

European and International Programme Board

Agenda

Thursday 20 January 2011
11.00am

Room 2.13
Loxley House
Nottingham City Council
Nottingham
NG2 3NG

To: Members of the European and International Programme Board
cc: Named officers for briefing purposes

LG Group European and International Programme Board
20 January 2011

The **European and International Programme Board** meeting will be held on **Thursday 20 January 2011 at 11.00am**, in Room 2.13, Loxley House, Nottingham City Council, Nottingham, NG2 3NG.

A sandwich lunch will be provided following the meeting.

Apologies

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

Labour: Aicha Less: 020 7664 3263 email: aicha.less@local.gov.uk
Conservative: Angela Page: 020 7664 3264 email: angela.page@local.gov.uk
Liberal Democrat: Evelyn Mark: 020 7664 3235 email: libdem@local.gov.uk
Independent: Group Office: 020 7664 3224 email: independent.group@local.gov.uk

Attendance Sheet

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Location

A map showing the location of Loxley House is printed on the back cover.

Contact

Paul Johnston (Tel: 020 7664 3031, email: paul.johnston@local.gov.uk)

Carers' Allowance: As part of the LGA Members' Allowances Scheme, a Carers' Allowance of up to £5.73 per hour is available to cover the cost of dependents (i.e. children, elderly people or people with disabilities) incurred as a result of attending this meeting.

European & International Programme Board - Membership 2010-2011

Councillor	Authority	Role
Conservative (6)		
Gordon Keymer CBE	Tandridge DC	European rep (CoR)
Sandra Barnes (Deputy Chair)	South Northants DC	LGIB Board
Roger Phillips	Herefordshire	Workforce PB
Liz Eyre	Worcestershire CC	Community Wellbeing PB
David Lloyd	Hertfordshire CC	Culture, Tourism & Sport PB
Andrew Povey	Surrey CC	Improvement PB
Substitutes		
Clare Whelan	Lambeth LB	
Joanna Spicer	Suffolk CC	
Jim Harker	Northamptonshire CC	
Labour (4)		
Dave Wilcox (Chair)	Derbyshire CC	LGIB Board
Sir Albert Bore	Birmingham City	European rep (CoR)
Peter Box CBE	Wakefield City	Economy & Transport PB
Nilgun Canver	Haringey LB	Safer & Stronger Communities PB
Substitutes		
Clyde Loakes	Waltham Forest LB	
Caitlin Bisknell	High Peak BC	
Derek Bateman	Cheshire West & Chester	
Tim Cheetham	Barnsley MBC	
Dave Allan	Sunderland City	
Liberal Democrat (3)		
Richard Kemp (Vice-Chair)	Liverpool City	LGIB Board
Lord Tope CBE	Sutton LB	European rep (CoR)
Paula Baker	Basingstoke & Deane BC	Environment & Housing PB
Substitutes		
Zoe Patrick	Oxfordshire CC	
John Commons	Manchester City	
Richard Knowles	Oldham MBC	
Duwayne Brooks	Lewisham LB	
Steve Comer	Bristol City	
Independent (1)		
Linda Gillham (Deputy Chair)	Runnymede BC	LGIB Board

LG Group European and International Programme Board Attendance 2010 -2011

Councillors	26/11/10	20/01/11	March TBC	24/05/11	19/07/11
Conservative Group					
Gordon Keymer CBE	NO				
Sandra Barnes (Deputy Chair)	YES				
Roger Phillips	YES				
Liz Eyre	YES				
David Lloyd	YES				
Andrew Povey	NO				
Labour Group					
Dave Wilcox (Chair)	YES				
Sir Albert Bore	YES				
Peter Box CBE	NO				
Nilgun Canver	NO				
Lib Dem Group					
Richard Kemp (Vice-Chair)	YES				
Lord Tope CBE	NO				
Paula Baker	NO				
Independent					
Linda Gillham (Deputy Chair)	YES				
Substitutes					
Clare Whelan	YES				
John Commons	YES				
Steve Comer	YES				

Agenda

European and International Programme Board

Thursday 20 January 2011

11.00am

Loxley House, Nottingham City Council

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Date of Next Meeting: 24 May 2011 (March meeting tbc)

Note of decisions taken and actions required

Title:	LG Group European and International Programme Board
Date and time:	14.00, 26 November 2010
Venue:	The Millbank Room, Local Government House, LONDON.

