

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