

LGA EU Lobbying

Purpose of report

For discussion.

Summary

In April, the LGA Chairman and Chief Executive undertook a series of lobbying meetings in Brussels to highlight the impact of the 2013 EU legislative programme on English local government.

This report sets out the key issues for consideration: the distribution of EU funding across the UK, and strengthening English local government influence over current and future EU regulation.

The LGA Executive will be considering these issues at its meeting on 16 May and is recommended to task the ask the European and International Board with investigating the possibility of closer working between English local government offices in Brussels and to report back to the Executive.

Recommendation

Members are asked to consider the issues raised in the report.

Action

Officers to take forward any actions agreed by Members.

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Background

1. In November 2012, the LGA Leadership Board considered a report on the European Union's legislative programme for 2013. The Board agreed a set of priority issues to focus our lobbying work and asked the Chairman and Group Leaders to lead some of this work in Brussels.
2. In mid-April, the LGA Chairman and Chief Executive undertook a series of lobbying meetings in Brussels to highlight our priority issues to EU decision makers. They met a number of LGA MEP Vice-Presidents, senior officials from the European Commission and representatives of UK Government in Brussels. The Chairman also addressed the UK delegation of the Committee of Regions which was meeting in plenary session in Brussels that week.
3. A range of policy issues were raised by the Chairman in his meetings, including waste regulations, air quality standards, procurement and state aid reform and the working time directive. From these discussions, there are two issues which need to be brought to Members' attention as they have significance beyond Brussels and EU policy and provide a perspective on the "English question".

EU growth and skills funding

4. Structural funds from the EU provide significant resources for local regeneration and training. In the current EU budget (2007-13), over £8 billion of EU funds were invested in the UK. Whilst much of these resources have been used to fund national schemes (such as the Work Programme), they have also been a significant contributor to local regeneration projects. The LGA has argued strongly that the next round of funding (2014-20) should be localised and we have gained a significant victory for the sector in this area. Recent guidance from BIS asked each LEP area to produce a plan to localise and align the delivery of EU funding. Given that councils will lead this work in their LEP areas (as accountable bodies), it will be important that each plan submitted is distinct and demonstrates that each local economy has different needs and ambition.
5. Whilst we have won the argument to localise EU fund delivery, the distribution of EU resources throughout the UK is a problem. The new EU funding rules agreed in Brussels (for 2014-20) were a significant victory for England with the introduction of funding for "transition regions" (regions with 75-90 per cent of EU average GDP per capita). In the past, the EU funding map had been divided fairly starkly between rich and poor regions. New transition regions will now allow for parts of England (such as Merseyside, Lincolnshire, Staffordshire and E Yorkshire) to gain additional funding.
6. In theory, the new EU deal meant a transfer of resources to England from the devolved administrations. Draft figures from the EU in February (based on new 2014-20 rules) confirmed that England should gain. However, this resulted in vociferous lobbying of No. 10 by Cardiff, Belfast and Edinburgh. The EU rules allow national government some

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flexibility in allocating funds and a decision was taken by the UK Government to use this flexibility so that England “lost” €784 million of its tentative allocation for 2014-20.

	EU funding allocations 2007-13	Allocation of EU funds for 2014-20		
		EU draft figures (Feb 2013)	UK Government decision (April 2013)	Loss/gain
England	€6.379b	€6.958b	€6.174b	-€784m -11.3%
Scotland	€0.820b	€0.567b	€0.795b	+€228 +40%
Wales	€2.200b	€1.770b	€2.145b	+€375m +21.6%
N Ireland	€0.472b	€0.276b	€0.457b	+€181m +66%

