



<b>Report to:</b>	Development Committee
<b>Subject:</b>	Lobby with respect to EU Structural Funds for NI Post 2013
<b>Date:</b>	22 November 2011
<b>Reporting Officer:</b>	John McGrillen, Director of Development, ext 3470
<b>Contact Officers:</b>	Laura Leonard, European Manager, ext 3577

1	Relevant Background Information
1.1	<p>Members will be aware, that since the early 1990s, Northern Ireland as a European region has benefited from over 1 billion Euros in European Mainstream Structural funds, as well as significant funding from the many EU wide funding programmes accessed directly through the EU Commission. European funding operates in 6 year cycles, and currently, Northern Ireland benefits from the following programmes within the current cycle 2007-2013.</p> <ul style="list-style-type: none"> <li>- European Regional Development Fund (ERDF) distributed via Department of Enterprise Trade and Industry ( DETI)</li> <li>- European Social Fund (ESF) distributed via Department for Employment and Learning (DEL)</li> <li>- INTERREG IVA distributed via Special EU Programme Body (SEUPB)</li> <li>- Peace III distributed via SEUPB</li> <li>- Rural Development Programme (RDP) distributed via Department of Agriculture and Rural Development (DARD)</li> </ul>
1.2	<p>Members will recall a report to the Development Committee on 10 November 2010, seeking approval for the European unit to be proactive in trying to influence the shape of Structural Funds post 2013. To this end, the unit has engaged actively with Eurocities to contribute to a city government position with regards to how future funding will be prioritised and distributed, and the role local authorities should play with respect to this.</p>
1.3	<p>Belfast City Council contributed to the Eurocities response and provided a direct Council input to the UK government response, with respect to the EU Commission's Consultation regarding the 5<sup>th</sup> Cohesion Report in November 2010. This report assessed the state of play with regard to regional policy and</p>

	economies across Europe, and looked to future trends and needs to reduce economic and social disparities and increase prosperity across the Union. These responses may be accessed from the EU Unit but in summary they urged the UK and Northern Ireland governments to have a strengthened ring fenced urban dimension to future Structural Funds programmes, and to devolve some responsibility for the design and delivery of European funds to local authorities.
1.4	At this time, Belfast City Council through the EU Unit, with Members approval, began to informally communicate early views (based on an urban policy dimension) to Northern Ireland government departments, Northern Ireland Assembly officials, MEPs and indeed directly with Commissioner Hahn, the EU Commissioner responsible for future Cohesion Policy and Structural Funds.

<b>2</b>	<b>Key Issues</b>
2.1	As a region of Europe, we are now at an important stage in the calendar for the emerging EU Budget and priorities for the period 2014-2020. The following significant progress has been made in the last few months.
2.2	<p><u>29 June 2011 – 376 billion Euro allocated to EU Budget 2014-2020</u>  Publication of the European Commission's proposal for a Multi-Annual Financial Framework (MFF) for Cohesion Policy.</p> <ul style="list-style-type: none"> <li>- €162.6 billion for Convergence Regions (N/A)</li> <li>- €38.9 billion for Transition Regions (N/A)</li> <li>- €53.1 billion for Competitiveness Regions (Northern Ireland)</li> <li>- €11.7 billion for Territorial Cooperation (INTERREG)</li> <li>- €68.7 billion for Cohesion Fund (N/A)</li> <li>- €40 billion for Connecting Europe Facility</li> </ul>
2.3	Note: The European Social Fund must represent at least 52% of Operational Programmes per Member State.
2.4	<p>In summary the MFF confirms that</p> <ul style="list-style-type: none"> <li>- Cohesion Policy and Structural Funds are for all regions of the EU (based on GDP rate)</li> <li>- Clear alignment to EU 2020 objectives and targets</li> <li>- 4% reduction in the overall Structural Funds budget for Europe</li> <li>- Focus clearly on the poorest regions</li> <li>- Includes a stronger urban dimension with dedicated resources (at least 5%) and specific governance arrangements to include local players including Councils).</li> <li>- 31% increase in Territorial Cooperation i.e. INTERREG, Urbact and Peace type activity.</li> <li>- Focus on EU priorities linked to Europe's 2020 strategy (new 10 year Strategy for Europe) but in particular on <ul style="list-style-type: none"> <li>(i) energy efficiency and renewable energies</li> <li>(ii) innovation and competitiveness in SMEs</li> <li>(iii) employment, education and poverty alleviation.</li> </ul> </li> <li>- Creation of a more transparent Partnership Contract Agreement with Member States and the Commission.</li> <li>- Conditionality and results based programmes and performance bonuses</li> </ul>

