

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 11 OCTOBER 2006

EUROPEAN UNION REGIONAL AND STATE AIDS

Report by Executive Director of Development & Property Services

1. PURPOSE OF REPORT

1.1 The purposes of this report are to:-

- (a) Inform the Committee of the current position regarding the preparation of responses to the consultations on Structural Funds, State Aids and the Rural Development Regulation Funding post 2006;
- (b) Request that the Committee homologates the provisional responses made to date and;

2. BACKGROUND

- 2.1 On 8th March 2006 the Development Services Committee considered a report that detailed the position at that time regarding the future of European Structural Funds, European State Aids and the Scottish Rural Development Regulation.
- 2.2 The Committee noted the position, authorised elected members and officers of the Council to participate fully in the continued lobbying of the Scottish Executive, UK Government and European Institutions through a number of organisations of which the Council is a member and also authorised the Executive Director of Development and Property Services to procure external advice, if required, in order to assist in the development of appropriate responses to the various consultation exercises and also of related lobbying strategies.

3. STRUCTURAL FUNDS – CURRENT POSITION

3.1 Department of Trade and Industry Consultation.

- 3.1.1 On 28 February, 2006 the Department of Trade and Industry issued a consultation on the Draft National Strategic Reference Framework. This Framework is a requirement of the new EU regulations for the Structural and Cohesion funds for 2007-2013 and will establish the broad priorities for future Structural Funds Programmes in the UK. The consultation document also invited comments on the related issues of (i) the UK Governance proposals for distributing its Structural Funds allocations under the Competitiveness Objective and (ii) administrative arrangements for delivering the Funds in the UK during the next budgetary cycle.
- 3.1.2 In preparing a response to this consultation exercise, Officers of the Council worked closely with the Alliance for Regional Aid, the Coalfield Communities Campaign and the West of Scotland European Consortium.

3.1.3 In addition to participating in the regular meetings of the Coalfield Communities Campaign and the West of Scotland European Consortium, officers of the Council attended the following:-

- A European Structural Funds Stakeholder Event organised by the Scottish Executive held in Glasgow on 18th January, 2006.
- A Seminar on the European Structural Fund Programmes in Scotland organised by the Strathclyde European Partnership held in Glasgow, on 2nd March, 2006.
- A Seminar on the Future of Structural Funds on 17th March, 2006 that was organised by Glasgow City Council.
- A Workshop on the Local Authority response to EU Structural Funds organised by the Alliance for Regional Aid in Sheffield on 25th April, 2006, and
- A Road Show on European Funds organised by the Strathclyde European Partnership in Ayr on 4 May, 2006.

3.1.4 At the request of the Scottish Executive initial and informal comments on the proposed priorities for the 2007-2013 Scottish Structural Fund Programmes that had been outlined at the Stakeholders Event were prepared and sent to the Scottish Executive on 27 March, 2006 (Background Paper 1).

3.1.5 A response to the DTI Inquiry was prepared and sent on 22 May, 2006. A copy of the response was sent to the Scottish Executive. (Background Paper 2).

3.1.6 In addition a further letter was sent to the Rt. Hon Margaret Hodge MBE MP, Minister of State, Department of Trade and Industry, on 3rd July, 2006 highlighting the importance of targeting Structural Funds to support the regeneration of areas of need and also of incorporating local authorities and democratic accountability into the decision making process. (Background Paper 3).

A response to this letter was received from the Minister of State on 27th July 2006 in which she indicated that the Government will give thorough consideration to the needs of all eligible regions when reaching a final decision on Competitiveness allocations and that the views expressed regarding the future role of local authorities will also be taken into consideration when reaching a final decision on delivery arrangements for the Funds post 2006.

3.2 ***Scottish Parliament Inquiry***

3.2.1 On 26 April, 2006 the European and External Relations Committee of the Scottish Parliament launched a related Inquiry in 2 parts. The first part related to the draft National Strategic Reference Framework and the second part to the future delivery of Structural Funds in Scotland 2007-2013.

3.2.2 A response to part 1 of the Inquiry was prepared and sent to the Scottish Parliament on 15 May, 2006. (Background Paper 4).

3.2.3 A response to part 2 of the Inquiry was prepared and sent to the Scottish Parliament on 26 May, 2006. (Background Paper 5).

3.2.4 The European and External Relations Committee's Report was published on 23rd May 2006 and the Scottish Executive responded on 25th August 2006. The key points on the Scottish Executive's response are:-

- A continuing emphasis on a bilateral approach to consultation.
- A commitment to look at transitional funding options if the start of the new programme is delayed.
- A warning that Lisbon earmarking will constrain the amounts that can be allocated to infrastructure projects.
- An expectation that the DTI will resolve final allocations within the UK "before the autumn".
- An announcement that the draft Operational Programmes will tackle issues of spatial targeting.
- Single stream funding would be "piloted" and only used selectively.
- Recognition of the potential role of Community Planning Partnerships.