Attendance

Position	Councillor	Council
Chairman	Dave Wilcox	Derbyshire CC
Vice Chair	Richard Kemp	Liverpool City
Deputy Chair	Sandra Barnes MBE	South Northamptonshire DC
Deputy Chair	Linda Gillham	Runnymede BC
Members	Roger Phillips	Herefordshire
	David Lloyd	Hertfordshire CC
	Liz Eyre	Worcestershire CC
	Sir Albert Bore	Birmingham City
Substitutes	Clare Whelan	Lambeth LB
	John Commons	Manchester City
	Steve Comer	Bristol City
In attendance	Martin Candler	Stockport City
Apologies	Gordon Keymer CBE	Tandridge DC
	Dr Andrew Povey	Surrey CC
	Peter Box CBE	Wakefield City
	Nilgun Canver	Haringey LB
	Lord Tope CBE	Sutton LB
	Paula Baker	Basingstoke & Deane BC

Officers: Ian Hughes, Richard Kitt, James Beadle, Jasbir Jhas, Karen Esser, Paul Johnston, Stephen Cooper (LG Group).

Item	Decisions and actions	Action by
1	<p>European and International Programme Board in 2010 - 11</p> <p>Members welcomed the creation of the European and International Programme Board, and said that this would lead to European and International issues being more integrated in all Programme Board activity.</p> <p>In discussing ways of working for the Board, Members suggested that the Board have an away-day event in due course. Members agreed that Local Government Employers present at a future Board on workforce issues and that, with the introduction of Local Enterprise Partnerships, that the Board could consider the issue of inward investment in due course.</p> <p>Decision</p> <p>Members agreed the remit and ways of working for the new European and International Programme Board.</p> <p>Members agreed that there be a further meeting of the Board in March to meet outside London.</p> <p>Members agreed that an expanded Directory be available to Board Members to include all LGA representation at the EU and other international bodies.</p> <p>Action</p> <p>Officers to make arrangements for a further Board meeting in March 2011.</p> <p>Officers to circulate an expanded Directory all LGA representation at the EU and other international bodies.</p>	<p>Paul Johnston</p> <p>Ian Hughes / Karen Esser</p>
2	<p>LGA service to Councils</p> <p>Officers informed Members on current LGA services to Councils on European and International issues, and said that the LGA had been approached by a number of Councils to consider joint location in Brussels to save costs as regions' ability to fund separate offices diminished.</p>	

Members said that it was important for the LGA to be taking a coordinating role on this issue, and to work collaboratively with councils and businesses. Members agreed that it was important that there be further updates on progress at future meetings.

Decision

Members noted the report and agreed that further updates on LGA European and International services to Councils be brought to future meetings.

Action

Officers to update Members on LGA European and International services to Councils at the January 2011 Board meeting.

Ian Hughes

3 The EU trackers service

Officers explained the principles of the European and International Unit's trackers service, and said that the service had to date been well received.

Officers said that they would ensure that all Board Members receive the service.

Decision

Member noted the report

Action

Officers to add all Members of the Board to the distribution list for the EU trackers service.

**Jasbir
Jhas**

4 EU lobbying programme

Officers outlined the European and International Unit's current lobbying priorities and methods.

Members said that the lobbying priorities identified in the report had a significant impact on a number of Programme Boards' remits and on member Councils. Members asked specifically about shared services, to which officers replied that this was a key priority and that discussions had been held with the Improvement Programme Board on this issue.

Members asked over lobbying methods, and how the Local Government Group was ensuring its voice was heard in the European arena. Officers said that a number of networks were in place across European institutions, such as the Council of European and Municipalities and Regions (CEMR) and the Committee of the Regions (CoR), and that further work was being done to bolster relationships with domestic and international governmental teams.

Decision

Members approved the LGA's suggested EU lobbying priorities and endorsed the LGA's lobbying methods.

Action

Officers to prepare a further paper of the impact on EU legislation on shared services.

**Jasbir
Jhas**

Officers to ensure that the Chair's report to Councillors' Forum be circulated to Board Members.

**Paul
Johnston**

5 The LGA's international work

Officers introduced the report, noting the work that the LGA's European and International Unit was doing on developing current partnerships with the developing world in providing local government expertise on governance projects.

Members said that there was an important role for the LGA to play in providing the skills and expertise of the UK local government sector from councils to developing nations.

6 Council of European Municipalities and Regions (CEMR – European LGA)

Members agreed that Cllr Gordon Keymer be the English nomination for the Leader of the UK delegation to the CEMR.

Members agreed that that Cllr Steve Comer be nominated as Chair of the CEMR Employers' Platform.

Members agreed the suggested strategy on the CEMR budget.

Action

Officers to progress the nominations of Cllr Keymer and Cllr Comer with CEMR.

