

Belfast City Council Preliminary Position Paper

Future EU Cohesion Policy and Structural Funds Post 2013

Introduction

Belfast City Council looks forward to the emerging debate and consultation at European National and Regional level with respect to future Cohesion/Regional policy in Europe and the associated Structural Funds programming period 2014-2020.

Background

In preparation for the current European Structural funds period 2007-2013, Belfast City Council through the Development Department developed a number of position papers as lobbying tools to try and influence and shape the development of the NI Programmes 2007-2013. At this time, Belfast City Council urged the lead department for NI, the Department of Finance and Personnel to have a strengthened, ring fenced urban dimension to the NI Strategic reference Framework and to devolve some responsibility for the management and delivery of European funds to local authorities.

Belfast City Council then and indeed now, wants to see a modern regional policy for the EU that focuses on reducing disparities between and within member states leading to increased prosperity.

While the final decision making around the EU future cohesion policy and EU budget is still a way off, Belfast City Council still sees this as an opportune time to present the council's early views with respect to the role of Belfast City Council and local government as a whole in the period post 2013.

In the period 2007-2010, Belfast City Council has levered £18,665,000 of European funding through the following programme streams;

- Local Economic Development strand ERDF £12 million
- ESF £300,000
- Peace III £6.3 million at 100%
- Interreg IVA £265,000

and levered a significant amount of funding from the other EU financial instruments and programmes.

The council through the leverage and additionality of EU Structural funds has made the following impact through applied funding, investment and partnership;

- Driven the urban regeneration agenda in the city and BMAP area
- Dramatically changed the physical landscape of the city with capital use of structural funds in flagship projects such as the Waterfront Hall and Gasworks site, to name but a few
- Taken the lead in arterial routes and neighbourhood regeneration
- Supported indigenous business growth and capacity building throughout the city

- Established the only dedicated EU resource in local authorities in NI
- Represents NI in the highly recognised Eurocities network and represents the region in high profile EU policy debates
- Established the first policy funding and project discussion platform, the Belfast in Europe Forum, which is represented by all main Government Departments and city stakeholders including NIHE, BAPs, PSNI and Belfast Trust
- Leads the regional BMAP partnership, known as Comet to establish the region as an outward and forward looking region
- Delivering a successful City Wide Peace and Reconciliation plan
- Engaged successfully with the private sector and universities
- Shown innovative leadership in the successful delivery of four LED action plans
- Leads the only UK and NI Fast Track Urbact project through the OpenCities economic migrants project
- Been recognised through the NI EU Barroso Task Force and the NI Assembly Inquiry and subsequent NI EU engagement strategy in Europe as a credible player in Europe
- Assisted Donegal and Derry councils in setting up EU local government offices
- Established ourselves as a key player in the NILGA European officers and EU political representative platform
- Established ourselves as credible and high profile players in the Eurocities network leading on economic migration and environmental and creative industries issues
- Established the Comet Interreg cross border partnership leveraging Interreg funding for the first time to the Belfast metropolitan area

While Local Authorities have limited powers and resources in NI, Belfast City Council has made a major impact in the city through working in partnership. We believe that the delayed Review of Public Administration can still offer us a role as key players on setting future agenda, budgets and regional policy for Northern Ireland.

Current Strategic Context

As the future Cohesion Policy and EU budget reform debate unfolds it is important to consider the following developments at European level;

Some facts worth reminding:

- **75% of Europe's population lives in cities:** Europe's cohesion depends on cities' capacity to manage social inclusion and promote integration.
- **Cities account for 85% of the EU's GDP:** Europe's competitiveness in the world, depends on the leading edge of industries, the knowledge base and the proper functioning of our cities.
- **Cities account for 80% of energy use:** Europe won't reach its climate targets without proactive measures by and with city governments to manage down their urban carbon footprint.
- **An average 50% of EU citizens trust local government before other levels:** According to a 2009 Eurobarometer survey, people trust their local representatives

who they know best and are closest to. These democratic representatives know what the people of their constituency think and want.

The critical role of cities as economic drivers for their regions, and the functional interdependence of cities with their surrounding areas, mean that regional prosperity depends on thriving, dynamic and successful cities.

Cities drive innovation: there are the laboratories of social, economic and technological development where solutions to answer global challenges are developed and implemented.

1. EU 2020

This overarching European strategic framework replaces the Lisbon Strategy as Europe's new ten year economic plan.

It has three priorities for Europe;

- Smart Growth
- Green Growth
- Inclusive Growth

Five headline targets have been set as follows;

- 75% of EU population should have a job between the age of 20-64
- 3% of the EU GDP should be invested in R&D
- Energy and climate change objectives 20/20/20 should be reached
- The share of young people dropping out of school should be less than 4%. At least 40% of young people should have a higher or post school degree
- People threatened by poverty should decrease by 25%. Poverty should be defined as 60% of the median income

It is important to note that by December 2010, all 27 member state governments will have set their national annual targets to ensure that the European Union reaches the EU 2020 targets. This will then be translated to regional targets (NI through the Programme for Government). BCC should in turn set and monitor its own related targets.

