

24 March 2011

Item 9

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, further funding is available through the EU Rural Development Programme for England. This paper updates on current issues in the administration of these funds up to 2013.

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 2007-2013 period, typically funding economic and skills development activity, further funding opportunities are available to councils through the EU's Rural Development Programme for England, and a range of thematic EU funds.
2. The arrangements for delivering EU funding in England are undergoing change in response to the abolition of regional structures and strategies. This paper summarises progress, and LGG concerns and activity.

European Regional Development Fund (ERDF)

3. Since the announced abolition of the RDAs the LGG has worked with the Department of Communities and Local Government (DCLG) to ensure new management arrangements are stable and more locally responsive. Around £1.3 billion remains across the English programmes. In February DCLG confirmed the shape of future management arrangements. 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 that aim to give local communities a greater role in strategy and spending decisions.
4. The LGG has emphasised a few concerns, particularly on the availability of match-funding. Government is investigating other potential sources, such as using European Investment Bank loans, but more can be done to identify sources, and to build additional flexibilities into programmes. E&T Members are due to meet Baroness Hanham on 6 April 2011 to discuss, and officers continue to work with Government's working group on overall ERDF transition.

European Social Fund (ESF)

5. ESF is a national programme primarily supporting skills projects. Following correspondence between Cllr Box and Chris Grayling MP, officers met with Government and its ESF co-financing organisations, which commission ESF activity, to maintain sufficient local engagement in spending after the abolition of regional ESF committees. Government is trying to shift the responsibility for engaging local partners to providers themselves, this is inadequate and LGG are drawing up additional proposals to take forward with Government. Councils will also have additional seats on the national ESF committee.

6. The Department of Work and Pensions has around £270m of ESF available up to 2013, suggesting that £200m will target people with multiple problems in workless households, and £70m will buy places on the Work Programme for those on incapacity benefits. LGG are inputting into discussions on the behalf of authorities, which will continue until the tender process starts in late April. The Skills Funding Agency, a major ESF co-financer, is aiming to commit around £472m to adult provision and £150m to young people up to 2013; it also claims application processes for councils wanting to run projects have been simplified.

Rural Development Programme for England (RDPE)

7. The RDPE has three funds, the first focuses on farming competitiveness, the second on environmental management, and the third on wider development. In general, the socio-economic elements of RDPE are currently administered by RDAs. There are also local 'Leader' sub-programmes, which are often managed or hosted by local authorities.
8. In February the Department of Environment, Food and Rural Affairs outlined changes to the socio-economic elements of RDPE following the abolition of RDAs. Main proposals and concerns include:
 - 8.1 A reduction in funding, including for local elements of the programme, there is now around £384m is now left up to 2013;
 - 8.2 Centralised management arrangements, RDA staff will move into DEFRA's organisational structure but remain in localities. Management arrangements of the local 'Leader' sub-programmes will continue;
 - 8.3 Narrowing spending priorities, to focus on: farming competitiveness, skills, the Uplands, rural broadband and tourism.
9. The LGG Rural Commission has raised concerns with Government, making recommendations to help ensure local views can shape RDPE programme and projects up to 2013, LGG officers will take ideas forward with officials.

Beyond 2013, towards new programmes

10. EU proposals for future programmes, with figures, are expected in Spring / Summer 2011. LGG continue to lead debate, in Brussels and Whitehall, for the establishment of well resourced, joined-up and locally responsive funds. For instance, officers are working with European Commission officials drawing up future EU regulations, establishing a programme of MEP engagement including a workshop with the responsible EP committee at LGH, and bringing together Whitehall departments to drive coordinated thinking on future delivery arrangements in England.