

EAST AYRSHIRE COUNCIL

EMERGENCY POWERS COMMITTEE – 10 JANUARY 2002

COSLA – REVIEW OF EUROPEAN SERVICES

Report by Chief Executive and Director of Development Services

1 PURPOSE OF REPORT

- 1.1 To seek Committee approval for observations on a review of European services currently being carried out by COSLA.

2 BACKGROUND

- 2.1 As part of COSLA's overall review of its services carried out last year, it was agreed that a separate review should be carried out on European services. This was to review the role and future of services provided by COSLA in the context of other European policy and information services available to constituent local authorities. The remit of the review was:

With a view to securing improved efficiency and economy, a review of the work of individual councils, their involvement in regional consortia and COSLA on European matters, should be undertaken and reported on by the end of 2001.

- 2.2 A Member/Officer Task Group, chaired by Councillor Christine May, Leader of the Council, was established to carry out the review. It has produced a report which has been circulated to all Councils for comment. This report recommends observations for submission by East Ayrshire Council to COSLA.

3 CONTEXT

- 3.1 **Current European Policy and Information Services** - The principal functions of European policy and information services are to:

- Assist local authorities to follow developments in European policy and legislation affecting their services

- Assist authorities in bringing to bear political influence on the future shape of European policies and legislation
- Assist authorities in access European grants
- Assist authorities in forming partnerships with local authorities and other European organisations

3.2 European policies and information services have been successful in attracting European funding. Scottish authorities, working in conjunction with local authorities elsewhere in Europe, have helped to shape the way in which European grants are made available to support an increasingly wide range of social and economic development projects. Lobbying of European institutions has from time to time also been successful in tempering new policies –for example the successful recent campaign in which the SPT was engaged to resist compulsory tendering of the operations of public transport services.

3.3 Local authorities have access to a variety of policy and information services:

- COSLA provides a representation, policy research and information service. During last year this was cut back significantly. It now consists of a full-time representative located in Brussels within the Scotland Europa Office. There are now no full-time dedicated staff located in Edinburgh. The total cost of this service is £93,000.
- There are four regional "consortia" providing similar services for regional groupings of authorities within Scotland. These consortia provide supplementary support to individual Councils in accessing grant assistance and providing a higher level of technical information about emerging policy issues. Through elected members they add political weight to representations on emerging issues.
- Many Councils have "European Officers" with a remit to assist service departments in identifying opportunities for funding. In larger Councils specialist officers also provide advice on emerging policy issues.
- A number of other organisations with which local authorities are associated are also active in promoting local authority interests. The Coalfield Communities Campaign, of which East Ayrshire Council is a member, has been particularly effective.

REGIONAL EUROPEAN CONSORTIA

West of Scotland European Consortium (WOSSEC): This is a joint committee of all the former Strathclyde Regional local authorities. Each Council has one representative on the joint committee, although financial contributions are proportionate to population. It employs one full-time officer, located at the offices of the current host Council, Inverclyde. He has clerical support and access to a desk facility in Scotland House in Brussels. The total annual cost is £113,000.

East of Scotland European Consortium: This has a similar format, and offers a similar level of service to WOSSEC at a cost of £108,000 per annum. Its membership is formed from the former authorities of Lothian, Central Fife and Tayside Regions. The authorities in the north-east of Scotland are currently considering joining the consortium.

Highlands & Islands European Partnership: This is a partnership of local authorities and Highlands & Islands Enterprise, bound together with a funding agreement. There are no dedicated staff, but the partnership retains the services of consultants who operate a staffed unit within Scotland House in Brussels.

South of Scotland Alliance: A partnership of local authorities and the two local enterprise companies to be formally launched in the near future. The Alliance is intended to have a wider remit than European issues. It is not planned to employ any dedicated staff.

- 3.4 Accessing European Funds** - The principal sources of funding for local authority supported projects are the "Structural Funds" – in particular the European Regional Development Fund and the European Social Fund. Both of these funds are made available through multi-year programmes. In the case of the ERDF the programmes relate to regions – the West of Scotland is one such region. The regional programmes also provide access to regionally allocated components of the ESF. The rest of the ESF is managed on a national (Scottish) basis. All programmes are managed by a "partnership" committee made up of representatives (normally officers) of the wide range of organisations able to draw on the funding programmes, including local authorities. The highest level of management control are "monitoring committees", on which local authorities are represented by elected members. All these committees are chaired by the Scottish Executive, but management is now through independent management

organisations – the regional programme for the West of Scotland is managed by the "Strathclyde European Partnership" (a company limited by guarantee).

