programme Board is on 20 September 2018. The biggest concern is likely to be the management of the European Social Fund (ESF). DWP confirmed in July that 48 per cent of the budget had been committed and we are awaiting an updated figure for the next Board meeting. This provides no clarity on what is actually contracted and being delivered. LGA members will continue to raise concerns again that it should translate commitments into contracted provision in order to ensure that funding has been spent.

EU Funding and ‘No Deal’

3. On 24 July 2018, the Ministry of Housing, Communities and Local Government confirmed that the Government will cover the full 2014-2020 programme period and allocation in the event of a ‘no deal’.
4. The LGA has welcomed this announcement as it provides local areas with a level of certainty. We have been calling on the Government to ensure that there is no gap between the end of EU funding and the commencement of the UK Shared Prosperity Fund (UKSPF), and the announcement will provide this in the case of a ‘no deal’.
5. There is however, no detail on how this funding would operate. LGA members will press for details at the next Growth Programme Board meeting to ensure that there is not a gap in funding for local areas.

UK Shared Prosperity Fund – successor to ESIF

6. Members were updated at the last meeting on the Government’s pledge to create a UK Shared Prosperity Fund (UKSPF) to replace it. Secretary of State for Housing, Communities and Local Government, James Brokenshire MP, has since announced the following UKSPF elements will be:

- 6.1. Tackle inequalities between communities by raising productivity, especially in those parts of our country whose economies are furthest behind.

- 6.2. A simplified, integrated fund;

- 6.3. Respect the devolved settlements in Scotland, Wales and Northern Ireland;
- 6.4. A national framework in England that works for local priorities;
- 6.5. Consult the public.
7. However, there is limited detail on what it will mean in practice and the LGA will continue to press for our key lines.
8. There has been an All Party Parliamentary Group (APPG) set up to investigate Post-Brexit Funding for Nations, Regions and Local Areas. This is chaired by Stephen Kinnock MP and are running an inquiry on the lessons learnt from EU funding and what UKSPF should look like.
9. The LGA have been proactive in pressing the Government on the design and delivery principles to underpin UKSPF. We have published our principles in the [Beyond Brexit](#) report and made the case for urgent action in our conference report, [Brexit: Moving the Conversation On](#). The LGA are working with the sector to develop these further as well as supporting councils and combined authorities to make the case for a localised pot.
10. The Government is holding a series of pre-consultation events and formal consultation is expected by the end of the year. The LGA secured a roundtable at officer level as part of the pre-consultation process, which was held on 24 August 2018. This focused on how UKSPF can be integrated within wider economic development and inclusive growth programmes, the issues of current EU funding and the innovation that local authorities have demonstrated in programmes that promote inclusive growth. The LGA will be pursuing more opportunities to influence the details of UKSPF and reaching out to other relevant stakeholders.
11. The objective at the moment is therefore to lobby the Government to co-design UKSPF with local areas immediately. We will continue to call for UKSPF to be a new, locally driven fund, which should be at least equal in value to the current full sum of funding, and operational by January 2021. We will continue to utilise media opportunities to make this case.
12. We are preparing a response to the Post-Brexit Funding APPG where we will continue to make the case for EU funding to be replaced by a localised, place based fund which does not roll back any devolved decision making powers.
13. The LGA is preparing for the likely consultation that will take place towards the end of the year and we continue to welcome contributions from members.

14. **Members are asked to note the report and provide any further steer on how we can progress our lobbying objectives.**

Implications for Wales

15. Through the Brexit Taskforce, the LGA has a defined work programme with the three associations (Welsh Local Government Association, Convention of Scottish Local Authorities and Northern Ireland Local Government Association). This includes a focus on EU funding and its successor arrangements.

Financial implications

16. This is core work for the LGA and is budgeted for within the 2017-18 LGA budget.