

ROTHERHAM BOROUGH COUNCIL – REPORT

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| 1. | Meeting: | Cabinet |
| 2. | Date: | 7th November 2012 |
| 3. | Title: | EU Funding and Priorities for the 2014-20 Programme |
| 4. | Directorate: | Resources |

5. Summary

The report provides an update on the new EU structural funds programme for 2014-20, outlining the consultation process and timescales, setting out the links to city region initiatives, and inviting discussion on how EU funding could be utilised to help deliver council priorities.

6. Recommendations

- **Note the consultation process instigated by government for the new programme**
- **Note the broad objectives for the structural funds and other EU programmes and consider how this might provide scope to help deliver council priorities**
- **Request a further report following publication of the government's formal consultation on the UK partnership agreement (likely to be spring 2013)**

7. Proposals and Details

Background

The evolution of the next structural funds programme (2014-20) is complex, with negotiations and lobbying continuing at EU and national level. In our area, leaders have agreed to approach this as a city region, with EU funding ideally contributing to an investment fund that will help to deliver a (yet to be developed) Sheffield city region economic growth strategy.

Government is currently consulting informally, via a series of regional workshops, on priorities for the programme. This will feed into a national partnership agreement setting out how the UK will use the funds to help deliver the *Europe 2020* goals of smart, green and inclusive growth.

The amount of funding we are likely to receive for 2014-20 largely hinges on whether the proposed category of *transition regions* is created (as seems likely) and – if so – whether South Yorkshire qualifies based on our GDP in relation to the EU average.

If South Yorkshire does become a transition region, the EC's latest funding proposals suggest that we could be entitled to significantly more funding than the approx £320m ringfenced for South Yorkshire in the current ERDF/ESF programmes (2007-13), but this is far from guaranteed.

Funding priorities and delivery

The following broad funding objectives are set out in the EC's common strategic framework:

- Strengthening research, technological development and innovation;
- Enhancing access to and use and quality of information and communication technologies;
- Enhancing the competitiveness of small and medium-sized enterprises;
- Supporting the shift towards a low-carbon economy in all sectors;
- Promoting climate change adaptation, risk prevention and management;
- Protecting the environment and promoting resource efficiency;
- Promoting sustainable transport and removing bottlenecks in key network infrastructures;
- Promoting employment and supporting labour mobility;
- Promoting social inclusion and combating poverty;
- Investing in education, skills and lifelong learning;
- Enhancing institutional capacity and an efficient public administration.

Within these themes, at least 80% of ERDF will need to be spent on:

- Innovation and R&D
- Support to SMEs
- Low carbon economy

ICT/broadband is a possible fourth category, whilst there is also a focus on “sustainable urban development”.

A minimum of 20% of national ESF allocations will need to focus on combating poverty and social exclusion. Within ESF, there is also likely to be a strong emphasis on:

- Tackling youth unemployment
- Promoting active and healthy ageing
- Supporting the most disadvantaged groups and marginalised communities such as Roma
- Increased involvement of VCS organisations in delivery

It seems likely that DCLG and DWP will continue to manage ERDF and ESF respectively, with a tension apparent between the somewhat conflicting aims of simplification (which could be read as national programmes) and localism.

Encouragingly though, there is a commitment to look at greater alignment or integration of ERDF and ESF, which would provide scope to better connect jobs growth with skills programmes.

As mentioned above, the aim is to pursue a city region approach in our area, channelling funds – where possible - through the proposed investment fund, which will also capture devolved UK government funding for transport as part of the *city deal*. This approach should prevent spending priorities being distorted by the need to identify match funding, which would already be in place as part of the fund.

One way of achieving a city region programme may be through an “integrated territorial investment”. This is a new mechanism that will allow a “designated territory” to deliver a package of actions – ideally combining ERDF and ESF eligible activity – based on an agreed strategy for that territory.

Finally, it should be noted that the next programme is likely to see a further shift towards the use of loan-based financial instruments for ERDF.

Consultation

BIS released an informal consultation paper in the spring and are now carrying out a series of regional workshops for local authorities and other stakeholders. Relevant feedback from the informal consultation and a local consultation event held last month in Doncaster has been incorporated into this report.

The final workshop for local partners will take place in Wakefield on 5th December 2012, with senior representatives from BIS, DCLG and DWP attending.

Only one representative is invited per local authority and the council’s regeneration manager is due to attend. It is important that this meeting is used to clearly set out local priorities, including specific proposals where possible.

We are expecting that formal consultation on the national partnership agreement will take place next spring.

Other EU funding

In addition to the structural funds, there are numerous smaller scale, but still significant, EU funds based on “framework programmes” for specific policy areas:

- **Competitiveness and Innovation** – this incorporates Intelligent Energy Europe, ICT Policy Support, SME Entrepreneurship and Innovation, and a new programme called COSME (Competitiveness of enterprises and SMEs)
- **Social Change and Innovation** – this includes; PROGRESS, which supports policy development in relation to labour markets and working conditions; EURES Network, which promotes the free movement of workers by providing support for job hunting across the EU; and European Progress Microfinance Facility, which provides access to finance for unemployed or disadvantaged people, or those at risk of redundancy, to help them become self-employed.
- **Lifelong Learning** – due to be incorporated into “Erasmus for All” for the 2014-20 period, this programme includes: Comenius for schools, Erasmus for higher education, Leonardo da Vinci for vocational education and training, and Grundtvig for adult education.
- **Erasmus for All** – the new programme for education, training, youth and sport. The broad aim is to improve skills and employability by providing opportunities for learning within the EU and beyond, as well as supporting policy reform and cooperation projects between different bodies and sectors.
- **LIFE** - supporting EU environmental policy.
- **INTERREG** – funding for inter-regional cooperation and sharing of experience and best practice across Europe to help deliver programmes for jobs and growth.
- **Horizon 2020** – this will fund EU research and innovation activity (replacing the imaginatively titled “Framework Programme 7”) focusing on three priorities: excellent science, competitive industry and better society.

Whilst offering further opportunities and clearly aligning well with council priorities, accessing these funds can be labour intensive, requiring match funding to be secured and – usually – the identification of trans-national partners.

8. Finance

There are no direct financial applications arising from this paper. Where EU funding objectives align with council priorities, there may be opportunities to secure funding to support continued and/or enhanced service delivery in relevant areas.

9. Risks and Uncertainties

It is important that the council engages in the ongoing structural funds consultation process and related city region workstreams so that we can secure the best deal for Rotherham and the sub region as part of the 2014-20 programme.

As was the case with the current 2007-13 programme and Objective 1 before it, it seems likely that the programme will not be ready to start on time (i.e. from January 2014) due to ongoing EU budget negotiations and the convoluted process of agreeing and establishing priorities and administrative and delivery structures.

In order to minimise the risk of not meeting annual spend targets early in the programme, we need to ensure that projects have been identified and proposals are ready to be submitted as soon as the programme opens.

10. Policy and Performance Agenda Implications

EU funding is focused on the following Europe 2020 goals and, as such, has the potential to contribute to a wide range of economic, social and environmental policy objectives:

- *smart growth* – innovation, education, digital society
- *green growth* – climate, energy and mobility; competitiveness
- *inclusive growth* – employment and skills; fighting poverty

11. Background Papers and Consultation

[BIS informal consultation on structural funds partnership agreement](#)
[Government response to informal consultation](#)

Contact Name:

Michael Holmes, Policy and Partnerships Officer, Resources, x54417, e-mail: michael.holmes@rotherham.gov.uk