

# Partnership Agreement: Delivery of Structural Funds, Rural Development Funds and Maritime and Fisheries Funds in England: Informal Consultation Document. Response Form

You may respond online or by using this response form. The online version is linked to the consultation website <https://www.surveymonkey.com/s/bis-delivery-structural-funds-12-642rf>.

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is **27/04/2012**

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## **VIEWS OF THE ASSOCIATION OF DIRECTORS OF ENVIRONMENT, ECONOMY, PLANNING & TRANSPORT (ADEPT) AND THE CHIEF ECONOMIC DEVELOPMENT OFFICERS SOCIETY (CEDOS)**

**The Chief Economic Development Officers Society (CEDOS)** provides a forum for Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives.

**The Association of Directors of Environment, Economy, Planning & Transport (ADEPT)** represents local authority Strategic Directors who manage some of the most pressing issues facing the UK today. The expertise of ADEPT members and their vision is fundamental in the handling of issues that affect all our lives. Operating at the strategic tier of local government they are responsible for crucial transport, waste management, environment, planning, energy and economic development issues. ADEPT membership is drawn from all four corners of the United Kingdom.

**CEDOS and ADEPT welcome the opportunity to respond to the consultation on the delivery of EU Structural Funds, Rural Development Funds and Maritime and Fisheries Funds in England. We are pleased to put forward our views in response to the specific questions in the consultation document. Our views have been formulated in the light of consulting with our members from across the country.**

## **Question 1: Which of the Commission's objectives for the Common Strategic Framework Funds most align with your objectives and plans?**

### **CEDOS/ADEPT Views:**

1.1 We welcome the European Commission's proposal to take a more harmonised approach to the governance of the EU Structural Funds - which in the UK comprise the European Regional Development Fund (ERDF), and the European Social Fund (ESF), alongside the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), to enable them to be used in a more co-ordinated way to deliver greater impact during the next EU spending period 2014-20.

1.2 We strongly support the Commission's aim to provide a more responsive approach to real economic geographies across the country, in tune with local needs and aspirations. In this context, it is important that local areas have the opportunity to take a harmonised approach to utilising the available funds across the full range of objectives set out in the proposed Common Strategic Framework. We understand the rationale for a greater concentration on fewer objectives so that the funds have sufficient scale and focus to make an impact. However, from the soundings we have taken, it is clear that the mix of priority objectives varies in different areas of the country reflecting differing economic needs circumstances and opportunities. This underlines the importance of local flexibility and the need for the selection of objectives to be locally determined.

1.3 We are concerned at the statement in the consultation document that the UK Partnership Agreement will focus even more tightly on exploiting innovation, promoting research & development, supporting workforce skills, SMEs, promoting employment opportunities for disadvantaged groups and reaping the commercial and environmental benefits of a low carbon economy, implying what appears to be a focus on a more limited set of objectives within those proposed by the Commission. The lack of reference to the Commission's ICT objective, for example, is at odds with it being seen as a priority in many local areas.

1.4 We are also concerned at the current proposal that in areas defined as 'more developed areas', 80% of the ERDF is to focus on only 3 priorities: innovation; SME competitiveness and; and renewables and energy efficiency. There are a number of areas of England likely to be classified as being 'more developed' that have significant parts of their areas with levels of GVA per head comparable to those in less developed and transition regions. As a result, they will be disadvantaged by having a too limited range of priorities to call on. This is surely contrary to the Commission's intention to be responsive to local needs.

## Question 2:

**A. Are there certain Common Strategic Framework objectives which might be more suited to thematic, 'issue-based' programmes?**

A  Yes

**B. If so, why?**

### **CEDOS/ADEPT Views:**

2.1 There may well be a case for thematic issue-based programmes to be developed in relation to certain of the Common Strategic Framework objectives for example relating to climate change and funding for SMEs, perhaps especially to provide support in areas that are classified as 'more developed' and which as a consequence will have less access to Structural Funds.