Unlike with the Lisbon Strategy 2000-2010, national governments will be held accountable annually to show how they are meeting the targets. In the case of UK/NI/Belfast, it is imperative that these targets are known, recognised and achieved.

In order to achieve those targets 7 new Flagship Initiatives have been created at Eu level, which may be summarised as follows;

"Innovation Union"- to improve framework conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into products and services that create growth and jobs.

"Youth on the Move"- to enhance the performance of education systems and to facilitate the entry of young people to the labour market.

“A digital agenda for Europe”- to speed up the roll out of high speed internet and reap the benefits of a digital single market for households and firms.

“Resource Efficient Europe”- to help decouple economic growth from the use of resources/support the shift towards a low carbon economy, increase the use of renewable energy sources, modernise our transport sector and promote energy efficiency.

“An industrial policy for the globalisation era”- to improve the business environment, notably for SMEs and to support the development of a strong and sustainable industrial base able to compete globally.

“An agenda for new skills and jobs”- to modernise labour markets and empower people by developing their skills throughout the lifecycle with a view to increase labour participation and better match labour supply and demand, including through labour mobility.

“European platform against poverty”- to ensure social and territorial cohesion such that the benefit of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society

To date it is unclear if the European Commission will allocate actual EU funding to underpin these seven flagships, but what is key, is that all future activity at EU and National level must relate back to them and the related targets. As a preliminary glance at the implications for the EU2020 strategy, Belfast City Council has begun to outline what the city would need to address/achieve in order to reach the high level EU2020. These are set out in Appendix III.

Exact detail on NI/UK targets will become clear at the end of 2010 when each member state will produce its National Reform Programme outlining what needs to be achieved at UK level. We will need to identify subsequently what needs to be done at an NI and BCC level.

Members should note that already within the EU Unit, EU officers are taking ownership of each of the Flagships and therefore following related policy and looking to identify and raise awareness of emerging funding opportunities around these. These officers will liaise closely with other relevant Council officers, including the core policy officers and thematic co-ordinators within council.

2. EU Budget Reform

Every three years the EU Commission reviews its financial rules. The main objective of the review is to simplify the financial rules and procedures applicable to the EU budget – mainly to inform the post 2013 financial framework and funding programmes. This is currently underway and there has been a strong lobby to cut red tape; improve effectiveness and efficiency control and introduce new innovative financial mechanisms such as those supported by the EU Investment Bank – Elena, Jeremie, Jessica in the form of loan cycles. Members should note that BCC’s EU Unit lobbied strongly in 2006

to encourage NI government departments to use ERDF funding to create these loan funds to support small businesses in NI (via Jeremie) urban regeneration (via Jessica) and renewable energy (via Elena). The unit is currently seeking a high level meeting with DFP civil servants and the Minister for Finance, to persuade the department to urgently re-direct unspent ERDF funding in NI to put in place a pilot Jessica fund for Belfast. Details of this will be presented to members and Committee approval sought in due course.

3. Development of the future Cohesion Policy

The EU Regional Development Policy aims to reduce the significant economic, environment and social disparities that exist between Europe's regions through a range of structural funds. Future cohesion Policy (post 2013) will be a key tool for the new EU 2020 policy context. It currently covers all EU regions and through structural funds underpins the policy, it provides added value to national and regional priorities, supporting and financing projects that would not receive domestic funding (additionality).

Cohesion Policy provides a stable 7 year funding programme currently throughout Europe. It allows space for innovation, supporting higher risk projects and allows capacity to lever in additional public sector and private sector match funding.

Currently, Cohesion/Regional Policy is structured across regions as follows;

Objective I	-	Convergence	-	New Member States
Objective II	-	Competitiveness	-	UK – ERDF/ESF
Objective III	-	Territorial Cooperation	-	Interreg IV Espon Urbact II

With respect to the future shape of the Cohesion Policy, this will not be known until the 5th Report on Cohesion Policy is agreed at the EU Cohesion Forum to be held with Heads of State in Brussels, in February 2011. This will provide an analysis of the impact of current Cohesion Policy and the current EU Structural Funds programme 2007-2013, and make recommendations for future cohesion policy priorities and structural funds post 2013.

