

Attendees

European Parliament
College of Europe, Bruges
East of England European Partnership
Convention of Scottish Local Authorities
SCOTLAND EUROPA
Southern England Local Partners
European Policy Centre
London's European Office
Highlands and Islands European Partnership
Merseyside Brussels Office
Institute for European Environmental Policy
Welsh Local Government Association
UKREP
BIS
FCO

Note of meeting

- The Chair introduced the meeting and stressed that the purpose was to gather views and also encouraged participants to submit written responses. Cohesion policy was an area which had real impact at 'village hall level'.
- A presentation was given by BIS setting out the background to the areas covered by the Cohesion Review – Cohesion policy; the Trans-European Networks; and industrial policy.

The following points were made in discussion:-

Value of the Structural Funds

- The geographical targetting of funds was welcomed. However it could be problematic if the focus of funds became too narrow – some economic areas might not be targetted. Local targetting was key.
- Some East of England priorities did not match with UK objectives.

- The strength of local governance was now weaker than in the past. It was difficult to get data on how money was being spent at the local level.
- Despite greater local oversight in the past, it had always been difficult to get data on the use of funding, and effectiveness had always been hard to measure.
- The real issues were around management of the funds. There were questions as to whether operational programmes and partnership agreements were specific enough.
- There were also issues around communications. There could be more public awareness of how EU funds are used.
- It was possible to measure outputs (e.g. training courses completed; roads built, etc.) but much more difficult to establish counterfactuals.
- There was significant value however in the fact that the Funds were committed for 7 years. The way the Funds were administered also encouraged partnership working within the UK which was helpful.
- From the perspective of regions, it didn't matter where funds came from as long as there was the 7 year guarantee, and the priorities were such that regions could do what they wanted with the funds. But a UK national government would not be able to give the 7 year guarantee.
- Academic work had concluded that good governance as well as local ownership and partnership structures were important determinants of outcomes.
- Alignment of national funds with EU funds was also significant. In Ireland for example all EU funds were 100% matched by national funds. In England the RDAs had used funding in a similar way, but the programme was curtailed halfway through – it was difficult to say whether the Funds would have had better impact had the RDA match-funding continued.
- The UK benefitted from the way that cohesion policy helped open markets in other EU countries.
- A study by Poland of which companies were benefitting from Structural Fund spend had found that a large proportion of funds were going to German firms. A study of which UK companies were benefitting from Structural Fund spend in other EU countries could be useful.
- European Territorial Cooperation also contributed to inter-regional cohesion.
- There was a question as to what were the appropriate measures of outputs – e.g. GDP, numbers of jobs created, etc..

Management

- Managing the Funds was easier in smaller countries. In England there was a danger in having different Departments managing different Funds.

- There was a concern about gold-plating of regulations and excessively complicated management.
- UK gold-plating existed 'to be on the safe side' – yet even then, there were problems with suspensions and interruptions.
- Resourcing of LEPs was an issue. LEPs had few staff who were sometimes inexperienced.
- There was a case for targetting the Funds on specific local projects which Government was not funding.
- It was positive that the UK had gone as far as the rules allowed to devolve decision-making to Wales, Scotland and Northern Ireland. However the Commission had, surprisingly, argued for a greater role for national government.
- The current approach to ERDF was focussed on competitiveness; there was not much focus on addressing pockets of deprivation. E.g. in England's 'Greater South East' there had been a small shift in that more ERDF was being deployed there; however this was not reflected in the amounts HMT was transferring.
- More localised structures were better at reaching hard-to-reach groups. But this was hard to accomplish without adequate resource. National administrations could use national funds to support structural fund spend: Poland did this for example, using national funds to support contact points.
- Some organisations, for example charities, found it difficult to access funds because they lacked the resource to manage the application procedure.
- Chambers of commerce were also better resourced in other Member States. And in Germany for example their role was far more institutionalised than in the UK.
- There was an issue around prioritisation – potential recipients would always lobby for funding so there was an institutional pressure to spread funds among priorities instead of concentrating them on specific activities.
- There was a problem with how NUTS regions were defined. They did not always reflect the reality of communities.
- On management and implementation, more formal alignment was needed in order to put in place integrated delivery arrangements. For example the number of funds could be reduced.
- It would be helpful to simplify the application procedures.
- There was a need for better understanding of the roles and responsibilities of LEPs, including by the Commission.

Trans-European Network - Transport

- The UK as a whole has substantially benefitted from TEN-T. East of England in particular has been successful in obtaining TEN-T funding. TEN-T

is essentially a trans-national programme. TEN-T had increased the quality of rail projects – for example projects had used higher environmental standards than would otherwise have been the case, as a result of TEN-T funding. Many private sector jobs were supported by the funds.

- The practical arrangements around TEN-T in the UK were somewhat *ad hoc*. The East of England had been impacted to some extent by the closure of the Government office.
- On the EU side the management of TEN-T was more complicated, but more transparent and better resourced. The accuracy and promptness of payments had improved.
- From a Scottish perspective also, TEN-T had added value.
- There was a strong desire in some communities to have transport projects; but the Commission was a block on this. This raised a question about levels of decision-making.

Financial Instruments

- It was 'early days' on financial instruments but these were beneficial in scaling up projects. There were also benefits in working with the European Investment Bank.
- There was concern about the administrative cost of financial instruments, as well as the number of financial instruments available. However, the progress of the venture capital financial instrument would be of interest.
- Financial instruments could be scaled up; for instance LEPs could pool resources. However it would then be harder for local areas to control the operations of the financial instruments.
- Managing financial instruments was even difficult at Scotland level despite there being a larger 'pot' there compared to individual LEPs.

Industrial Policy

- There were many questions around industrial policy including around its definition – for example whether it included services or was restricted to manufacturing.
- EU and national priorities on industrial policy needed to be aligned. There was a close link between industrial and Cohesion policy, for example through smart specialisation strategies.
- There was a question as to whether the Technology Strategy Board should be a 'match'.
- Some smaller LEPs were not developing smart specialisation strategies although they had given some consideration to smart specialisation. There was scope for more consideration of this by LEPs. The way smart

specialisation was to be treated in the Partnership Agreement would be significant.

Other Funds

- The Fund for Aid for the Most Deprived permitted a range of activities which was distinct from those funded by European Social Fund.