WLGA response to the Government Review of the Balance of Competencies between the UK and EU Call for Evidence: Cohesion Policy Review

13th January 2014

WLGA • CLILC

INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members.

2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.

3. We welcome the opportunity to respond to the Government's Review of the Balance of Competencies between the UK and the EU in relation to Cohesion Policy as this policy is hugely beneficial to Wales.

Cohesion Policy Review

1. How effective in your view have the structural funds been in addressing the tasks given to them under the various Treaties and what might be done to improve this?

- The structural funds have provided long term investment in Wales. All local authorities in Wales have been involved in the planning and the delivery of structural funds and have tangible examples of how structural funds have brought about positive change. However, there is still much to do in areas such as West Wales and the Valleys and the long term commitment under the various Treaties is welcome.

- This longevity of funding streams enables stakeholders to plan for the long term and to address the deep rooted economic problems in Wales.

- Domestic funding is often under pressure from other service areas and subject to greater political influence than EU structural funding and for this reason, along with

7 year guaranteed funding streams, EU competence offers greater certainty than if the UK had competence in this area.

- Further, the strong redistributive nature of the EU Regional Policy has benefited Wales greatly in the absence of a robust redistributive regional policy within the UK.

2. To what extent have UK places, companies and workers benefited or not benefited from EU structural funds?

- Welsh companies and workers have benefited considerably over a number of programming periods from the EU structural funds, whether in the form of direct assistance such as business support grants and loans or skills and training programmes.

- The managing authority for the EU programmes in Wales, WEFO, has extensive evidence, from figures on the number of companies assisted and jobs created from the various EU programmes, that clearly demonstrate the benefits to Wales from the EU structural funds. Further details available via the following link:

  http://wefo.wales.gov.uk/?skip=1&lang=en

3. Are the types of activity covered by the structural funds and the other funds outlined in this paper more appropriately funded at EU, national or regional/local level? Should all Member States or regions receive structural funds in future? If not, what should be the criterion?

- The criterion should be based on need and the comments in reply to Q1 on stability & longevity of funding are relevant here.

4. What is the right balance between strategic guidance at EU level, Member States management and control of the funds and regional or local identification of needs?

- The EU should provide the overall strategic framework and guidance for the funds and Member States and Devolved Administrations should develop robust, effective and simple management and control arrangements that are proportionate. This is

not always easy to achieve as the EU on occasions can over complicate in terms of the rules and regulations governing different funds. This seems to be the case with the arrangements for the 2014-2020 programming period where, although there has been an attempt to harmonise rules and regulations in the form of the *Common Strategic Framework* and the *General Regulation* the plethora of fund specific regulations continues to make harmonisation and simplification challenging on the ground.

- We welcome and support the efforts of the Welsh Government to harmonise and simplify the delivery and implementation arrangements for the new round of EU funding in Wales in the form of common eligibility rules and guidance and a single gateway for applicants to apply for funding.

- However we are disappointed that it does not seem that it will be possible in Wales to adopt the *Community Led Local Development* approach across all the ESI Funds, which would have enabled real integration of interventions and activities to be delivered on a sub-regional and local level across Wales.

5. Do all parts of cohesion policy provide equal value for money? Are different approaches required for different funds and different geographies?

- We believe that the best way to ensure value for money from the EU Cohesion Policy is through integrated approaches across the ESI funds, ensuring, for example, that interventions funded by ESF complement those funded by ERDF and vice-versa.

- However, we believe that different approaches are required for the different geographical categories of regions that quality for EU structural funds as their eligibility reflects different needs and circumstances. In Wales this means adopting different approaches for the *Less Developed Region* of West Wales and the Valleys and the *More Developed Region* of East Wales as they have different needs and opportunities, reflected in their different economic performance.

6. To what extent should the funds be targeted at less developed areas and disadvantaged groups of society rather than being available as sources of investment for economic development across all areas?

- Given that there is a finite amount of funding across the EU, there is a risk that it would be spread too thinly if targeted at economic development across all areas. We would support the continuation of targeting less developed areas and disadvantaged groups.

7. How effective in your view is accountability and financial management of the funds outlined in the paper? What further steps if any might be taken to provide increased assurance for EU taxpayers?

- It could be argued that the administrative burden on project sponsors is overly bureaucratic particularly for sectors such as local government that already have in place tried and tested systems for the management of funds.

8. What are the main barriers to accessing EU funds? What might be done to overcome these?

- The language used by the EU can sometimes prove difficult to interpret and relate to local issues. During the preparation of the programme documents the language is simplified but there are risks associated with the local interpretation of EU jargon.

- The process set up by the devolved managing authorities, in Wales WEFO, has in the past been subject to change during the programming period which causes confusion and the means of accessing the funding is driven more by process rather than outcomes.

- The move to fewer more strategic projects has resulted in more pan Wales projects which may or may not have a local dimension. In these instances it can be difficult for local authorities to access funding for local projects which are considered similar.

9. What practical steps could be taken to reduce the administrative burdens in getting funding from EU programmes?

- The Commission has proposed a series of simplification measures which could reduce the administrative burdens in getting funding. However, it is not clear whether these proposals will be appropriate for local authorities and therefore whether they will have the desired effect of simplification.

10. How can the local or regional dimension best be reflected in EU policy-making?

- It is better for the local and regional dimension to have direct input into the EU policy-making thus we value the direct relations that the Welsh Government, WEFO, local government and other partners have with the European Commission.

- We would welcome the further devolution of relations between the local and regional levels and the European Union in line with the subsidiarity principle to better reflect the multi-level governance of the EU to enable local and regional authorities to have further autonomy in key areas such as Cohesion Policy.

- Further we value the ability to influence the direction of EU policy-making through our involvement in the *Committee of the Regions,* which enables local and regional authorities to ensure that local and regional dimensions are considered and reflected in EU policy-making.

- We hope that the local and regional dimensions will have more prominence in the new EU funding programmes for Wales through the development of an *Economic Prioritisation Framework,* which will include regional sections ensuring that funding decisions will take account of local and regional needs and opportunities.

Trans-European Networks and Industrial Policy

- The comments offered in the Cohesion Policy section regarding the stability of policy and funding are again relevant here.