

EU Funds Post 2013 – Update and Lobbying Strategy

Purpose

For discussion and direction.

Summary

Based on the discussions at the last Board, this report updates members on current lobbying activities related to EU funds including short presentations from:

1. Lorraine George, Head of External Funding at Essex County Council, on how the authority uses EU funds.
2. An official from the Department for Business, Innovation and Skills (BIS), which is leading the UK negotiations on structural fund reform.

Recommendation

Members are asked to comment on the report, and to steer work ahead.

Action

Officers to action as directed by members.

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Background

1. The European Union structural funds typically support economic and skills development activity, and are regularly accessed by local authorities to help realise local ambitions for economic growth.
2. These funds are worth over £8 billion to the UK between 2007-2013 which, once match-funded, represents a potential total investment over £16 billion. They include the:
 - 2.1 European Regional Development Fund – for example, funding capital investments, supporting SMEs, innovation.
 - 2.2 European Social Fund – for example funding skills and pre-employment.
 - 2.3 Trans-national funds – funding collaborative projects between areas in different countries.
 - 2.4 Further investment opportunities are available to councils through the EU's Rural Development Programme for England, and a range of thematic funds.
3. This is a critical year in determining what the funds will look like from 2014-2020, and what role councils can play in using them. There are a number of issues of concern, in particular that the:
 - 3.1 overall level of funding received by areas across the UK is likely to fall.
 - 3.2 EU may place too many restrictions on how the EU funds are spent, and on what – without sufficient simplification.
 - 3.3 UK Government may seek to deliver funds in a way that does not allow sufficient opportunity for local partnerships to tailor to local need and opportunity.
 - 3.4 availability of local match-funding may be challenging.
4. The LGA continues to play a leading role in discussions with European institutions and the UK Government to shape and influence this debate. An informal task and finish group continues to lead LGA lobbying on EU funding.

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The group includes members from this Board and the European and International Board. The objectives are to:

- 4.1 protect investment and maximise the take of EU funds for local areas.
 - 4.2 ensure councils are able to play a leading role in the negotiation and establishment of the new programmes.
 - 4.3 articulate and push the case from new delivery models that enable local partners to join-up EU funds with all investments in their area.
5. This paper updates on work to date, and sets out some recommendations for progressing next steps.

Update on lobbying work

6. Members continue to lead work in both Whitehall and Brussels to influence the progress of the EU fund negotiations, spending decisions and management arrangements. Activities for the autumn are set out in paragraphs 7 and 8:
7. Protecting investment in Brussels:
- 7.1 There will be crucial votes in the European Parliament in the autumn. In order to brief English MEPs on the detail of the case for investment in the UK and the need for sub-regional delivery model, Lead Members of the European and International Board are to lobby key MEPs, European Commission officials and partners on 17/18 September 2012 in Brussels.
 - 7.2 The European Parliament has the power of co-decision on the Structural Fund regulations, and so we are lobbying them heavily. We have successfully coordinated a common set of legislative amendments with other LGAs from across the EU, as well as having amendments tabled by Catherine Bearder MEP to try and ensure funds are more flexible and encourage local delivery.
 - 7.3 Board members may wish to arrange individual meetings with their MEPs on this issue. It will be important that there is continued demand from councils for sub-regional influence over funds. Members can call on LGA briefings for such meetings if desired.
8. Making the 'local' case in Whitehall:
- 8.1 While effective engagement in Brussels remains significant, much of the decisions on the priorities the funds will achieve, and the delivery mechanisms for achieving this, are determined in Whitehall.

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- 8.2 To help achieve this, the LGA has worked with BIS to sponsor two local authority secondments to join the BIS team which leads for the UK on negotiating future funds. The secondees will have a dual function, to engage both councils and in Government, to help reflect the ambitions of the sector in the process for scoping out the new programmes. This is the first time we have had a “Team UK” approach to EU reforms.
- 8.3 We are lobbying for new delivery models that enable local partners to join-up EU funds with all investments in their areas, such as integrating EU funds into City Deals, into Local Enterprise Partnership strategies, and into local authority investment plans. We are currently working with a range of councils to deepen the evidence case behind approaches enabling joined-up local investments, working towards publishing a set of robust propositions in the autumn.
- 8.4 Match-funding is an issue of particular concern for central and local government. Nationally, Government is beginning to consider what national pots might be aligned to match with Structural Funds. We are progressing similar activity locally. Working with a range of councils and Government to explore what potential sources of match-funding might exist from 2014 – 2020, for instance what opportunity the localisation of business rates, Tax Incremental Financing might offer.
- 8.5 This activity will run alongside a series of future engagements with responsible ministers to discuss local authority approaches – including with Mark Prisk MP, Chris Grayling MP, and Baroness Hanham.

Discussion and debate at the meeting

9. Following discussion at the last Board, we have two speakers.
10. An official from BIS, the department leading the UK negotiations on structural fund reform. They will set out the latest position in the EU-wide negotiations.
11. Lorraine George is the Head of External Funding at Essex County Council and will offer insight into how the county uses EU funds on projects key to driving growth and prosperity – there was a concern expressed at the previous meeting about the capacity of councils to use the programmes.