

General update

Purpose of report

For information.

Summary

This report updates members on progress on 1) EU funding; 2) work on government proposals to pass EU fines onto councils under the Localism Bill; 3) mainstreaming the upcoming EU Waste Review into wider LG Group work; 4) CEMR; 5) implications of 5 May elections.

Recommendation

Members are asked to note and comment on the report.

Action

Officers to progress as appropriate.

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General update

(1) EU funding update

1. EU structural funds are worth €9.4 billion over the 2007-14 period, typically funding economic and skills development activity, further funding opportunities are available to councils through a range of thematic EU funds. The debate on the future of the funds is now entering a critical point, both for the current programmes, which run to 2013, and in the establishment of the next programmes, which run from 2014-2020.

Developments in England

2. **European Regional Development Fund (ERDF) 2011-13.** There remains £1.3 billion in the English ERDF programmes until 2013 which, following the abolition of the Regional Development Agencies, requires new managing arrangements. DCLG have outlined proposals to transfer existing RDA ERDF secretariat teams into DCLG from 1 July 2011, which will continue to operate as they do now. These transition proposals also include stronger measures to take into account local views in spending decisions, such as reforming current Programme Monitoring Committees into Local Management Committees, and creating a new local Deputy Chair to oversee spending. The proposals are generally positive, given the limitations on changing arrangements dramatically mid-programme, but some concerns remain, particularly with regards the availability of match-funding to draw down ERDF. The LGA has just launched a survey of all local authorities to gather evidence of how local projects have been affected by the lack of match-funding, and members of the Economy and Transport Board will be meeting Baroness Hanham in June to express these concerns.
3. **European Social Fund (ESF) 2011-13.** LG Group is lobbying to shape the Department for Work and Pensions (DWP)'s policy to spend £200m European Social Fund (ESF) to help support the employment prospects of families with multiple problems. With invitations to tender set to go out at the end of May with contracts live in autumn, timing is tight. We have been pressing DWP to develop a local engagement process that will result in local councils being engaged effectively in commissioning ESF decisions across the country. However their local engagement proposal falls short of the engagement LG Group wishes, i.e. going beyond referral. Our "ask" includes: ESF be pooled or closely aligned into Community Budget pilot areas, which the Minister described as virtual pooling, and for those local councils not proposing to subcontract ESF, that they are

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equal partners in commissioning ESF decisions. This is essential if the ESF provision is to be targeted locally and aligned closely with existing local provision. This has been expressed at officer and political level.

4. **Rural Development Programme for England (RDPE) 2011-13.** In February 2011 Government announced changes to the socio-economic elements of the RDPE, which are currently managed by the RDAs, these include: a reduction in funding; centralised management arrangements following the abolition of RDAs, and; a focus on a fewer number of national priorities. The LGA is concerned that the narrowing of priorities and centralisation of management will restrict the programmes responsiveness to local need. The chair of the LGA Rural Commission wrote to Ministers to express these concerns, and following a reply, officers are working with officials to try and ensure RPDE arrangements are more locally responsive.
5. **Towards EU funds 2014-2020.** In working towards the 2014-20 EU funding programmes, officers have initiated a cross-Government working group to consider how there could be more local control of the management and delivery of EU funds in the future. As part of this work the group will commission a number of local areas to explore the issues in greater depth, making a series of recommendations back to government, and forming a central part of the local government lobbying effort.

Developments in Brussels, EU funding from 2014-2020

6. The debate on the future of EU funds from 2014-2020 is now entering a critical point in Brussels, as regulations on the future EU Budget and the future of Cohesion Policy are expected in spring 2011. Key issues under debate include: the amount of resources allocated to structural funds and to the CAP, the range and type of priorities that EU funds might support; and the role of local partners in supporting European programmes meet local and European objectives.
7. Officers continue to work closely with the full range of partners, in particular the European Commission and increasingly the European Parliament. Over the course of May MEPs are voting on 3 significant reports with implications for the future operations of the major European programmes in England and Wales, on: the future of the EU Budget, the future of Cohesion Policy, and the future of the Common Agricultural Policy (CAP). Officers will continue to engage with MEPs, both directly and jointly with the pan-European LGA (CEMR), to propose and secure amendments that are in the interests of local government.

