

20 January 2011

**Item 5**

## **EU Funding Update**

### **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 delivery of these funds, and work towards establishing the 2014-2020 programmes.

### **Recommendations**

Members are asked to note the report.

**Contact officer:** Nick Porter  
**Position:** EU Policy and Public Affairs  
**Phone no:** 020 7664 3113  
**E-mail:** [Nick.porter@local.gov.uk](mailto:Nick.porter@local.gov.uk)

## **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 for the current programmes, which run to 2013, and in the establishment of the next programmes, which run from 2014-2020. This update outlines key developments and the LGA's recent activity.

### **Developments in England**

#### European Regional Development Fund (ERDF)

3. The Regional Development Agencies currently manage the regional ERDF programmes, which councils regularly access to fund economic development and regeneration projects. The announced abolition of RDAs paves the way for implementing management arrangements more responsive to the needs of local areas and functional economic geographies. There remains £1.3 billion in the English ERDF programmes until 2013, which when match-funded, represents a total public investment of around £2.6 billion.
4. The LGA has been working with Government to ensure new management arrangements are stable and more locally responsive, recommending that ERDF secretariat teams continue to administer programmes that are fundamentally shaped by locally accountable priorities, and expressing concern over the availability of match-funding. The LGA took forward these recommendations in a series of meetings with senior officials, with the European Commissioner, and in a letter to Mark Prisk MP from the Chair of the Economy and Transport Board (Annex 1).
5. On 22 December 2010 DCLG outlined proposed revised management arrangements for ERDF. In sum, proposals look to transfer existing RDA ERDF secretariat 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.
6. The proposals generally reflect LGA messages, but further work is necessary around specific concerns, particularly with regards to the availability of match-funding to draw down ERDF, and on the proposals that DCLG directors should chair new Local Monitoring Committees.

**Item 5**

European Social Fund (ESF)

7. ESF funds skills development and training projects and is regularly accessed by local authorities. It is a national programme, but in some areas local authorities manage local ESF programmes as Co-Financing Organisations.
8. Late last year 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.
9. 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 provide the crucial local scrutiny over ESF policy and delivery (Annex 2). The LGA, alongside some local authority officers, will be hosting a meeting with civil servants in February to take these ideas forward.

Towards 2014 – 2020 programmes

10. Government will soon begin negotiating the 2014 - 2020 programmes; the LGA remains keen that Government engages local authorities in this process as early as possible, and will urge it to establish more locally responsive management arrangements that join-up ERDF, ESF and the EU rural development fund (RDPE) strategy and process. The policy argument for this approach is set out in the *EU Funds and Place-Based Budgets* report, which can be found under 'Latest News' at [www.lga.gov.uk/eu](http://www.lga.gov.uk/eu), copies will also be available at the Board.
11. In March 2011 the LGA is planning to host a meeting bringing together senior civil servants from across Whitehall with the aim of helping facilitate a coherent 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**

12. The EU recently set out a range of proposals on the future of EU funds, both on the wider EU Budget, on structural funds specifically, and on the future of the Common Agricultural Policy. 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, the document is available under 'Latest News' at [www.lga.gov.uk/eu](http://www.lga.gov.uk/eu). Initial figures will be expected in July 2011, when the EU publishes the Multi-Annual Financial Framework.

20 January 2011

**Item 5**

13. Although without figures, EU proposals confirm the continuation of the core EU funds in some form, which is ERDF, ESF and the RDPE, this is welcome provided that the UK receives its fair share. Nevertheless, there are some areas of concern, such as a desire to restrict the number of priority activities the funds can support, and to make the awarding of funds conditional on the Member States adherence to the Stability and Growth Pact.
14. On 25 January 2011 the LGA is 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.