**C. And what mechanisms would be required to ensure sufficient local flexibility and involvement in decision-making and strategic guidance?**

### **CEDOS/ADEPT Views:**

2.2 The development of any national thematic programmes must not lead to a centrally determined one-size-fits-all approach, which would be not be effective in achieving best value for money and would undermine the principle of being responsive to local needs and aspirations. It will be essential for local authorities and Local Enterprise Partnerships to play a key role in the design and delivery of any such programmes.

## Question 3:

**A. Where does your organisation see opportunities for more localised place-based programmes or projects within programmes and for which Funds or combination of Funds?**

### **CEDOS/ADEPT Views:**

3.1 We welcome the proposed greater geographical flexibility so that programmes can be based on functional economic areas linked to local needs and aspirations. To achieve this we propose a devolved approach with local authorities and Local Enterprise Partnerships (LEPs) playing a key role in the design and delivery of ERDF, ESF, EAFRD and EMFF programmes in England and decisions on investments being made locally making full use of the knowledge and experience of local partners.

3.2 The Government's commitment to localism and the creation of Local Enterprise Partnerships provides the opportunity to take forward a devolved approach in England. Local Enterprise Partnership areas, as functional economic areas, present an obvious geographical starting point. Whilst LEP areas vary in size and overlap in some cases, these are not insurmountable issues, providing LEPs have the ability to

work jointly on cross-boundary issues and come together in larger groupings to achieve critical mass and address broader regional issues where it is appropriate to do so.

## **B. How would this improve outcomes?**

### **CEDOS/ADEPT Views:**

3.3 A devolved approach, which enables local partners to shape, manage and deliver programmes based on local needs, local assets and local opportunities, will enable the EU Funds to add real value and maximise their contribution to realising the Government's objective of achieving economic recovery and sustainable, balanced economic growth. By facilitating a better match with local priorities it will assist identifying and assembling match funding. The ability to do this and increase value for money could be further enhanced by taking a joined-up approach to different funding streams for economic growth and regeneration and enabling them to be pooled at a LEP or other appropriate spatial level. This would fit with the proposed Common Strategic Framework, which envisages a better combining of funds to maximise the impact of EU investments, with multi-fund programmes avoiding duplication and reducing administrative costs and burdens.

### **Question 4:**

**What key things need to change in the way the Funds are currently used in order to reduce the administrative burden involved, whilst conforming to EU management control requirements?**

### **CEDOS/ADEPT Views:**

4.1 We welcome the commitment to simplification in the next programming period. The creation of a Common Strategic Framework and the intention to standardise applications and reporting across programmes is an important step forward that will hopefully reduce administration and the barriers that currently exist between programmes. Similarly standardisation of financial rules and audit requirements will have the potential to substantially reduce the administrative burden associated with projects.

4.2 From the soundings we have taken with our members, a number of detailed points have been raised regarding the current process and ways in which it could be streamlined to reduce administrative burdens. These relate in particular to the compliance and claims process and the audit requirements and processes and include:

- a lack of clarity around eligibility criteria, with a range of different interpretations being applied across the numerous tiers of managing the process;
- the claims process being extremely onerous, with the level of detail required in transaction sheets considered to be superfluous;

- a need to reduce the number of audits by separate organisations that, for example, a small LEADER programme may be subject to;
- a need for auditors to accept greater use of modern technologies, rather than insist on paper copies of all documents;
- a need for closer working between auditors and 'claim approvers' - the time delays between claims being approved and subsequently having expenditure declared ineligible by auditors who interpret the guidance differently exposes project sponsors to clawback of money already spent;
- a need for clear definitions of outputs to be agreed at the outset by all relevant parties to ensure realistic targets can be set with a reduced fear of clawback.

4.3 We welcome the recognition in the consultation document that where programmes are developed that include more than one Fund, there may be opportunities to carry out assessments, payments, audit and evaluation in a more streamlined and co-ordinated way. However, we are concerned at the statement that “this offers the opportunity to take a more strategic and integrated approach to designing and implementing programmes, as well as to achieve potential economies of scale in programme management, especially where programmes can be aligned with domestic programmes that provide the match funding”.