**Richard
Kitt**

CEMR representatives to pursue the budget strategy at the next CEMR meeting

Cllr Wilcox

Item 2

LG Group Business Plan 2011-12

Purpose of report

For discussion and decision.

Summary

Members will be aware that the LG Group is going through a period of significant change. From 2011-12, there will be a single organisation, workforce and political governance structure. However, the financial resources available to the Group will be much smaller. The current staffing review also envisages a smaller, more generic workforce.

Within this context, the LG Executive has asked each programme board to identify the priorities to feed into the LG Group business plan for 2011-12.

Recommendation

Members are asked to agree the European and International Programme Board's contribution to the 2011 - 12 LG Group Business Plan.

Action

For members to discuss and agree the European and international priorities for the 2011-12 LG Group Business Plan.

Contact officer: Ian Hughes
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Item 2

LG Group Business Plan 2011-12

Background

1. Members will be aware that the LG Group is going through a period of significant change. From 2011-12, there will be a single organisation, workforce and political governance structure. However, the financial resources available to the Group will be much smaller. The current staffing review also envisages a smaller, more generic workforce.
2. Within this context, the LG Executive has asked each programme board to identify the priorities to feed into the LG Group business plan for 2011-12. The framework agreed by the Executive (**attached** as **Annex One**) identifies two high level aims as the basis for discussion:
 - 2.1 Representing and advocating for local government and making the case for greater devolution;
 - 2.2 Helping councils tackle their challenges and take advantage of new opportunities to deliver better value for money services.
3. Through consultation with councils, the Executive has also agreed six priority outcomes that should guide the day-to-day work of the Group:
 - 3.1 local budgets and accountability;
 - 3.2 strong political leadership;
 - 3.3 improved local productivity;
 - 3.4 strong local economies;
 - 3.5 improved local performance and value for money;
 - 3.6 transformed workforce.
4. The paper **attached** as **Annex Two** sets out a proposal for a European and international work stream against these priorities in 2011-12. Members are asked to consider this proposal and to identify any priorities. Members are also asked to consider the list of non-priorities where savings can be made.

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ANNEX ONE

LG Group Business Plan Headline priorities: *As agreed by LG Group Executive*

Our mission

We work together to support, promote and improve local government

Our aims in 2011/12

To achieve this vision, in 2011/12 we will focus on two high level priorities:

- representing and advocating for local government and making the case for greater devolution
- helping councils tackle their challenges and take advantage of new opportunities to deliver better value for money services

How we will work

Our work to deliver these priorities is arranged through nine programmes, reporting to members through the nine programme boards of the LG Group, with cross-cutting operational and policy issues being joined together through the LG Group Executive:

- children and young people
- community wellbeing
- economy and transport
- environment and housing
- safer and stronger communities
- culture, tourism and sport
- European and international
- workforce
- improvement

Councils' key priorities

Through consultation our member authorities have set out the six priority outcomes that should guide the work we deliver through our programme boards.

- local budgets and accountability
- strong political leadership
- improved local productivity
- strong local economies
- improved local performance and value for money
- transformed workforce

Customer focus

Through our major change programme Getting Closer, in 2011/12 we will continue to:

- ensure that the LG Group is focused on councils and councillors
- further integrate the work of the LGA and the central bodies
- reduce our costs and maximise effectiveness

ANNEX TWO

**EUROPEAN AND INTERNATIONAL OFFER TO LG WORK PROGRAMME IN
2011-12.**

Why we run an European and international service

- Over 50% of regulation affecting councils originates in Brussels.
- Learning from international practice will advance both the efficiency agenda and the reform of public services in the UK.
- Demand on councils from local government in the developing work is increasing and needs managing.

How the Board's work meets the core aims of the LG Group

Within the context above, the LGA has been working with councils to reshape the LGA European and international service so that a tangible national service is offered to member authorities to help save money and avoid duplication locally:

Our customer focus

We offer a national service in the following areas.

- A lobbying service on those EU proposals which will have most impact on front-line council services. We prioritise new funding opportunities and lobby against new financial or bureaucratic burdens. All lobbying is transparent through the new web-based tracker so councils can influence our meetings and feedback on performance.
- Simplifying the maze of EU funding opportunities through regular easy-read alerts to unlock £10b of EU funds for councils.
- A one-stop secretariat service and policy briefings to councillors on statutory EU and international committees – avoiding duplication of support across over 100 councils.
- A network of sister LGAs to offer learning and expertise to UK on policy development and service delivery.
- Raising external resources to meet the demand from developing countries for UK local government expertise.
- Running a national local government office in Brussels for briefings and desk-space to support councils on business in Brussels. *We have also offered ways of sharing services and accommodation with other public service offices to avoid added costs to the sector.*

This work covers a number of themes and boards and represents the cross-cutting offer to councils.

