

Item 11

EU Funding Update

Purpose of report

For information.

Summary

EU structural funds are worth €9.4 billion over the 2007-2014 period, typically funding economic and skills development activity. This paper updates on current issues in the administration of these funds, and work towards establishing the 2014-2020 programmes.

Recommendation

Members are asked to note the report.

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EU Funding Update

Background

1. EU structural funds are worth €9.4 billion over the 2007-2014 period, typically funding economic and skills development activity, further funding opportunities are available to councils through a range of thematic EU funds.
2. 2011 promises to be an important year for local authorities' involvement with EU funds, both in establishing new delivery arrangements for the current programmes, and in the negotiation and establishment of the 2014-2020 funds. This update outlines key developments and the LGA's recent activity.

Developments in England

European Regional Development Fund (ERDF)

3. Since the announced abolition of the RDAs, which currently manage the ERDF, the LGA has been working with Government to ensure new stable and locally responsive management arrangements are established to spend the remaining £1.3 billion in the English programmes. LGA recommendations and concerns were expressed through a series of meetings with Government officials, the European Commissioner, in a policy position, and in a letter to Mark Prisk MP from the Chair of the Economy and Transport Board.
4. On 22 December 2010 DCLG outlined proposed revised management arrangements for ERDF. In sum proposals look to transfer existing RDA ERDF teams into DCLG from 1 July 2011, but in all other respects continue to operate as now, including in current locations. Alongside this, proposals include measures to review strategy and decision-making functions so that local communities have a greater role in shaping spending decisions.
5. The proposals generally reflect LGA messages, but further work is necessary around specific issues. In particular, Members have raised concerns that there may be an expectation on local authorities to offer a significant proportion of match-funding at a time when councils are not in a financial position to provide it. Previously, RDAs used the single budget to draw down ERDF, and while Government have outlined some potential new sources, such as aligning to the Regional Growth Fund, it is unlikely to be enough and the LGA will work with Government to consider how other investment, such as that in business support, technological development and innovation, might be coordinated by Local Enterprise Partnerships (LEP) to draw down ERDF, so that it is not returned to Brussels.

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European Social Fund (ESF)

6. Government took the decision to discontinue the ESF Regional Committees, which were the only mechanism through which local authorities, and other local partners, could ensure the national ESF spending was meeting local priorities.
7. The Chair of the LG Group Economy and Transport Board has written to Chris Grayling MP to express concern over the decision, and to recommend a series of measures that offer crucial local scrutiny over ESF spending. The LGA will be hosting a meeting with civil servants in February to take these ideas forward.

Towards 2014 – 2020 programmes

8. The LGA remains keen to encourage Government to consider approaches to negotiating and establishing the 2014-2020 programmes. In March 2011 the LGA will host a meeting bringing together senior civil servants from across Whitehall to discuss and develop a UK approach to negotiating a fair deal from future EU programmes, and for establishing more joined-up and locally accountable delivery arrangements in the future.

Developments in Brussels

9. The EU recently set out a range of proposals on the future of EU funds, both on the wider EU Budget and on structural funds specifically. The LGA has submitted a single response to all three sets of proposals, which will form the basis of lobbying work with the European Commission, MEPs and other partners.
10. Although without figures, EU proposals confirm the continuation of the core EU funds in some form, which is welcome provided that the UK receives its fair share. Nevertheless, there are some areas of concern, such as a desire by the EU to restrict the number of priority activities the funds can support, and to make the awarding of funds to local projects conditional on the Member States adherence to the Stability and Growth Pact.
11. On 25 January 2011 we are running a UK local government summit in Brussels to discuss key EU developments. The summit will give councillors from all UK LGAs the opportunity to meet with senior European decision-makers on the future of EU funds, and to agree a programme of formal engagement over the coming year.