7. Whilst, the Government’s decision equalises losses for all four nations from one budget period (2007-13) to the next one (2013-20) to approximately -3%, it cuts England’s 2014-20 allocation by three quarters of a billion.
8. After the announcement on the re-distribution in the UK, the Scottish Secretary, Michael Moore MP stated that “now we can confirm that an independent Scotland would face that 32% cut - and only an independent Scotland - because it would not have the UK’s flexibility. On structural funds, €228m is the price of leaving the UK family.”
9. During his Brussels visit, the Chairman raised the deep concern of English local government with the European Commission. In the press, the Chairman pressed for an urgent need for English councils to have the devolved powers and influence over national policy as enjoyed by the people of Wales, Scotland and Northern Ireland.
10. Whilst it must be stressed that the UK Government’s decision to distribute European resources in this way is probably within the scope of the flexibility contained in EU rules, this redistribution needs to be highlighted to Local Enterprise Partnerships (LEPs) and our business partners. An opportunity to raise the issue will be in June 2013 when draft allocations of EU resources to each LEP will be announced by Department for Business, Innovation and Skills (BIS). The LGA will provide details of the funding that would have been available (based on the February 2013 draft allocations). This will provide LEP areas with the ability to highlight the local losses.
11. A further opportunity to challenge the UK allocations will be on the presentation of the UK Partnership Agreement (the delivery plan for EU funds in the UK) to the European Commission in late 2013. Based on an LGA drafted amendment to EU funding rules, the UK Government will need to demonstrate formally a partnership with local authorities for agreeing funding for essential local infrastructure and skills projects. During his recent visit to Brussels, the Chairman secured an early meeting with the European Commission in advance of the UK submission to discuss how such partnerships had been developed with English local government. The UK Government’s funding distribution has not been agreed in partnership.

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UK's fragmented influence over EU decision making

12. The EU funding issue exemplifies how England's influence is weakened under the current devolution settlement. However, there is a wider issue to discuss here.
13. During his lobby in Brussels, the Chairman met officials from the UK Representation to the EU (UKRep) which leads for the UK in EU negotiations. Asked to describe the development of a typical UK negotiating line in Brussels, officials described getting a national line from a Government department such as BIS and then, consulting officials from devolved administrations (who sit within UKRep) for particular issues from Wales, Scotland or Northern Ireland. A UK line would then be formed. In terms of gaining view from English local government, the Department for Communities and Local Government (CLG) was described as "not a Europe facing department" and any English aspects to legislation were usually gathered as a result of lobbying from the small LGA office in Brussels. In terms of quantum, the devolved administrations have up to ten people each and form part of UKRep.
14. Whilst this style of negotiations is typical of Whitehall and Brussels, there is a particular Brussels issue that needs debate, given the number of draft EU regulations which are in discussion and which could add costs to English councils. Increasing the English representation is not an option under current financial circumstances. Therefore we have to maximise our influence in other ways.
15. Members may wish to discuss the following options:
 - 15.1. After the devolution of EU fines, we have committed to sitting down with Government on the publication of the annual EU legislative programme in October to ensure that ministers are acting on English local government interests in EU negotiations. This is currently envisaged at senior civil service level. We should escalate this to a ministerial level and insist on guarantees on key EU proposals.
 - 15.2. The Dutch local government family has collective representation in Brussels, with Dutch cities and the Dutch LGA sharing accommodation. This allows the Dutch LGA and cities to act on individual interests, but to take a collective brief when there is a national interest, with one city leading on an agreed (task and finish) lobby on behalf of the collective interest. This allows small resources to be maximised. We could consider a similar model for the small number of offices representing English councils in Brussels.

Conclusion

16. English local government has good formal representation through our members on the Committee of Regions. The Chairman, Group Leaders and Board Chairs will continue to lobby in Brussels on behalf of the councils. However, we need to develop new ways of working to maximise our influence, especially as the needs of the devolved administrations will be foremost in the minds of ministers as September 2014 approaches.
17. Members are asked to consider this paper, and subject to the Executive's comments and recommendations at its meeting on 16 May, discuss investigating the possibility of closer

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working between English local government offices in Brussels with a view to reporting back to the Executive.