Our tangible offers to the priority work programme in 2011-12

There are six clear priorities for 2011-12, against which we can make some tangible offers to contribute to the new LG Group.

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Our overall offers:

- Learning from international practice can help fast-track improvement in the UK. We will ensure that our work in Brussels, the Council of Europe and the Commonwealth brings practical examples to strengthen the work of the group. *We will provide a commentary of the final work programme to target where international learning can be most effective.*
- We need to “early-warn” on future regulatory burdens and policy opportunities which will affect councils’ front-line. *We offer to influence the development the next EU legislative programme and present a lobbying programme.*

Our specific offers:

Improved local productivity

- We will seek to ensure that the 2011 review of EU procurement law does not hinder the move to shared services (where some lobbyists are seeking for shared services to be covered by EU competition law). We also have the opportunity to ensure EU procurement rules are reformed to ensure easier local decision making.
- There will be continued work on EU recycling legislation to ensure that local government leadership is ensured and burdens minimised. We will work on new EU legislative proposals on public sector responsibility in water and energy conservation to ensure that targets and financial obligations are realistic.

Strong political leadership

- We will work with the Council of Europe to inform its forthcoming review of local democracy in the UK, to be undertaken during 2011.
- Our councillors play a formal and statutory role in decision making in the EU and on a small number of international bodies. We will provide an efficient national secretariat to support effective local government leadership in these areas and to avoid the cost of duplication of effort across all councils.
- Demand for support from councils in the developing world is increasing. We will continue to raise external resources to ensure that UK practitioner support is available to support sister LGAs.
- We will break new ground for UK political leadership by working with DFID to develop a greater role for local government in the delivery of UK aid (based on a recent commission from the Secretary of State for International Development).

Local budgets and accountabilities

Improved local performance and value-for-money

- We need to lobby for light-touch regulation in the EU’s review of “concessions” as it will affect local government franchise arrangements for leisure centres, waste and buses.

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- We also need to work to ensure that the EU review of VAT payments does not threaten local government's current method of payment and harmonise EU standards at a cost of UK local government.

Strong local economies

- Over the next year, the core reform of the EU budget will be undertaken. We need to maximise the UK take of the structural funds budget and to ensure that the current receipt of £10b is protected.

Transformed workforce

- There are a range of EU workforce proposals which will be debated in 2011. The most important of which is the working time directive. We will work on all these areas to avoid new costs on councils.

The new LG journey offers a chance to develop EU and international work in new ways. These tangible offers are based on a clear judgement of the primary opportunities and threats to councils from the international arena in 2011-12.

Item 3

EU procurement policy - Update

Summary

This report updates members on:

1. work the LG Group is already undertaking to influence the EU review of the public procurement rules expected Autumn 2011
2. a specific EU issue relating to sharing services between local authorities
3. links between EU work and the wider LG Group 'Productivity Programme'

Recommendations

Members are asked to note the report, provide comment on any procurement difficulties, and approve the lobby strategy outlined in point 16.

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EU procurement policy - Update

Background

1. EU procurement rules directly govern how councils can buy their supplies and services. All procurements above a certain value (normally £156,442) must follow a relatively complex and lengthy EU procedure to ensure providers from across the EU get a chance to compete for councils' contracts.
2. EIU's work on simplifying procurement rules supports important parts of the LG Group's 'productivity programme' which encourages local government efficiencies in the face of budget cuts.
3. The Improvement Board steers elements of this work and will continue to receive updates in addition to updates given to the European and International Board.

Review of EU procurement rules

4. The EU will announce a major review of the procurement rules in the Autumn 2011. Key issues to be considered include:
 - 4.1 the limited impact the rules have on promoting cross-border trade – almost all procurements are still awarded to suppliers within the member state;
 - 4.2 the costs borne by suppliers and public bodies implementing the rules;
 - 4.3 improving SME participation in bidding for public contracts;
 - 4.4 socially responsible, green, and innovative public procurement practices;
 - 4.5 better use of e-procurement technologies to make savings;
 - 4.6 greater regulation of 'concession' contracts (a specific type of public contract).
5. A revised Directive is expected to be proposed which will need to be agreed by the EU's institutions. The process of agreeing new rules at EU level followed by implementation into UK law will take several years.
6. In December 2010, the LGA conducted a major survey of local authority procurement managers to provide initial feedback on difficulties with the rules. Findings include:
 - 6.1 Two thirds responding that the Directive had increased costs and administrative burdens