4.4 This strongly implies an intention to reduce or even remove local flexibility in the design, implementation and management of programmes. It suggests an increased likelihood of a wholly inappropriate, centrally designed one-size-fits all approach. The disbenefits of this are illustrated by current programmes in particular the European Social Fund, where the alignment with national programmes has stifled the more innovative approaches that were evident in previous EU spending periods when part of ESF was managed with more local flexibility.

4.5 A centrally directed approach would be completely at odds with the Government’s localism agenda and the European Commission’s intention to enable a more responsive approach to real economic geographies across the country, in tune with local needs and aspirations. We consider this requires putting in place a devolved approach as described above, which in our view will also play a fundamental part in removing duplication and reducing administrative burdens. If the Government goes ahead with the alignment of EU funding programmes with domestic programmes that provide match funding, it will be essential for this to be accompanied by local programme management covering both the EU funds and the domestic match funding.

#### **Question 5:**

**A. Are there specific combinations of Funds, or elements of Funds, which lend themselves to operating in joined-up programme arrangements?**

A  YES

### **CEDOS/ADEPT Views:**

5.1 There is considerable potential for aligning the Funds within locally delivered programmes to enable a more holistic approach to addressing local area challenges, for example by linking funding for business growth and job creation with that for skills and training. As regards which combinations of funds, the soundings we have taken with our members indicate the potential for aligning the ERDF, ESF, EAFRD, EMFF and potentially other European funding streams. However, the specific combinations will vary from area to area depending on local economic circumstances, needs and opportunities, which again underlines the importance of local flexibility and the point that a prescriptive centrally directed approach will not work.

### **B. If so, what kind of complementary measures and outcomes would you want to see?**

#### **CEDOS/ADEPT Views:**

5.2 The process of aligning funds should be accompanied by simplified assessment procedures including combined application and appraisal processes carried out locally to reduce bureaucracy and provide best value for money. This should be accompanied at national level by a joined up approach to EU Funds by the Government Departments involved.

### **Question 6:**

**Where does your organisation see opportunities for using some of the options proposed by the Commission to promote more localised and co-ordinated programming, such as Joint Action Plans, Integrated territorial Investments and Community-Led Local Development?**

#### **CEDOS/ADEPT Views:**

6.1. As we have made clear in answer to Question 5 above, we see considerable potential for aligning EU Structural Funds to address local area challenges in a more holistic way. In this context, the options proposed by the European Commission, which are designed to encourage integrated approaches to the delivery of the CSF Funds, are potentially helpful although some are limited to specific combinations of Funds. The proposals for Integrated Territorial Investments and for Community-led Local Development, which are specifically designed to "facilitate the development of local and sub-regional approaches"<sup>1</sup>, are particularly welcome.

6.2 Place-based Integrated Territorial Investments (ITI) offer a potential way forward for the devolved approach for the design and delivery of EU funded programmes in England we set out above. At present the Commission's proposal for ITIs refers only to ERDF and ESF but in our view ITIs could potentially also cover the other 2 Funds and other European Funding streams. We welcome the

<sup>1</sup> *Elements for a Common Strategic Framework 2014 to 2020* European Commission March 2012

Commission's proposal for Community-led Local Development, based on the experience of LEADER in rural development, to be extended to cover all CSF Funds.

6.3 It will, in our view, be important for different options for achieving local and sub-regional action to be coordinated strategically at a functional economic area level for which, as we have said, Local Enterprise Partnership areas present an obvious geographical starting point.

**Question 7:**

**Are there any other specific points you wish to be considered which are not covered by the other questions?**

**CEDOS/ADEPT Views:**

7.1 We support the current European Commission proposals for the next period of the European Regional Development Fund, which offer the prospect of assisting all parts of England and in particular through transition funding, providing potentially significant support to a substantial number of areas. It has, however, been drawn to our attention that there is likely to be a review of UK NUTS areas in 2013 and that this is partly in response to Eurostat's concern at the overly large size of some of the UK NUTS 2 areas, on which the definition of, less developed, more developed and transition areas are based. As there is a significant disparity in the population size of NUTS 2 areas in England, this can and does mask substantial areas where GVA per head is below 75, including some substantial county areas – something which needs to be taken into account before final decisions are made on the 2014-2020 programme.

**Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.**

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply **YES**

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

**YES**

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