

18 November 2009

EU Update – Recession Report, EU Funds and Transport

Summary

This paper provides an update on the LGA's work on EU funds for regeneration and jobs. Specifically it updates the board on LGA work on:

For information:

- i) Global slowdown, local solutions: international comparisons
- ii) Future of EU Funds
- iii) EU Transport Policy Update
- iv) Engagement of new European Parliament

Recommendations

Members are asked to note the ongoing work in this report.

Action

To continue to represent council interests, in both London and Brussels, on EU funding and Transport policy.

For Recession Report, EU Funding and Recovery Plan, and MEP Engagement

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EU Update – Recession Report, EU Funds and Transport

Background

Global slowdown, local solutions: international comparisons

1. As part of the LGA Group's work on the recession, the European Unit has developed a report examining how councils around the world are tackling the recession. *Global slowdown, local solutions: international comparisons* offers examples of innovation from abroad, and examines the benefits decentralised models of local government have had in tackling recession in other countries.
2. The report considers activity by over 20 councils from 14 countries. Activities are grouped under five key headings:
 - a. Supporting people into work: This section focuses on the benefits of recently devolved and deregulated welfare-to-work services in Denmark and the Netherlands.
 - b. Investing in job creation: Looking closely at the activity of two major US cities during recession, this section explores the benefits of high levels of local financial flexibility, and the recognition of the important role of councils in national recovery plans.
 - c. Helping households and individuals: With particular focus on Canada, this section will draw out the benefits of local authorities being free to deliver housing solutions for households struggling during recession.
 - d. Supporting local business: Focusing on New Zealand and the US, this chapter will illustrate the benefits of greater local autonomy for providing comprehensive and personalised interventions for businesses.
 - e. Preparing for the upturn: The final section will underline the role of councils, particularly in Japan and New Zealand, for building on local assets to achieve an economic vision in a global economy.
3. The report will be launched on 9 December 2009 at an evening event in Local Government House, for which the programme is to be finalised.

The Future of EU Funds

A survey of local authorities: key findings

4. In an effort to provide evidence base for future lobbying, and bring a wider range of councils closer to LGA work in this area, a survey on the future of EU funds was conducted in September 2009. A total of 450 local authority officers across England and Wales received the survey and 157 responses were received; a response rate of 35%. The 157 respondents represented 109 different authorities.
5. See **Annex 1** for summary of key findings. The results reinforce LGA core messages regarding the need for further simplification of funds, and the benefits of 'place-based' funds over those streams competitively accessed at EU level.

6. Once published, the full report will inform local government representation to government at national and European level. The Commission has already expressed an interest in using the data to inform future proposals on regional funds.

EU Transport Policy Update

7. The Commission has identified urbanisation and its impacts on transport as one of the main challenges in making the transport system more sustainable. It has come up with a series of 'Action Points' and tools that it believes could help local authorities make urban transport more sustainable, efficient, and secure.
8. These tools include: development of an internet-based guide on clean and energy efficient vehicles; better promotion of EU funds geared towards sustainable travel, and; moves to strengthen passenger rights in urban public transport. The LGA will promote messages and opportunities for councils through existing network, update, and communication tools.

Engagement of new European Parliament

9. Key MEPs working on EU economic regeneration and transport policy issues were briefed by LGA politicians on 14 October. This was our first contact with the newly elected MEPs and allowed us to set out our concerns with policy currently under consideration in the European Parliament.

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Survey of local authorities on the future of EU Funds

Key Findings

1. The EU is currently undertaking a wide review of its budget and funding programmes for post 2013. This process offers an opportunity to shape the way these funds are accessed by local authorities in future years. The purpose of this survey was therefore to engage with a broad range of local authority staff with experience of working with EU funds to gather their views on the advantages and challenges with these funds, and whether there is need for reform post 2013.
2. The survey was completed by Local Government Association Analysis and Research on behalf of the European and International Unit during September 2009. It was sent to local authority staff involved with EU funds, that expressed an interest in participating, and who agreed to provide the LGA with their contact details. A total of 450 local authority officers across England and Wales received the survey and 157 responses were received; a response rate of 35%. The 157 respondents represented 109 different authorities.
3. Respondents generally had considerable experience of working with EU projects; 61% had over seven years experience whilst a further 20% had worked with EU programmes for between four and seven years. Only 7% of respondents had been working with EU programmes for less than one year.

Benefits and future engagement

4. Respondents were positive about the benefits associated with EU programmes. The most commonly cited benefit was the opportunity to access funds for projects which wouldn't normally qualify for national funding programmes (49% of respondents). The cohesion funds stable 7 year funding period, the financing of initiatives that wouldn't exist without EU funds, and the ability to lever in additional match-funding were also identified as key benefits.
5. Amongst the 60% that knew current plans for post 2013, only 7% expect their authority to decrease the level of funds it seeks to access; 27% expect this to increase whilst 26% expect this to stay broadly the same as is currently the case.