	<p>for Member States.</p> <ul style="list-style-type: none"> <li>- A new Connecting Europe Facility (€40 billion) for pre determined large scale ICT, transport and energy projects across Europe. As part of the core network corridors for transport the rail connection improvement from Belfast to Dublin has been identified for ongoing finance until 2018.</li> <li>- Each Member State must allocate 20% of ERDF funding to competitiveness and employment, 60% of ERDF funding on SMEs, research and innovation and 20% to poverty and social inclusion.</li> </ul>
2.5	<p><u>5 October 2011</u></p> <p>Publication of the new EU Regulations relating to the EU Budget 2014-2020, which set out the general legal provisions governing the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Agricultural, Fishers and Maritime Fund, and the Cohesion Fund (not applicable to Northern Ireland).</p>
2.6	<p>The key aspects of the new regulations may be summarised as follows;</p> <ul style="list-style-type: none"> <li>- Structural funds for all regions</li> <li>- A new Common Strategic Framework i.e. a common set of rules governing the EU funds outlined above.</li> <li>- Partnership Contracts agreed between the EU Commission and Member States setting out Member States' commitments to concrete actions to deliver EU 2020 objectives.</li> <li>- Member State programmes will be based around a menu of EU thematic objectives which are in line with the EU 2020 Strategy, namely investments in: <ul style="list-style-type: none"> <li>- Research and innovation</li> <li>- Information and Communication technologies (ICT)</li> <li>- Competitiveness of SMEs</li> <li>- Shift towards a low-carbon economy</li> <li>- Climate change adoption and risk prevention and management</li> <li>- Environmental protection and resource efficiency</li> <li>- Sustainable transport and removing bottlenecks in key network infrastructures</li> <li>- Employment and supporting labour mobility</li> <li>- Social inclusion and combating poverty</li> <li>- Education, skills and lifelong learning</li> <li>- Institutional capacity building and efficient public administration</li> </ul> </li> <li>- At least 80% of ERDF to be allocated at National (Member State) level to <ul style="list-style-type: none"> <li>(i) energy efficiency and renewables</li> <li>(ii) improvement of the competitiveness of Small and Medium Sized Enterprises</li> <li>(iii) innovation</li> </ul> </li> <li>- ESF fully aligned to EU targets on employment, education and poverty reduction.</li> <li>- Minimum of 20% of ESF allocation to be invested in combating social exclusion and poverty.</li> <li>- Member States allowed to combine ERDF and ESF in match fund programmes to better suit their growth plans (PFG) to allow for a bigger impact on the ground.</li> <li>- Strong incentives will be offered for rewarding performance and delivery in Member States.</li> <li>- Reinforced territorial cooperation dimension across regions (cross border,</li> </ul>

	<p>inter regional and transnational).</p> <ul style="list-style-type: none"> <li>- A clear focus on territorial cohesion i.e. sustainable urban development plans with at least 5% of ERDF resources in Member State plans allocated for “integrated actions”, at a local level.</li> <li>- A new community led development approach working on the Leader, Rural Development Programme LAG model to deliver on special local actions.</li> <li>- In addition the Commission will launch extra calls for innovative actions in urban areas and make ESF human capital investment in cities easier.</li> </ul>
2.7	<p><u>NI and Belfast City Council Context</u></p> <p>NI will continue to receive EU Structural Fund support through one of the 3 defined categories – that of well developed regions, whose GDP per capita is above 90% of the average with a 50% co financing rate for NI.</p>
2.8	<p>NI government can ensure a minimum of 5% of future Structural Funds are spent on sustainable urban development issues through designed Joint Action Plans for flexible geographical areas – A Belfast or COMET Plan for targeted local area investment?</p>
2.9	<p>NI government can opt to introduce community led local intervention plans developed and delivered by partnerships of social partners, local authorities and Non Government Organisations (NGOS).</p>
2.10	<p>NI will continue to benefit from INTERREG cross border, transnational and inter-regional funding but needs to lobby for a specifically agreed Peace IV programme.</p>
2.11	<p>NI must design future Structural Funds plans that reflect relevant priorities of the 11 thematic priorities in the new regulations and align closely to EU 2020 targets. NI can opt for multi fund programmes combining ERDF and ESF and focus on ‘Integrated territorial investments’ based on urban or the territorial strategies.</p>
2.12	<p>Belfast City Council and its stakeholders can be involved at the design through to implementation stages of the future funds including sub-delegation of fund management if the will is there at central government level.</p>
2.13	<p><u>Way Forward</u></p> <p>On 27 October 2011, the Chief Executive of Belfast City Council along with the Director of Finance, the Director of Development and the EU Manager met with the Head of EU Programmes for the DFP alongside senior representatives from Derry City Council. The purpose of the meeting was to explore the likely shape and delivery of Structural Funds in NI Post 2013 and the role that Belfast and Derry City Council would have as the 2 urban centres and regional drivers of the NI region.</p>
2.14	<p>DFP colleagues confirmed at the meeting that they are working their way through the detail of the newly published regulations and will provide detailed feedback to the UK government (Department of Business, Innovation and Skills) who will engage in high level negotiations with the EU Commission, Parliament and the other Member States.</p>
2.15	<p>This process will flow late into 2012, as all the regulations must be examined and discussed at every level.</p>

