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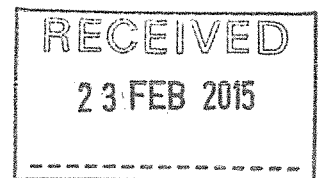
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Dear David,

Thank you for your letter of 5 February regarding the local delivery arrangements of the European Structural and Investment Funds (ESIF) programme.

I can assure you that final funding decisions will not be taken in an isolated manner in Whitehall, and local priorities are embedded into EU programmes and the funding decisions that will follow. Operational Programmes have been drafted to take into account the local economic needs and priorities identified by LEPs and other local partners within their local ESIF strategies, and Managing Authority decisions have to be taken in accordance with those Operational Programmes. Decisions taken on projects will also be informed by the advice of LEPs and partners in local ESIF committees, thereby giving local areas significant influence over local project delivery through the local understanding, intelligence and advice they provide.

Government Departments have aimed to continuously consult and inform LEPs and partners in the development of the Operational Programmes. We are, as you know, now in the final stages of agreeing with the European Commission the detail of Operational Programmes for each of the Funds that contribute to the priorities for England agreed in the Partnership Agreement so things are, by their nature, progressing very quickly. The text proposed around the planned approach to decision making and partner involvement was shared with Growth Board members as it became available on Wednesday (11th February) before discussion with the Commission on the 13th February.

I understand that some LEPs and partners may have been hoping for a co-decision process, or another approach where decisions are shared between local Departmental teams and LEPs. This is not allowed by the EU regulations except where decisions are formally delegated to an Intermediate Body. At this point in time I am not convinced by proposals for extending Intermediate body status beyond that which is being given to London and, for Sustainable Urban Development, the Core Cities.

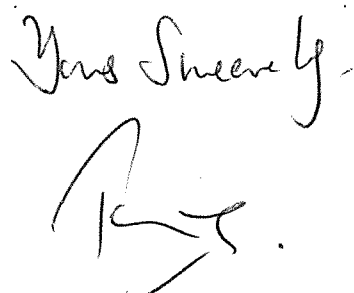
Government continues to be committed to LEP area partners' involvement in the development and delivery of local ESIF strategies. Technical Assistance will be made available to support that work within the framework of the EU regulations. Government has also delivered Financial Settlements that are fair to all parts of the country and leave local authorities with considerable spending power. Councils facing the highest demand for services continue to receive substantially more funding. There is still significant scope for councils to deliver sensible savings, for example through more joint working, better procurement, or using some of the £21.4 billion authorities are holding in their reserves. The Government also recognises the important role Local Enterprise Partnerships play in generating growth and jobs in their areas and announced in 2012 £24 million funding in support of their running costs for the remainder of this Parliament. This offer has been extended and Government has confirmed that for 2015/16 every LEP will receive core funding of £250k pa (subject to partners' match) and a further £250k pa for the implementation of their local economic and EU investment strategies.

Participating in this work is also local partner's opportunity to influence how billions worth of funding is spent locally across England over the programme period.

We are doing all that we can do to avoid funding gaps between programmes and members of the Growth Programme Board have heard about the practical steps we are taking to ensure continuity of funding. For ERDF, we are maximising the funds from current 2007-2013 EU programmes, by recycling funds where possible and extending some projects later into 2015. Local Growth Delivery Teams are currently in the process of contacting local projects to check and review their spend levels in order to assess their suitability for extension.

As part of that drive (and in response to the urging of most partners), the top priority for Government is to ensure Operational Programmes are agreed as soon as possible. Changing direction now would result in delays to the agreement of the ERDF and ESF Operational Programmes and thereby the start of project activity which none of us want.

Proceeding under current arrangements is therefore the best way forward at this time to ensure that local plans are able to take shape in projects that deliver growth and jobs for the economy across the country. I can confirm that the Government will review the position in the next 12 months and use that time to work with the LEPs to develop proposals for greater local responsibility. This is sooner than the 18 months I outlined at the Growth Programme Board meeting on 23 January and will provide space for Government to consider partner's feedback at an early stage in the programme and for us to make changes if and where appropriate.

A handwritten signature in black ink, appearing to read 'Yous Smeery' followed by a stylized flourish.

LORD (TARIQ) AHMAD OF WIMBLEDON