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- 6.2 Increased costs for councils and bidders when using a particular award procedure for major projects (competitive dialogue procedure)
 - 6.3 Increased amount of time spent foreseeing or dealing with legal challenge
 - 6.4 The need for clearer and more accessible guidance and support from government and the EU.
7. Members are asked to bring any other ideas or concerns regarding EU procurement rules which cause difficulties for councils in delivering services. Such ideas can then be reflected in the Group-wide position currently under development. The position paper will be cleared through the normal LGA political processes in the coming weeks.
8. Additionally, the LGA has:
- 8.1 held early negotiations with both Whitehall and the European Commission
 - 8.2 delivered a consultation workshop event (Brighton) attended by over 50 procurement managers
 - 8.3 produced a series of case studies outlining associated costs and burdens
 - 8.4 brought local authority procurement experts to Brussels to give evidence to a European Commission hearing
 - 8.5 chaired the responsible CEMR (European LGA) working group to ensure associations from across the EU are speaking with one voice in line with LG Group messages.

Shared services issue

9. A specific issue which has arisen is the uncertainty EU-wide around when arrangements to 'pool' services between public bodies requires an EU public procurement procedure. The rules become particularly important as councils look to manage budget cuts by increasingly pooling their back office or front line services with other councils.
10. Achieving efficiencies by outsourcing services via worker cooperatives or community ownership also forms an important part of the Coalition's 'Big Society' agenda. The risk is however that innovative models of public service delivery are being hampered by uncertainties around when EU procurement rules have to be followed or not.
11. The EU is discussing the issue with the LGA and may produce guidance, particularly in light of the 'Hamburg' judgement of 2009 (C-480/06) which gave a freer hand to public bodies in certain circumstances to award services to another public body without running a competition.
12. It is recommended that LGA should make the case during 2011 that whilst public procurement rules play a valuable role in ensuring competition, 'pooling'

Item 3

arrangements between public sector bodies are vital in the face of budget cuts. They constitute internal administrative reorganisations in the public interest, and should not be treated as market contracts with commercial aims.

LG Group productivity programme

13. The EU work on simplifying procurement rules and shared services is an important part of the Group's overall work on boosting local government efficiency and productivity. In particular the work supports the 'procurement' and 'shared services' work streams of the Group's 'productivity programme'.
14. The productivity programme supports councils to generate further improvements in productivity to get the very best value for money and outcomes for local communities. It also engages local government and partner organisations in a debate about longer-term service redesign.
15. As the LG Group becomes ever-more integrated it is expected that such EU work will form an important element of Group-wide programmes.

Lobby strategy

16. Members are asked to comment and agree that during 2011:
 - 16.1 EIU contributes to the LG Group 'productivity programme' by providing early input into Whitehall and the EU ahead of the review of the public procurement Directive.
 - 16.2 In the face of significant budget cuts, the Group continues to make the case to Whitehall and the European Commission that most shared services arrangements should not require an EU competition.
 - 16.3 EIU increases its work with experts from across the LG Group and the sector to build our evidence base to support lobbying on procurement and efficiency topics.
 - 16.4 Board members play an increasingly active role on these topics in negotiations with both Whitehall and the EU institutions.

Financial implications

17. Such activities are covered within the existing budget.

Item 4

International Project Update

Summary

Over the last 12 months the LGA has been developing relationships with a range of consultancy organisations. The aim is to work in partnership with established delivery agencies to secure UK, EU and international funding resources to respond to the growing demand from overseas counterparts for UK local government practitioner expertise.

This report updates members on the significant progress that has been made in securing new project funding within the last few weeks. The report also provides information on how we propose to ensure the effective delivery of these and future projects, and how elected members and officers from the sector could participate.

Recommendations

Members are asked to note the report and discuss the transparency of the recruitment process to delivery these programmes.

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Item 4

International Project Update

Background

1. At the last Programme Board meeting in November, members received a report outlining the progress that had been made in developing a small group of *preferred-partner* relationships with a range of companies that have an established track record and reputation in delivering UK government, European Union and international "aid" projects.
2. An increasing number of donors are looking to focus a greater proportion of their aid programme activity at the sub-national level. The organisations that we have started to work with have an established record in winning competitive bids and the financial and legal expertise to ensure effective delivery. What they do not have is access to local government practitioner expertise, hence their interest in working in partnership with the LG Group as we provide a gateway to the sector.