2.16	<p>DFP also confirmed that there is a still a real lack of clarity on how community led development models and Joint Action Plans will be developed and delivered. DFP welcomed the early lobbying from both Belfast and Derry City Councils and requested that both Councils provided feedback on the regulations. They agreed to consult regularly with both Councils through BCC's EU Unit and to engage as early as possible once they begin to draft the future EU Structural Funds Operational Programmes for NI.</p>
2.17	<p>They confirmed the following timeline for the beginning of the next programming fund:</p> <p><u>EU Level</u></p> <ul style="list-style-type: none"> <li>- End 2011 Draft legislative proposals to be launched i.e. CAP Reform, Connecting Europe Facility and Horizon 2020 (successor to FP7)</li> <li>- Dec 2011- Publication and consultation on the EU Commission's draft Common Strategic Framework</li> <li>- 2011-2012 Member States and EU Parliament and Council to discuss and amend the MFF and legislative package and Member States begin to draft Partnership Contracts</li> <li>- 2013 Development of each Member State's Operational Programmes</li> <li>- 2014 Entry into force and adoption of 27 Programmes 2014-2020</li> </ul>
2.18	<p><u>NI Level</u></p> <p>With this timetable in mind, Members are asked to consider and agree a lobbying plan for BCC to undertake with respect to ensuring that there is a strong urban dimension of the future programmes and that BCC will have a role in defining an Integrated Territorial Investment Plan for Belfast and its functional urban area. (COMET).</p>
2.19	<p>The following timeline is proposed:</p> <ul style="list-style-type: none"> <li>- Paper to agree lobby plan to Derry City Council and Belfast Committees – November 2011</li> <li>- Hold a facilitated workshop early 2012 with key stakeholders including NI government departments, the Port, Belfast Metropolitan College and others to define the Belfast priorities post 2013, building on the forthcoming Belfast Masterplan, Skills and Employability Strategy and the Integrated Economic Development Strategy and Urban Policy Framework</li> <li>- Engage during this process with the 5 COMET Councils to ensure the priorities of the functional urban area are defined</li> <li>- During the period December 2011 – March 2012, lobby: <ul style="list-style-type: none"> <li>(i) MPs and UK Representational Office in Brussels</li> <li>(ii) OFMDFM, DETI, DEL, DSD, DFP</li> <li>(iii) NI Assembly Committees</li> <li>(iv) Junior Ministers</li> <li>(v) DCLG, BIS and UK Minister for Cities</li> <li>(vi) NILGA to ensure urban lobby is part of their overall lobby work with Committee of the Regions</li> <li>(vii) MEPs, COR and ECOSOC Members</li> <li>(viii) Ongoing participation in Eurocities and UK Eurocities common lobby.</li> </ul> </li> </ul>

<b>3</b>	<b>Resource Implications</b>
3.1	Staff implications within European Unit to develop and lead the lobby.
3.2	€28,000 to engage an external Consultant to facilitate a Stakeholder Workshop and define common priorities for a Belfast integrated EU Plan.

<b>4</b>	<b>Equality and Good Relations Considerations</b>
4.1	There are no Equality and Good Relations considerations attached to this report.

<b>5</b>	<b>Recommendations</b>
5.1	Members note the content of the report and agree to a lobby action plan led by the EU Unit and Chair and Deputy Chair of Development.
5.2	That Members agree to the use of a Consultant to facilitate a stakeholder's workshop and process to define priorities for Belfast and the functional urban area aligned to the regulations, themes and possibilities for the Belfast Metropolitan Area.

<b>6</b>	<b>Decision Tracking</b>
There is no decision tracking attached to this report.	

<b>7</b>	<b>Key to Abbreviations</b>
<p>COMET - Councils of the Metropolitan Area  BIS – Department for Business Innovation and Skills  COR – Committee Of the Regions  ECOSOC – The Economic and Social Council  DARD – Department of Agriculture and Rural Development  DCLG – Department for Communities and Local Government  DEL – Department for Employment and Learning  DETI – Department of Enterprise Trade and Industry  DSD – Department for Social Development  DFP – Department of Finance and Personnel  ERDF – European Regional Development Fund  ESF – European Social Fund  FP7 – Seventh Framework Programme  GDP – Gross Domestic Product  ICT – Information and Communication Technologies  INTERREG/ INTERREG IVA – European Funded Cross Border Programme  MFF – Multi-Annual Financial Framework  NGOS – Non Government Organisations  NILGA – Northern Ireland Local Government Association  RDP – Rural Development Programme  SEUPB – Special EU Programme Body  SMEs – Small Medium Enterprises</p>	