3.3 Structural Funds – Next Steps

3.3.1 The Department of Trade and Industry propose to publish a response to the consultation by the end of August, 2006 This will include a summary of responses, a statement of the Government's position on the issues raised in the light of the responses, and the final UK National Strategic Reference Framework.

3.3.2 The Scottish Executive has indicated that the next phase of consultation with partners will be on programme priorities and delivery arrangements and the authority has been encouraged to participate fully in this process.

4. ASSISTED AREAS REVIEW - CONSULTATION

4.1 *The Consultation*

4.1.1 On 15 February, 2006 the Department of Trade and Industry issued a Consultation Paper on the Review of the Assisted Areas. This was Stage 1 of the consultation and posed three specific questions:

- To what extent should the Economic development areas (Merseyside and South Yorkshire) be covered?

- What indicators should be used to determine the shape of the new Assisted Areas map?
 - What level of geographic unit(s) should be used in designating Assisted Areas?
- 4.1.2 In preparing a response to this consultation exercise officers of the Council attended regular meetings of the Coalfield Communities Campaign and the Alliance for Regional Aid and in addition:-
- Attended an information session organised by the Scottish Executive on the Review of the Assisted Areas 2007-2013 in Glasgow on 3 March, 2006.
- 4.1.3 A response to the Stage 1 consultation was prepared and sent to the Department of Trade and Industry on 19th April, 2006. A copy of the response was sent to the Scottish Executive. (Background Paper 6)
- 4.1.4 On 10th July 2006 the Department of Trade and Industry issued Stage 2 of the Consultation and this comprised the Government's response to the Stage 1 consultation and the Draft Assisted Areas Map.

In summary the Government's response to the three specific questions posed in the consultation largely reflected the views expressed by East Ayrshire Council, the Alliance for Regional Aid, the Coalfields Communities Campaign and the West of Scotland European Consortium and were to be welcomed.

The Draft Assisted Areas map presented issues for East Ayrshire in that it proposed a further reduction in coverage particularly in the Coalfield area and also in the Stewarton/Dunlop area.

A briefing note on the proposals as they might affect East Ayrshire was prepared and circulated.

In preparing a response to this Stage 2 consultation officers of the Council attended regular meetings of the Coalfield Communities Campaign and West of Scotland European Consortium and in addition:-

- Wrote to the Scottish Executive on 13th July 2006 to express initial concerns regarding the proposed deletion of additional Wards in East Ayrshire in the Draft Assisted Areas map (Background Paper 7).
- Participated in the preparation of a corporate response by the Coalfields Communities Campaign Scottish Region.
- Attended a liaison meeting with the Informal All Party Group of Coalfield MSP's on 18th May, 2006 and participated in the discussions regarding the potential impact of the proposals on the Scottish Coalfield in general.
- Attended a lobbying event at the House of Commons organised by the Alliance for Regional Aid on 19th July, 2006.

- Attended an Information Session organised by the Scottish Executive in Glasgow on 26th July, 2006.
- Met officers of the Scottish Executive to highlight the issues as they related to East Ayrshire on 27th July, 2006.
- Liaised with the Member of Parliament for Ayr, Carrick and Cumnock regarding her lobbying the Minister, Margaret Hodge MP.
- Consulted informally with Professor Steve Fothergill who is the Co-ordinator of the Alliance for Regional Aid and also the Director of the Coalfields Communities Campaign regarding the development of an appropriate response to the Stage 2 consultation.

4.1.5 A response to the Stage 2 consultation was prepared and sent to the Department of Trade and Industry on 7th August, 2006. A copy of the response was sent to the Scottish Executive. (Background Paper 8).

4.2 Assisted Areas – Next Steps

4.2.1 After considering the responses to the Stage 2 consultation exercise the DTI will publish a final version of the Assisted Areas map, which will also be sent to the European Commission for approval. Once the Commission approves the map, the Government will implement a Statutory Instrument so it is operational by 1st January 2007. This will give organisations that use the provisions of the Assisted Areas map the time to re-notify their schemes to the European Commission.

5. RURAL DEVELOPMENT PROGRAMME FOR SCOTLAND

5.1 On 4th April 2006 Environment and Rural Affairs Division of Scottish Executive launched a consultation paper inviting views on the content of the Rural Development Programme for Scotland 2007-2013. This document is a requirement of the new EU regulations for the European Agricultural Fund for Rural Development and will establish the broad priorities for agricultural and forestry grants, land management programmes, wider rural development support and the LEADER programme. The consultation document also invited comments on the issue of Scottish Executive governance proposals for distributing the fund allocations.

