



**Report to:** Development Committee

**Subject:** **Revised Management Structure for EU Funds 2014 - 2020**

**Date:** 20 March 2012

**Reporting Officer:** John McGrillen, Director of Development, ext 3470

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<b>1</b>	<b>Relevant Background Information</b>
1.1	<p>In the current (2007-2013) funding round, Northern Ireland will receive approximately €1.1billion of support through the EU Structural Funds under EU Cohesion Policy. Northern Ireland is currently benefiting from five EU Programmes:</p> <ul style="list-style-type: none"><li>- European Sustainable Competitiveness Programme</li><li>- European Social Fund Programme</li><li>- Peace III Programme</li><li>- Rural Development Programme</li><li>- Cross Border Territorial Co-operation Programme (Interreg IVA)</li></ul>
1.2	<p>The current round of programmes was designed in 2004 at a time when regional and community economic needs were very different and the implementation of these programmes has been problematic with justifiable criticism from Local Government (and others) regarding the role in and management of the Structural Funds by intermediate funding bodies.</p>
1.3	<p>Whilst increased administrative and management can be partly attributed to increased involvement from the European Commission and the European Court of Auditors as the programmes progress, regional and local interpretation of EU regulations plays a large role in contributing to the administrative burden often to the detriment of efficiency and targeted results.</p>
1.4	<p>The EU has started its preparations for the next funding period 2014-2020 and stakeholders across Europe are seeking to influence the shape of funding in the new Programming round.</p>
1.5	<p>NILGA, in conjunction with relevant stakeholder bodies, are proposing the development of revised management and governance structures for the new round of EU Structural Funds for the period 2014 - 2020 with an enhanced role</p>

	for Local Authorities in identifying needs and setting priorities and utilising the funds to respond to local needs.
1.6	In order to start this process, NILGA convened a workshop involving elected members, Officers and Officials from DFP to identify problems with the current programmes and to propose alternative arrangements for the new programming round.
1.7	At the workshop DFP Officials provided a useful overview of the new EU legislative package and regulations which provide greater scope for involvement at the local level in the design and delivery of EU funding. DFP welcomed experiences and input of the Local Government representatives and encouraged NILGA to put forward a position paper on the experiences of Local Government under the current programming round as well as recommendations for improvements to the administrative and management arrangements for the 2014 - 2020 programming period.
1.8	NILGA has subsequently issued a questionnaire to capture the range of Local Government experiences under the current programme to enable the preparation of a comprehensive position paper for submission to DFP and other relevant departments and stakeholder bodies. Officers will develop a response to this questionnaire and provide an update to Committee in due course.

<b>2</b>	<b>Key Issues</b>
2.1	<p>With the adoption of the draft legislative package which will frame the new Programmes over the period 2014 - 2020, the European Commission have proposed a number of important changes to the way Cohesion Policy is designed and implemented, namely:</p> <ul style="list-style-type: none"> <li>- Concentrating on Europe 2020 Strategy's priorities of smart, sustainable and inclusive growth;</li> <li>- Supporting integrated programming;</li> <li>- Focusing on results;</li> <li>- Reinforcing territorial cohesion – ensuring balanced distribution of economic and social resources; and</li> <li>- Simplifying delivery.</li> </ul>
2.2	<p>These emerging EU Regulations which will govern the Regional Policy and Structural Funds 2014 - 2020 contain a number of important implications for Belfast and for Northern Ireland as a whole. Key aspects of these are:</p> <ul style="list-style-type: none"> <li>- Northern Ireland will have the status of a “more developed region”, thus ensuring that there will be less budget allocated to the local Structural Fund Programmes;</li> <li>- The Operational Programme which is developed at a regional level must be aligned to the European 2020 strategy and to a set of thematic objectives with investment actions for each theme;</li> <li>- Member states will have an overall Common Strategic Framework and a Partnership Contract with the European Commission combining all funds (ERDF, ESF, RDP, Peace &amp; Interreg) with the option for multi fund programmes;</li> <li>- Provision is made for multi level governance involving Local Authorities and</li> </ul>