- 3.5** There is a wide range of smaller programmes which offer more limited funding opportunities for local authority projects. Examples include the Leader programme for rural areas and the Socrates programme which supports educational projects. Collectively these programmes are termed "community initiatives".
- 3.6** The consequence of these arrangements is that applications for funding are submitted and determined by programme management committees located, in the main, within Scotland. In the longer term, however, the shape of future programmes determines the scope of funding in relation to local authority activities. All programmes are revised on a periodic basis. The key regional programmes are due to be revised in 2006. The lead up process to such revisions takes place over a number of years, and reflects shifts in priorities across all EU member states and experience in obtaining good value for money (as viewed by the European Commission) through the management of earlier programmes. The Scottish Executive, working in conjunction with UK Government departments, plays a key role in these periodic negotiations. The European Commission officials responsible for advising on future funds gain practical information through participation in the fund monitoring committees. Influencing the shape of future funding requires working with the relevant European Commission officials, the Scottish Executive and UK Government departments.
- 3.7** The current framework for management of programme funds dates back to the 1980s. One of the most significant developments was the introduction of the "Strathclyde Integrated Development Operation" in the late 1980s. Over the last five years, however, the Commission has introduced a number of measures to focus funding much more tightly on areas of opportunity and on local areas requiring regeneration. This has been based on analysis of the needs and opportunities of smaller geographical areas within the broader regions. This new framework of priorities has been used by the Commission to target a reduced level of funding to Scottish regions, reflecting the growing prosperity of many parts of Scotland relative to industrial regions in other member states. It is likely that this approach will be strengthened in the next round of negotiations. A very different pattern will emerge, in which funding might be available for localised pockets of high unemployment (such as East Ayrshire) and the broader regional programmes for areas such as the West of Scotland may be abandoned.
- 3.8** **New Policies and Legislation** - It is estimated that EU policy and legislation underpins approximately 60% of Scottish legislation. Examples of local authority services which are directly affected by EU policy include: waste strategy, vehicle driver hours, maximum levels of financial support for business and property

developments, support for transport services, procurement regulations and consumer and trading standards.

3.9 EU policy and legislation is drawn up by the Council of Ministers (representing the individual member states) in conjunction with the European Parliament. Influencing policy and legislation requires working with: Scottish and UK Government departments, the European Commission and the European Parliament.

3.10 The Committee of the Regions - The principal formal arrangement through which local authorities are represented is the Committee of the Regions. COSLA currently nominates four members of this European Committee with four substitutes. This is due to be changed to four COSLA representatives together with four MSPs (as four members and substitutes). The Committee of the Regions is a large and cumbersome institution. It is required to be consulted, however, on a wide range of EU policy and legislation. Its formal opinions have to be given weight in the legislative process. Participation in the Committee by regions throughout Europe is at a senior political level. It provides an effective opportunity for networking and building partnerships with other regional representatives. The Scottish local authority representatives are supported by COSLA's officer in Brussels.

4 COSLA REVIEW GROUP PROPOSAL FOR A NEW "EUROPEAN ALLIANCE"

4.1 The Review Group suggests the establishment of a new Scottish Local Government European Alliance which would draw together COSLA with the Consortia. Its key features would be:

- A managing board made up of two representatives from each of the regional consortia and two representatives of COSLA
- A joint work plan
- Pooling of some or all of the resources available to the five member organisations
- An enhanced Brussels representative office (two posts)
- Two dedicated officers working for the Alliance based in Scotland

4.2 In inviting Member Councils to comment on the proposals Councillor McCabe has indicated that Councils might also wish to consider establishing a new single national organisation which would subsume current annual funded consortium activity and potentially result in some savings for Councils which currently operate regionally.

5 ASSESSMENT OF REVIEW GROUP PROPOSAL

- 5.1 Is there a continued role for collective European policy and information services?** The impact of European policy and legislation on the framework for the delivery of local government services is unlikely to diminish. Although funding has in recent years been diminishing, it is likely to continue to provide significant opportunities for resources to tackle economic and social regeneration. Maintaining high level contacts with the Scottish Executive and institutions in Brussels can only be achieved effectively through collective arrangements.
- 5.2 Will the proposed organisation have the capacity to place European issues at the centre of local government policy?** The reduction in the dedicated European Unit within COSLA has been associated with an explicit recognition that monitoring emerging European policy and legislation should be a "mainstream" of the new Executive Groups. General European issues would be taken up by the Executive Group with the remit for modern governance. These Executive Groups have direct representation at a senior level from all member authorities. It is also intended that they should develop links with key professional groups and other sector organisations. With an enhanced level of staffing the COSLA Brussels office will have the capacity to support the work of these Executive Groups on selected issues. The COSLA Review Group proposals would not appear to strengthen these activities directly, except to the extent that the number of officers working on European issues in Brussels and at national level would be increased.
- 5.3 Will the proposal have the capacity to increase the weight carried by local authorities in policy debates at national and European levels?** Effective lobbying requires clarity in representing the collective view of local authorities, and a high level of representations to the Scottish Executive and to European institutions. The establishment of a new Alliance as proposed by the Review Group would lead to confusion. It would be unclear whether the Alliance or COSLA represented the collective national view of local authorities. The Alliance will not have the weight that may be carried by senior COSLA representatives – it will be drawn indirectly from representatives on consortia. It will speak with lesser authority than COSLA.
- 5.4 What weighting should be given to collective activity at the regional and national levels?** The Review Group proposal would draw together regional groupings. It could, therefore, be expected to give a continued weight to regional issues. Most emerging policy and legislation issues are, however, national rather than regional. A number of European funding programmes are also managed nationally. The principal value of the current consortia is to provide a link to the regional fund management organisations. But these management organisations