Range of programmes

6. Awareness between EU regional development funds and EU wide funds varied widely. Almost all respondents were aware of ERDF, ESF and the co-operation programmes (Interreg, URBAN and URBACT), whilst levels of awareness were much lower for EU-wide funds (see paragraph 7).

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Respondents had a generally accessed more funds from ERDF (73%) and ESF (73%) than the co-operation programmes (49%).

7. Awareness varied across key EU-wide sectoral funds. Not taking into account respondents that selected 'don't know', the proportion of respondents 'not previously aware' of the various programmes/streams are as follows: CIVITAS (53%); Natura 2000 (45%); PROGRESS (44%); FP7 (32%); Daphne III (32%); CULTURE 2007 (30%); CIP (29%); Youth in Action (28%); LIFE + (21%); LEADER+ (19%); Lifelong learning programmes (9%).

Views on specific funds

8. Respondents most commonly thought sector specific/thematic funds which are competitively accessed across the EU are less attractive to councils than EU structural funds (52% thought this as compared to 3% who thought sector specific/thematic funds are more attractive). Those respondents that thought EU wide funds were less attractive most frequently selected 'no guarantee of success', 'rarely relevant to local authority activity', and 'timescale and process for application' as the reasons for this.
9. The majority of respondents (59%) stated that the EU should strengthen the resources behind cooperation programmes such as Interreg (which encourages regions from across Europe to work with each other) and reform them, whilst 17% thought the EU should keep these programmes as they are.
10. The survey asked respondents to select from a number of options regarding how the European Agricultural Fund for Rural Development (EAFRD) should operate post 2013. Fifty four percent of respondents had a view on this; the majority (31% of respondents) thought that EAFRD should be funded by regional policy.

Application, Administration and Audit of EU Projects

11. Ninety five percent of respondents thought that administrative burdens can dissuade third sector and other local organisations from accessing EU funds for the first time, whilst 91% thought this was the case for local authority departments.
12. Amongst those respondents with experience of European Structural Funds (ERDF and ESF) since 2006, 62% stated that the administrative requirements are generally too complex relative to the size of projects, whilst 32% stated that in their experience, the overall administrative requirement of these funds is generally proportionate to the size of projects.

European Union funds and local priorities

13. Ninety three percent of respondents agreed that their council values the role of EU funds in supporting their local community; 38% agreed to a great extent and 55% to some extent.

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14. Thirty nine percent of respondents stated that that EU funding programmes are not at all flexible enough to quickly adapt to changing local need, whilst 58% thought that EU funds have some extent of the necessary flexibility and a further 2% thought this was the case to a great extent.
15. The majority of respondents stated that EU funding opportunities are integrated into local mechanisms (such as Local Area Agreements) to some extent (56% stated this) and a further 12% thought this was the case to a great extent. This proportion was significantly higher amongst respondents from welsh authorities – with eight of the 26 respondents (31%) selecting ‘to a great extent’. Twenty nine percent of respondents stated that EU funding opportunities are not integrated into local mechanisms at all.
16. Only very few respondents stated that, in their experience, EU revenue funded projects are always or regularly sustained or mainstreamed by domestic funding after the EU project has ended (1% and 3% respectively). Fifty four percent stated that projects are sustained or mainstreamed sometimes and 31% said that this happened rarely.

Usefulness of EU funds

17. Respondents were asked to identify those factors which limit the usefulness of EU funds. The most commonly identified factor was complex and bureaucratic application processes, (82%), and difficulty in gaining private and public match funding was also a commonly identified factor (76%).
18. Respondents were then asked to identify actions which could be taken to help EU funds better support council activities post 2013. The option most commonly selected was simplified procedures of administration and audit (75% of respondents). This was closely followed by more flexible requirements on match funding (73% of respondents), and more autonomy and devolved powers for councils to manage EU programmes (68%).

Further comments

19. Finally, respondents were invited to add any further comments on EU funding. Comments covered a variety of topics. These included:
 - Bureaucracy at all levels: ‘I have been involved with EU funds since 1990. Each new programme has increased a layer of bureaucracy generally at the UK level as opposed to the EU level’.
 - Complexity and confusion: ‘there are too many different types of funding with different rules (application/monitoring/audit) making accessing the funds complicated, time consuming and costly’.
 - Aligning priorities: ‘efforts need to be made at all levels to ensure that EU strategy and funding programmes can be best used to support the delivery of local priorities expressed in the Sustainable Community Strategy, Local Area Agreement and other key local strategies and plans’.