Recent Success

3. In late 2010, we started to deliver results from this area of new work:
 - 3.1 In partnership with the UCLGA (the African LGA), the LGA have successfully bid for €300k from the Luxembourg government to develop an Africa-wide Peer Review programme over the next 18 months. This programme which has been developed in consultation with the Peer Review Team at LGID, is the first time the LGA has developed a project concept from scratch and successfully marketed a ready-made project to an international donor. The value of the work within the LG Group from this project is envisaged to be around £70,000.
 - 3.2 NI-CO and the LG Group have successfully won a £4m, three year EU contract to strengthen the human resources and the institutional capacity of Kosovo local public administration. It is expected that at least £7k worth of work will be delivered through the LG Group in the first year.
 - 3.3 Coffey International and the LGA have been awarded a £1.4m DFID funded project aimed at Strengthening Financial and Administrative Systems for the Decentralisation of the Social Care Service Programme in Kosovo over the next two years. The LGA have provided expertise for the first phase of this project – a capacity assessment and training needs analysis of the Association of Kosovan Municipalities is taking place in January.

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- 3.4 The LG Group has reached agreement with RIPA International to deliver jointly a new “Community Driven Development: *Building Effective Local Services through Community Empowerment*” course that has been developed by LGA EIU and LG Leadership. This course will be run in July 2011 and is envisaged to be the first of a range of collaborations with RIPA International.
4. These new projects are in addition to current programme work that the LGA is delivering in Zimbabwe (EU funded), South Africa (DFID), Pakistan (DFID), Mexico (DEFRA) and the Falkland Islands (FCO and the Falkland Islands Government).
5. The LGA have also assisted East Riding of Yorkshire Council to access EU funding to participate in a programme managed by the United Nations Development Programme that enables Turkish municipalities to receive technical assistance and support from EU counterparts.

Future work

6. Building on this success, the LGA is currently pursuing the following new project opportunities:
- 6.1 In partnership with the Inter-climate Network, an application has been submitted for a £500k, four year project focused on Mobilising Kenyan Youth for Action on Climate Change
- 6.2 A £100,000 bid for FCO funding to continue support for Israeli Arab municipalities has been submitted
- 6.3 HTSPE and the LG Group have been shortlisted for a £2.2m EU funded project to build the capacity of Jordanian municipalities over a 16 month period
- 6.4 The Falkland Islands Government have given strong indications that they envisage requesting the LG Group to deliver a further programme of work around leadership development and HR support in 2011/12 – approximate value £30k
- 6.5 The LGA have been approached by UN Habitat regarding a £500k project to produce a report on international approaches to urban planning.
- 6.6 The Abu Dhabi Municipality have asked the LGA to organise a week-long study visit to the UK for a group of senior city managers. The visit will focus on a range of service delivery issues and has the potential to lead to further project cooperation.
- 6.7 The British Embassy in Mexico has requested the LGA’s help in arranging a visit from regional and city councillors to look at UK good practice around sustainable development and public safety issues.

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An Infrastructure to Deliver

7. We will need to be able to commission the most appropriately skilled members and officers for project assignments and a process needs to be in place to ensure that this is done fairly and transparently. The aim is to use the established Peer Clearing House (PCH) mechanism to identify member and officer experts for future project activities,
8. Work is already developing with the PCH to ensure that the information held in the future includes experience of international work. The hope is that elected members and officers interested in contributing to LG Group international projects in the future will register with the Peer Clearing House.
9. This will need to be supplemented by a process that also captures the experience and expertise within the LG Group (and other UK associations) that is not included in the PCH. Work will also be developed with the professional associations in the local government sector where specific skills are needed.
10. Members will be aware of the wider LG staffing review which will establish the new staffing arrangements for the Group.

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
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Item 5

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.

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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, 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. 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.

Mark Prisk MP
Minister of State
Department for Business, Innovation and Skills
1 Victoria Street
London
SW1H 0BJ

2 December 2010

Dear Mark

European Regional Development Fund

Local government has always been a proactive participant in the European Regional Development Fund (ERDF), and is keen that places fully benefit from the £1.3 billion of ERDF still available in the English programmes, which are currently managed by the Regional Development Agencies. I am writing on the behalf of the LGA Economy and Transport Board, which discussed these issues on the 18 November.

In summary, there are three key issues where we would like to work with you:

Firstly, we welcome Government commitments to invest the remaining ERDF, and are therefore concerned 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. The Local Growth White Paper outlines other potential sources, such as encouraging co-investment from the private sector, investment borrowing tools such as Tax Increment Financing, and alignment to the Regional Growth Fund when applicable. While these measures are welcome, we are not confident that, alone, they will generate the required levels of co-investment. We are therefore keen to 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) as a means to draw down ERDF, so that it is not returned to Brussels.