will also relate to individual authorities. It is possible that this regional structure for European programmes might be abandoned in the next round of programme negotiations (see above). In practice the regional consortia officers have played a valuable role in assisting COSLA in monitoring and assessing new national policy and legislative changes. The regional dimension is limited. There is a new geographical and policy landscape emerging in which the old Objective 2 regions are being replaced by new geographical priorities based on rural and urban issues, and issues of industrial decline and development opportunities.

- 5.5 Will the proposed Alliance assist local authorities in accessing existing funding programmes?** The fund management committees all provide information on grant applications, and will offer to advise individual local authorities. The various management and advisory groups which administer these funds are drawn from representatives of individual organisations including local authorities. The consortia provide, however, a link to the elected representatives on the regional programme monitoring committees.
- 5.6 Will the proposed organisation provide value for money?** It is unclear how the proposed structure could be funded within the existing contributions made by member councils to COSLA and the consortia. The funding provided through the enterprise companies in the Highlands, and the southern local authority areas will not be available to the new organisation. The proposal is to establish more full-time policy officers than are currently employed by COSLA and the consortia combined. Some savings may be achieved by reducing overlap in administrative costs, for example the operation of multiple facilities in the Scotland Europa office in Brussels. The continued operation, however, of formal regional consortia would continue to absorb funds in maintaining their separate administrative arrangements. Elected members and officers involved in European affairs would also require to attend meetings at both regional and national level. Procedures would need to be established to negotiate common budgets and work programmes annually.
- 5.7 Will the proposed organisation engage all local authorities?** An advantage of establishing a national organisation separate from COSLA could be the engagement of the three councils which are no longer members of COSLA. The indirectly representative structure will, however, present difficulties. Some authorities are not members currently of any regional consortia. The representative structure proposed would also offer a disproportionate weight to the Highlands & Islands and the southern council areas – the major urban areas would be poorly represented in the proposed structure. It is unlikely that it will secure the confidence of the full range of Scottish local authorities.
- 5.8 Should a Brussels Office be maintained?** Effective representation on emerging European policies requires an understanding of policy developments before they become set in draft policy reports. It is also essential to operate in conjunction with other local authorities. The European Commission is not

generally willing to give weight to representations by individual authorities, or even individual regions. Effective lobbying depends on maintaining alliances and partnerships with local authorities in other regions of Europe. These activities require networking and informal contacts which can only be maintained through a direct representation in Brussels. COSLA's current representative has also advised strongly that operating as a single member of staff it is difficult in practice to maintain contacts with a broad range of organisations and on a wide range of issues.

6 ALTERNATIVE PROPOSAL

- 6.1** It is suggested that COSLA should be recommended to establish a unit operating at arms length from its core structure, with an identifiable budget and reporting to a steering committee set up outside COSLA's core management structures. The purpose of establishing a semi-independent organisation would be to provide a vehicle for continuing to engage the authorities which are not members of COSLA.
- 6.2** The new unit would replace the two formally established and separately resourced consortia (WOSEC and ESEC). It could, however, continue to service regional groupings of Council representatives. It could also maintain the officer information networks currently operated by the consortia and COSLA.
- 6.3** The principal function of the steering committee would be to control the budget and work programme of the unit. Representation of local authority interests would not necessarily be undertaken by the steering group members, but by senior representatives or COSLA or, as appropriate, non-member councils. Within COSLA general representative functions might be undertaken by the President or the Chair of Modern Governance Group.
- 6.4** If the principles were agreed by COSLA and supported by non-member councils the next step would require the drawing up of a more detailed proposal including a budget. The proposed organisation would, however, be significantly more streamlined than current arrangements. Preliminary calculations suggest that it could be operated within the aggregate cost of the existing consortia and the COSLA Brussels office, whilst maintaining an increased level of dedicated staffing in Brussels and in Scotland. Some financial savings may be made by authorities which currently contribute to both COSLA and a consortium.

7 LEGAL IMPLICATIONS

- 7.1** There are no legal implications relating directly to the recommendations of this report.

8 FINANCIAL IMPLICATIONS

- 8.1** The recommendation to COSLA to consider establishing a streamlined national European policy and information organisation could result in a reduction in the aggregate contribution made by the council to the West of Scotland European Consortium and COSLA for its European services.

9 RECOMMENDATION

- 9.1** It is recommended that the Committee endorse the suggested response to COSLA's consultation on the report of the European Review Group as set out in sections 5 and 6 above.

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08 January 2002
SC/JR

BACKGROUND PAPERS

- 1** European Review Group – full report.

For further information on the contents of this report contact Stephen Chorley, Director of Development Services on 01563 576011

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AGENDA