Although little detail on Commission or Member State thoughts have been articulated at this stage and lobby positions have been circulating in recent months, some concerns for BCC would include the following;

- That regional cohesion policy will be renationalised and limited to the poorest regions in Europe
- Increased pressure on EU structural funds with reduce net contributions from Member States
- That Objective Two will disappear and therefore lead to a downgrading of regions and loss of place based approaches

- That macro regions will be introduced harming the Territorial Cooperation Programme
- That thematic programmes will be introduced relating to the EU2020 framework with a new concentration on Non Mainstream EU funds

BCC has already engaged in the early thinking and positioning of the Eurocities network on behalf of cities and would concur with their lobby on the following;

- Cohesion policies is an important tool to deliver EU 2020
- **All** EU regions and cities should benefit from cohesion policy and structural funds
- New financial instruments such as Jessica, Jeremie and Elena should be utilised in all Member States
- The three current objectives of cohesion policy should remain
- Disparities at all levels should be addressed and the role of cities recognised and enhanced
- Local and regional authorities particularly cities as regional drivers should be consulted early and engaged early in the design, implementation and management of structural funds.
- Develop possibilities to combine ESF and ERDF in a project context

Current Position November 2010

In September 2010 a draft 5th cohesion report was leaked from the European Commission. To the comfort of cities across Europe, the leaked document highlighted the following considerations and recommendations;

- i) Undoubtedly without Cohesion Policy regional disparities would be greater.
- ii) Focusing on key priorities (based on evaluations to date) especially in more developed regions, would be more effective.
- iii) Cohesion policy (during these times of budget constraints) should become more selective.
- iv) Future SF programmes should target only a few priorities closely linked to the EU 2020 strategy to deliver a real impact.
- v) There should be a stronger emphasis on incentives and conditions rewarding regions and countries that have performed well and reached agreed EU objectives.
- vi) Proposed ways to streamline and simplify the delivery mechanisms to reduce the administrative burden for beneficiaries of EU programme.
- vii) Territorial cohesion can provide new perspectives to cohesion policy.
- viii) There should be efforts made to support development in the poorest regions in line with the EU commitment to solidarity.
- ix) Consideration should also be given to social inclusion or environmental degradation in urban areas, to economic restructuring and shifting to a more innovative and knowledge based economy.
- x) Multi annual frameworks with annual EU 2020 targets will come into play for member states.

- xi) Proposal to create a new intermediate category of regions to soften the transition between the 'less' and 'more' developed EU categories of regions.
- xii) The 3 dimensions of territorial co-operation will remain
 - Cross border Interreg V
 - Transnational Urbact III
 - Inter-regional Espon IIie. a continued objective 3!
- xiii) Proposal to underscore the importance of functional geographies, of the problems of territories with geographical features, of the role of the city and the role of local development approaches.
- xiv) Proposal to strengthen the role of potential macro regional strategies eg. Baltic Sea, Danube, Irish Sea Region?
- xv) Increased relevance for the role of social partners at national level and the involvement of civil society
- xvi) Recognition that urban problems deserve a particular response and direct involvement of the level of governments directly concerned – accordingly the commission proposes that financial resources are clearly identified to address urban issues and urban authorities be given a stronger responsibility in designing and implementing urban development strategies. The urban programmes, the resources and the cities concerned should be clearly identified in the programming document.
- xvii) The commission also intends to reinforce the role of local development approaches whether for supporting active inclusion, fighting poverty, fostering social innovation, developing innovation strategies or designing initiatives for the regeneration of deprived areas.
- xviii) Related to this the commission is considering whether a minimum amount of resources should be ring fenced for such actions.

Conclusion

All of the considerations and recommendations contained within the leaked 5th cohesion report should ring as welcome news to BCC and its stakeholder organisations.

At a recent policy and funding information seminar organised by BCC in the NI Executive Office in Brussels (5th October), a senior representative from the European Commission's Regional Policy Office stated that there may be some changes to the leaked document. However she did stress the importance that the EU Commission is putting on:

- A regional policy for all
- An enhanced and real role for cities and local authorities in the design, implementation and management of future structural funds and
- The fact that national governments will be held accountable to prove the involvement of local authorities and also to ensure there is a strong urban dimension underpinning cohesion/regional policy.

What Next?

BCC needs to further develop its position on future cohesion policy and structural funds and with the involvement of Chief Officers and Members. This position should then be communicated to key decision makers including;

- NI Members of the European Parliament
- NI and UK Members of the Committee of Regions
- NI Assembly Executive and key Committees (DFP, DETI, DEL, OFMDFM)
- European Commission
 - o President
 - o DG Regio (ERDF)
 - o DG Employment (ESF)
- NI Executive Office in Brussels
- Continued alignment to Eurocities position and lobbying papers
- Local Government Association

Council needs to articulate a strong message of what the city regional needs are and how these link up to EU 2020 targets, as well as back to our Corporate Plan, City Masterplan, CityInvestment Framework, City Regeneration plan and our key strategies and evidence based work, and also to demonstrate good use and impact of European funding in current and past EU programming funds.