Secondly, we agree with the principle that transition towards a new delivery structure should limit disruption to ERDF spending, but this should not compromise Government's commitment for locally accountable priorities to drive ERDF allocations. The technical ERDF secretariat will be important for ensuring the effective functioning of programmes, and we understand that Government may propose this role be taken on by the Department of Communities and Local Government, given it is the national ERDF managing authority. If so, it will be crucial these teams remain in the localities acting as an independent secretariat function to each programme, and are responsible to spending strategies set by locally accountable agencies, not officials in Whitehall. To achieve this, local authorities and LEPs should be able to ensure allocations meet agreed local priorities, as a principle, strong representation on Programme Monitoring Committees and their sub-Committees will help achieve this. As you'll know, each ERDF Operational Programme has slightly different managing arrangements and, ultimately, effective

transition will require the prompt and full engagement and agreement of local partners within each programme. This will be important for success, and the LGA would be keen to help Government do this over the coming months.

Finally, looking ahead to 2014, we are keen to ensure that the UK receives a fair and proportionate share of any structural funds which will be available in future, and to explore with Government the key socio-economic issues that can help ensure this. Furthermore, it will be crucial that future management arrangements for ERDF and the European Social Fund are better joined-up and driven by local priorities from the outset; we would be keen to support Government's thinking on this, as an extension of thinking around transition, as early as possible.

We would be very happy to discuss these issues with you further, if you would find that helpful.

I am sending a copy of this letter to Bob Neill, Grant Shapps and Danny Alexander.

A handwritten signature in black ink, appearing to read 'Peter Box', written in a cursive style.

Councillor Peter Box
Chair of LG Economy and Transport Programme Board



The Rt Hon Chris Grayling MP
Minister for Employment
Department for Work and Pensions
Caxton House
Tothill Street
London
SW1H 9DA

16 December 2010

Dear Minister

I am writing to propose some next steps about how to engage local government in the European Social Fund (ESF) following the Department's decision to wind up the ESF Regional Monitoring Committees with immediate effect (November 2010).

These regional ESF Committees have been the sole mechanism for local authorities and other local and regional partners to engage with the three main Co-Financing Organisations (CFOs) – DWP, Skills Funding Agency and the National Offender Management Service – to ensure they are delivering against regional ESF frameworks.

It is absolutely vital that local stakeholders continue to influence ESF provision pre contract and scrutinise the impact of ESF investments post contract, as well as the overall programme to ensure the programme meets the needs of local people and integrates effectively with other public services

We are pleased DWP and the European Social Fund Division (ESFD) recognise the importance of localism, and the need for CFOs to develop relationships between local authorities and Local Enterprise Partnerships to ensure local need is met.

Now is the right time to translate words into action. I would like to help the Department open up these discussions between a small number of local authority representatives with the European Social Fund Division (ESFD), and would like the LGA to facilitate a meeting during early February 2011.

I am confident this will lead to fruitful discussions between the centre and local authorities about on ways to better involve local authorities in scrutinising ESF policy and delivery. The broad models would include:

1. **Local Enterprise Partnerships (LEPs):** As highlighted in the Local Growth White Paper, LEPs can work with local employers, Jobcentre Plus and learning and skills providers to help local workless people into jobs. There are now 27 approved LEPs up and running. Where they exist, they should be invited to shape ESF to ensure effective read across with other local and mainstream activity to help people into the labour market. We also need to work up a solution for ESF engagement in local areas with no agreed LEP coverage as yet (see below point 3).
2. **Closer link with European Regional Development Fund (ERDF) action:** The LGA has long called for better strategic alignment between ESF and ERDF. We are pleased that Whitehall is looking at ways to engage local authorities on ERDF following the abolition of the Regional Development Agencies. As arrangements for both funds are currently under review, we propose a mechanism at sub-national level to facilitate ESF/ERDF alignment, through for instance joint committees which coordinate priorities, delivery, publicity, performance management information, and strategy. This would enable ERDF supported growth can provide entry level opportunities for long term unemployed and other disadvantaged groups. We understand that joint committees have worked well in the past in areas such as the East of England region.
3. **Other mechanisms:** At sub national level, and in synch with the localism concept, there are a range of boards and strategies already set up which could better connect local government on ESF activity. These include the Regional Skills Partnerships, the Employment and Skills Consortia, and the City Employment Strategy etc. The West Midlands also has its own Skills Funding Agency and Local Authority Cofinancing Plan Board which also brings together DWP/JCP and NOMS.