5.2 In preparing a response to this consultation exercise, Officers of the Council worked closely with the Local Government Rural Network and West of Scotland European Consortium.

5.3 In addition to participating in the regular meetings of the Local Government Rural Network and West of Scotland European Consortium, officers of the Council attended the following:-

- A national meeting of the Local Government Rural Network held in London on 6th March 2006 to discuss the UK Rural Development Programme.

- A Rural Development Regulation stakeholder Event organised by the Scottish Executive in Edinburgh on 10th March 2006.
- A Rural Development Regulation consultation forum organised by the Scottish Executive and held in Ayr on 8th June 2006.

5.4 A response to the consultation was prepared and sent on 19th June 2006 (Background Paper 9)

5.5 Responses to the consultation have now been posted on the Scottish Executive website. A formal report on the consultation exercise is expected by summer 2006.

5.6 The final Rural Development Regulation is currently timetabled to be submitted to the European Commission by end October 2006.

5.7 The Scottish Executive invited a representative of the Community Planning Partnership to a meeting convened by SEERAD in Edinburgh on 7th July, 2006 to discuss the potential role of CPPs in delivery of the new Rural Development Regulation, and in particular the LEADER element of the programme.

5.8 A positive view of CPP involvement seems to be likely. Currently Ayrshire does not benefit from LEADER Funds and the Executive has confirmed that it would be desirable for all of Scotland to participate under the next programme if sufficient funds are available. The Executive has expressed the desire to discuss "Ayrshire" participation in due course.

6. COMMUNITY PLAN / POLICY IMPLICATIONS

6.1 The availability of Structural Funds, State Aids and Rural Development Regulation Funding to support projects in East Ayrshire is key to achieving many of the aims of the East Ayrshire Community Plan.

7. FINANCIAL IMPLICATIONS

7.1 There will continue to be expenses incurred as a result of member and officer participation in the associated lobbying exercises. These costs cannot be quantified at this stage, but are generally modest

8. LEGAL IMPLICATIONS

8.1 There are no Legal implications arising from this Report.

9. RECOMMENDATIONS

9.1 It is recommended that the Committee:-

- (i) Notes the current positions regarding the preparation of responses to the various consultations on the Draft National Strategic Reference Framework (Structural Funds) – EU Structural Funds Programme: 2007-2013, the Review of the Assisted Areas and the 2007-2013 Scotland Rural Development Programme.
- (ii) Agrees to homologate the responses prepared to date to the various consultation exercises as appended to this Report and approve the actions taken to date in preparing these responses.
- (iii) Authorise elected members and officers of the Council to participate fully in the continued lobbying of the Scottish Executive, UK Government and European Institutions through the organisations of which the Council is a member.
- (iv) Authorise the Executive Director of Development and Property Services to procure external advice, if required, in order to assist in the development of appropriate responses to the various consultation exercises and also of related lobbying strategies

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DAH/LA/PM - FV

21 September 2006

Background Papers

- 1 Letter to Scottish Executive on Structural Funds Programmes 2007-2013. 27th March 2006“
- 2 Response to DTI Inquiry on the Draft National Strategic Reference Framework. 22nd May 2006.
- 3 Letter to Rt. Hon. Margaret Hodge MBE. MP. 3rd July 2006
- 4 Response to Part 1 of the European and External Relations Committee Inquiry on the Draft National Strategic Reference Framework. 15th May 2006
- 5 Response to Part 2 of the European and External Relations Committee Inquiry on the future delivery of Structural funds in Scotland 2007-2013. 26th May 2006
- 6 Response to Stage 1 of the DTI Consultation on the Review of the Assisted Areas. 19th April 2006
- 7 Letter to Scottish Executive with initial comments on Stage 2 of the DTI Consultation on the Review of the Assisted Areas. 13th July 2006

- 8 Response to Stage 2 of the DTI Consultation on the Review of the Assisted Areas. 7th August 2006
- 9 Response to the Scottish Executive on the Consultation on the Rural Development Programme for Scotland 2007-2013. 19th June 2006
- 10 Draft National Strategic Reference Framework – EU Structural Funds Programmes: 2007-2013.” Department of Trade and Industry 28 February, 2006.
- 11 “Review of the Assisted Areas Stage 1 – Identifying Criteria”. Department of Trade and Industry – 15 February, 2006.
- 12 Rural Development Programme for Scotland 2007-2013 – Environment and Rural Affairs Department, Scottish Executive – 4th April 2006.
- 13 The Scottish Parliament – European and External Relations Committee – The UK Governance National Strategic Reference Framework and an Inquiry into the Scottish Executive’s plans for future Structural Funds Programmes 2007-2013 – Terms of Reference – 26 April, 2006.
- 14 “Review of the Assisted Areas Stage 2 – The Government’s Response and Draft Assisted Areas Map”. Department of Trade and Industry – 10th July 2006

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