(2) Localism Bill – EU fines update

8. **Background** The Localism Bill before Parliament proposes 'EU fines clauses' giving Ministers a power to devolve to local authorities, all or part-payment of any

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fine passed down from the European Court of Justice (ECJ) for the UK's failure to comply with legal obligations under the EU Treaty. The clause would apply to all EU Directives and future ones. The LGA opposes 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. Instead, the LGA believes a far more sensible and level-headed approach would be to adopt a more collaborative approach between central and local government when negotiating EU laws.

9. **LGA lobbying.** The Bill now passes from the Commons to the Lords. During the Commons stage, the LGA and councils from across England stated their fundamental opposition to this policy. In addition, LGA elected members have written to, and discussed the issue with Ministers many times. The Government response has not adequately addressed the sector's concerns.
10. **Next steps** As the debate moves into the Lords, the LGA has already held briefing sessions with peers on our policy position. An oral update will be provided at the meeting.

(3) EU 2012 Waste Review

11. The 2012 Waste Review is an example of how EU policy and lobbying activity is mainstreamed into wider Programme Board work. The Environment and Housing Board's waste portfolio holders endorsed key LGA messages on the review in March and links have also been made with work to influence the current UK waste review.
12. The review provides an important opportunity to stress to EU and UK decision makers the potential impact on local authorities from possible changes to waste law. Any changes must be proportionate and help councils to improve methods to recycle and reuse waste; councils must not be faced with additional administrative or financial burdens.
13. The review also provides opportunities to highlight what councils actually *want* from future waste laws and how light touch legislation could enable councils to innovate to meet local waste management needs. The LGA is compiling a report which will inform this lobbying work.

(4) Council of European Municipalities & Regions (CEMR – European LGA)

14. **CEMR reform.** The CEMR has its biannual Policy Committee on 20-21 June, when it will take final decisions to implement its reform process. There is much support for the UK approach of getting CEMR to focus more exclusively on

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lobbying on EU law in priority areas, with officer-level meetings always taking place in Brussels. Final proposals for organisational change will be published at the beginning of June.

15. **LGA subscriptions:** the CEMR are very sympathetic to the case put by the LGA for a 20% reduction in fees in view of its reduction in subscription income and top-slice funding, although CEMR are understandably concerned at the possibility of contagion, with the Italian LGA also requesting cuts of the same amount (20%). However it is thought very likely that the LGA reduction will be endorsed, and the CEMR Secretary-General is already working to a 'shadow budget' that assumes these reductions.

(5) Local elections

16. The 5 May elections in English local authorities and devolved assemblies had a small impact on the UK Delegations to international bodies: Members who are nominated by LGA to places on EU Committee of the Regions and Congress lose their place if they retire or are not elected in local elections.

As a result of local elections in May 2011, the following members have lost their Congress & CoR places:

Congress

- Sarita Bush (Liberal democrat, Kingston-upon-Hull Council): lost mandate
- Frank McAveety (Labour, Scottish Parliament): lost mandate
- Sean Neeson (Liberal Democrat, NI Assembly): did not stand
- David Perkins (Liberal Democrat, Northampton Council): lost mandate

Committee of the Regions:

- Jonathan Bell MLA (DUP, Ards Council): did not stand
 - Ted Brocklebank (Conservative, Scottish Parliament): did not stand
 - Irene Oldfather (Labour, Scottish Parliament): lost mandate
 - Nichol Stephen (Liberal Democrat, Scottish Parliament): did not stand
17. Congress members have six months continuing membership to allow the nominating bodies to select a replacement, whereas CoR members lose their seat immediately on loss of electoral mandate. There is a continuing dialogue with the Cabinet Office regarding whether returning members of the devolved assemblies should be obliged to be renominated, but this does not affect local councillors in the same position.
18. **Congress vacancies:** the Scottish and NI places will be filled by their respective assemblies. Concerning the two English places, which are both substitutes, the

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UK co-ordinator (Richard Kitt, LGA) will work with the LGA political groups to fill these vacancies promptly within the six month notice period, having reviewed the new political balance and taking into account the need to restore gender balance.

19. **CoR vacancies:** these will be filled by the devolved administrations and NILGA (submission already made).
20. There is an outstanding issue concerning the replacement of Cllr Iain Malcolm, who wishes to stand down from CoR and be replaced by a councillor from his region. The nomination was submitted to CLG in Autumn 2010 but has not yet been processed by Whitehall. Whilst LGA substitution arrangements for CoR have mitigated the practical effect of this delay, it is irritating for the members concerned and their region, and is symptomatic of the slow way in which UK nominations are processed. Repeated contacts at officer level have so far failed to accelerate the appointment, so the matter is now being taken up at political level with the Minister for Europe.