I hope you agree that the above suggestions are a good basis on which the LGA and your Department can take forward discussions. I am copying this letter to the following Ministers with an interest in EU funding arrangements: Bob Neil MP and Grant Shapps MP at Communities and Local Government, and Mark Prisk MP at the Department for Business, Innovation and Skills, and the head of the ESF Division.

Yours sincerely



Cllr Peter Box
Chair, LGA Economy and Transport Programme Board

cc

Mark Prisk MP (Department for Business, Innovation and Skills)
Bob Neil MP and Grant Shapps MP (Communities and Local Government)
Wendy Violentano, European Social Fund Division

Item 6

Current and forthcoming priority issues

Summary

This report updates members on the EU-local 'working summit' to take place in Brussels, 25 Jan 2011; work to reduce UK fees to the European LGA; work on government proposals to pass EU fines onto councils under the Localism Bill

Recommendations

Members are asked to note and comment on the report.

Contact officer: Ian Hughes
Position: European & International Programme Director, LGA
Phone no: 020 7664 3101
E-mail: ian.hughes@local.gov.uk

Item 6

Current and forthcoming priority issues

EU-Local ‘working summit’, Brussels 25 Jan 2011

1. A number of Board members will be involved in the EU-Local ‘working summit’ which will take place in Brussels on the afternoon of 25 Jan 2011. The purpose of the annual summit between UK local government, UK civil servants in Brussels, MEPs and Commissioners is to highlight the proposed EU legislation which will have the biggest impact on councils and to ensure a “Team UK” approach on lobbying.
2. The event will involve all four of the UK’s associations of local government: LGA, WLGA, COSLA, NILGA.
3. The meeting will look at four key issues:
 - 3.1 UK local government’s EU priorities for 2011
 - 3.2 the EU’s priorities in future work programmes
 - 3.3 the impact of legislation in the following specific areas: working time, environment, waste, energy, & procurement
 - 3.4 the future of EU structural funds and EU budget entering a critical stage of negotiation in 2011
4. It will be particularly important to ensure that EU decision makers are aware of the tough financial climate for councils and the need for proper financial “impact assessment” against all future EU proposals.

Work at European institutions

5. At the last European and international Board, members discussed the future strategy of the European LGA (CEMR) which brings together local government in Brussels for common lobbying objectives. One key issue was the need to reduce UK fees in light of the future financial restraints on councils. The need for a “negotiated” fee with UK associations was agreed by the CEMR policy Board in December. The other three UK associations are backing the LGA lobby and LGA officers are meeting for Secretary General of the CEMR on 13 January to agree a fee for 2011. There will be a report back at the meeting.
6. The UK delegations to both Committee of Regions and Congress held their annual meetings on 10 and 11 January to set priorities for the coming year. Again there will be a report back at the meeting.

Item 6

Government proposals to pass EU fines onto councils under the Localism Bill

7. The Localism Bill currently before Parliament proposes an 'EU fines clause'. This clause gives Ministers the power to devolve to local authorities, part-payment of any fine passed down from the European Court of Justice (ECJ) for the UK's failure to comply with legal obligations under the EU Treaty.
8. The clause would apply to all future and past EU Directives. DCLG believes the clause is in line with the Localism Bill's new General Power of Competence for local government.
9. To date, the ECJ has actually never imposed any fine against the UK. Fines are apportioned on the severity and duration of the infringement, and the ability on which a Member State can pay (based on GDP).

LGA view

10. The LGA will oppose this clause and has called for its complete removal from the Bill, on the grounds that it is unfair, unworkable, dangerous for local economies and unconstitutional. The LGA believes that the priority should be preventing fines from being given in the first place. National government negotiates and signs up to EU laws, yet never adequately consults the sector on the impact these laws might have, or the challenges they may create.

Next steps

11. An update will be provided at the Board meeting on this issue, with information on the second reading of the Bill which takes place on 17 January, on which all MPs have been briefed accordingly.



Bus Stop Group **A**

Tram Route *NET*

Pedestrianised Roads

Car Park **P**

Queen's Drive Park & Ride bus stop *park+ride*

5 minutes walk

A

B

C

D

E

F

1

2

3

4

5

6

VBS
Victoria Bus Station

G

T

J

Victoria Shopping Centre

V

P

E

K

Q

W

U

X

A

B

F

M

C

BBS
Broadmarsh Bus station

P

P

S

Nottingham Station