

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

1. Members of the Resources Board are asked to note recent LGA activity on European Structural and Investment Funds; and
2. Provide a steer on LGA preparations for the UK Shared Prosperity Fund (UKSPF) consultation.

Action

Officers to incorporate any further Members' steers in the preparation of the consultation response.

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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 European Structural and Investment Fund Programme.

Current EU funding – Growth Programme Board

2. The LGA [issued a press release](#) regarding the difficulty local areas have in accessing European Social Funding (ESF) because of capacity issues of the Managing Authority, the Department of Work and Pensions (DWP), being unable to process claims efficiently. This has meant that local areas have not been able to invest the funds into much needed employment and skills schemes. This incorporated the concerns and issues members raised at the last Board meeting. The Financial Times and the BBC covered the story. We have received positive feedback from the sector about the importance of the LGA highlighting this issue nationally.
3. DWP has committed to prioritising clearance in order to reach their 2018 targets. This means that all non-urgent work has been deprioritised, further demonstrating that the capacity issues have not been resolved. DWP also continues to provide performance data in a manner that does not provide clarity on what is actually contracted and being delivered.
4. At the next Growth Programme Board on 18 December 2018, LGA members will continue to raise these concerns again and ensure that EU funding is being spent.
5. **Members are asked to comment on any further actions the LGA should take if there has been no further improvement from DWP.**

UK Shared Prosperity Fund – Successor to ESIF

6. There has been no further announcements or detail released on UKSPF since the update provided to members at the last Board meeting. The LGA continues to prepare for the consultation which is likely to be published by the end of 2018.
7. The objective at the moment is to further develop our position on UKSPF to ensure that the LGA fully represents the sector when the consultation is published. To further develop the LGA's [Beyond Brexit](#) lines on UKSPF, the following will need to be explored:
 - 7.1. establish the role UKSPF will play in the wider economic development landscape post 2020, which will see the end of the Local Growth Fund and other economic development and inclusive growth funds; and
 - 7.2. democratic accountability, governance, assurance and capacity to deliver UKSPF.

8. The LGA will look do this through the following ways:
 - 8.1. officers will engage further with members on these issues through the People and Places Board, City Regions Board, Resources Board and the Brexit Taskforce;
 - 8.2. LGA officers have planned meetings with our member authorities to understand the key priorities for our sector for a future UKSPF. These include: a workshop at the LGA Skills conference to focus on UKSPF (27 November); discussion at the next LGA convened Combined Authority skills and employment working group (21 November); plus a roundtable of Directors who lead on economic development and inclusive growth in early December. In addition to this, Regional Brexit Sounding Boards are being utilised to gather further information from councils and combined authorities in these areas;
 - 8.3. LGA officers are also building on and updating our own research, including updating our [‘fragmented funding’ research](#) so that we have a clearer picture of the funding outlook post 2020. In addition, we are also be exploring how our Work Local proposals (local labour market agreements) can be used as a framework for the development of UKSPF and related Local Industrial Strategy work.
9. **Members are asked to note the update on the design of the UK Shared Prosperity Fund and comment on the next steps proposed in paragraphs seven and eight.**
10. Implications for Wales: 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

11. This is core work for the LGA and is budgeted for within the 2018-19 LGA budget.