

**Economy and Enterprise
Overview and Scrutiny
Committee**



10 September 2013

**European Union Structural and
Investment Funding Programme
2014 – 2020**

**Joint Report of Lorraine O'Donnell, Assistant Chief Executive and
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Development**

Purpose of the Report

- 1 To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with background information on the European Union (EU) Structural and Investment Funding Programme 2014 – 2020 prior to the overview presentation.

Background

- 2 Members will recall that at the Economy and Enterprise Overview and Scrutiny Committee on the 24 June, 2013 the work programme of the committee for 2013 -2015 was agreed which identified as a future item for consideration by the committee an overview of the European Union Structural and Investment Funding Programme for 2014 – 2020.

European Union Funding Programme

- 3 On the 14 March, 2012, the European Commission published a working document setting out its proposals for elements of a 'Common Strategic Framework' (CSF) for EU funds in 2014 – 2020. The Common Strategic Framework covers the European Social fund, European Regional Development Fund, Cohesion Fund, European Agricultural Fund and Rural Development and European Maritime and Fisheries Fund. The framework proposed that the funds:
 - should be implemented in a more complementary way to drive growth and improve the combined impact of the funds,
 - are delivered in a more effective and efficient way: national performance management will be more rigorous and tied to the release of funds at national level, while each of funds will still be subject to their own audits to show improved accountability and value for money for the EU taxpayer,
 - will have an agreed set of aims from the beginning and will be monitored so that these aims are met,
 - will have specific objectives so that they can have the biggest impact.

The CSF also included a proposal for a new category of regions; “Transition Regions” for those areas whose GDP is between 75% and 90% of the EU average. Transition Regions would receive a greater share of resources, more freedom over spend and a higher intervention rate. The document also sets out how the funds can work together and contribute to the Europe 2020 strategy for growth and jobs.

4 The key priorities for investment will be:

- Innovation, research and technological development,
- support for small businesses,
- the low carbon economy,
- skills,
- employment,
- social inclusion.

5 In April 2012 the Government conducted an informal written consultation on how the Structural and Investment funds should be delivered in England, seeking initial views on how the new round of funds can best be used to support sustainable economic growth and jobs including various delivery options for the future. On the 13 July 2012, the Department for Business, Innovation and Skills (BIS) published the results from its informal consultation which had resulted in 187 consultation responses from local and non-departmental government bodies, universities, the civil society sector and business organisations. In broad terms, stakeholders called for:

- a reduction in administrative burdens,
- the ability to align funds, as appropriate, to enable a more holistic approach to dealing with barriers to growth,
- a flexible approach to funding programmes that allow for place and issue based approaches,
- local engagement through out all programmes,
- better use of match funding by aligning national funding sources and being more creative in the use of local sources, including private sector.

Delivery of the European Union Structural and Investment Funds

6 In June 2013, the Government announced that the new programme combining the two structural funds, the European Regional Development Fund (ERDF) and the European Social Fund (ESF), part of the European Agricultural Fund for Rural Development (EAFRD) and aligned to the European Maritime and Fisheries Fund will be allocated to Local Enterprise Partnerships (LEP) areas for a full 7 year period through a new decentralised EU Growth programme.

7 The Growth Programme Funds will be allocated to LEP areas as an important new source of finance to stimulate local growth and jobs, money will no longer be constrained by artificial regional boundaries and can be used to deliver local smart, sustainable and inclusive growth in the most effective way. This marks a significant shift from previous European programmes which were substantially centralised with limited local involvement in many key areas.

8 LEPs will be responsible for designing and delivering strategies on how best to use this funding with each LEP area receiving a notional allocation from the funds which must be spent in line with a set of overarching priorities set out in the EU regulations. LEPs will not be responsible for administering the funds themselves this will remain with central government to ensure compliance with EU rules. However, LEPs are very much in the driving seat and are responsible for the following:

- devising an investment strategy for spending their allocation,
- finding projects to deliver that strategy, using a mixture of commissioning, bidding and co-financing as best meets local needs,
- finding match funding for projects,
- ensuring those projects deliver their targets,
- making sure their allocations are spent on time,
- monitoring how well they are delivering against their strategies and the programme priorities.

Each LEP will come up with a strategy which does all of the above as part of their wider plans for local growth. The strategies will be signed off nationally.

9 Each LEP will work with the appropriate range of partners such as local business representatives, Universities, the civil society sector, rural interests and others best placed to deliver local growth, and to promote social inclusion and combat poverty.

10 On the 27 June, 2013 it was confirmed how the £6.2 billion England allocation of the European Regional Development Fund and the European Social Fund for 2014 – 2020 resulting in the NELEP receiving a £539.6 million allocation. This has resulted in an allocation for Durham of £160 million following lobbying by DCC of both the Government and the European Parliament for the inclusion of Transition Regions. Allocations for the part of the EAFRD being channeled through the Growth programme will be published at a later date by the Department for Environment, Food and Rural Affairs.

11 The presentation on the 10 September, 2013 will provide an overview focusing on:

- Programme Summary
- Transition Regions
- UK proposed 'Growth Programme'
- Allocations
- Types of Projects
- Durham Investment Plan
- Process and Opportunities for Involvement

Recommendations

12 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided during the presentation.

13 That the Economy and Enterprise Overview and Scrutiny Committee receive a future update on the further development of the EU Structural and Investment Funds Programme at the meeting on the 27 February, 2014.

Background Papers

- European Commission working Document – March 2012.
- Department of Business, Innovation and Skills consultation document – April 2012 – summary of responses – July 2012.
- Department of Business, Innovation and Skills – Structural and Investment Fund Strategies – preliminary guidance for LEPs – April, 2013.

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Appendix 1: Implications

Finance – None

Staffing – None.

Risk – None

Equality and Diversity – None

Accommodation – None

Crime and Disorder - None

Human Rights - None

Consultation – None

Procurement - None

Disability Discrimination Act - None

Legal Implications – None