	<p>other stakeholders from design through to implementation and evaluation stage of the Operational Programme;</p> <ul style="list-style-type: none"> <li>- The European Commission has proposed that 'local action groups' will have the responsibility for the design and implementation of local development strategies. Individual Member States will have responsibility for defining the respective roles of the local action groups and the authorities responsible for the implementation of the relevant programmes;</li> <li>- There will be greater use of alternative financial instruments such as JEREMIE (funding for small and medium-sized enterprises (SMEs) by means of equity, loans or guarantees) AND JESSICA (supports sustainable urban development and regeneration through financial engineering mechanisms); and</li> <li>- At least 52% of the budget will be allocated to ESF activity to tackle poverty, education and joblessness.</li> </ul> <p>2.3 NILGA have recommended that the proposed revisions to the management and delivery arrangements for the new Programmes must reflect the need for subsidiarity and the devolution of control and decision making to Local Authorities.</p> <p>2.4 Their proposal is to develop a local government strand to the EU Operational Programme from 2014 - 2020. This will ensure that the parts of the new NI EU Programmes, which have a local sub-regional or sectoral character could be largely realised by Local Government. In essence, Northern Ireland Local Government would manage its own EU Funds resulting in an autonomous Local Government section of EU Programmes for delivery by Councils over the period 2014 - 2020.</p> <p>2.5 The Operational Programme would align investment through the new programmes to address local need where it will have the greatest impact and remove economic and administrative barriers which are currently stifling the implementation of the current round of programmes and have the potential of affecting optimum drawdown of the current allocation for Northern Ireland.</p> <p>2.6 NILGA suggest that one of the fundamental improvements in the proposed new arrangements will be the achievement of operational efficiencies through the restructuring of the number of the existing sub-regional funding clusters and their associated administrative structures such as the Peace III Clusters, cross border networks and Rural Development Clusters. These savings and the potential reduction in technical assistance can be redirected through to local projects. It is considered that Councils, through the recently revived RPA process and the ongoing Improvement, Collaboration &amp; Efficiency (ICE) agenda can establish collaborative partnerships in order to address mutual needs.</p> <p>2.7 In addition to this ongoing lobbying work undertaken by NILGA, Belfast City and Derry City Councils have agreed to jointly develop and promote an urban lobby to maximise resources and promote streamlined delivery of EU funding for the period 2014 - 2020. A lobby action plan has been agreed and a case developed for an enhanced role for both regional drivers in the design and delivery of structural funds over the 2014 - 2020 period. The EU unit will continue to engage with DFP and to monitor developments as they emerge.</p> <p>2.8 The development of the draft proposal now enables practical consultation with the sector, to develop a workable improvement to the present system, and one which creates tangible benefits for Councils in its design and implementation.</p>
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2.9	The target for the Commission is to secure agreement on the budget and the adoption of the new legislative package by the end of 2012.
2.10	The deadline for return of completed questionnaires to NILGA is Tuesday 13 <sup>th</sup> March and following this, NILGA will prepare a comprehensive report detailing the findings of the surveys and outlining a proposed action plan going forward. Further to this NILGA are proposing to convene a workshop in May 2012 to update Members and Officers on progress made under the lobbying campaign.

<b>3</b>	<b>Equality and Good Relations Considerations</b>
3.1	There are no Equality and Good Relations Considerations attached to this report.

<b>4</b>	<b>Recommendations</b>
4.1	Members are asked to; <ol style="list-style-type: none"> <li>1. Note the lobby activity being undertaken by both the Council's EU Unit and NILGA and</li> <li>2. Endorse the proposal for a Local Government managed strand to the EU Operational Programme 2014-2020.</li> </ol>

<b>5</b>	<b>Decision Tracking</b>
5.1	A further update will be provided in June 2012 following the Members and officers workshop in May.  Timeframe: June 2012                                      Reporting Officer: Shirley McCay

<b>6</b>	<b>Key to Abbreviations</b>
	EU – European Union ERDF – European Regional Development Fund ESF – European Social Fund RDP – Rural Development Programme JEREMIE – Joint European Resources for Micro to Medium Enterprises JESSICA – Joint European Support for Sustainable Investment in City Areas DFP – Department of Finance and Personnel BCC – Belfast City Council Comet – Councils of the Metropolitan area namely: Belfast, Lisburn, Castlereagh, Carrickfergus, Newtownabbey and North Down. ICE –Improvement, Collaboration and Efficiency RPA – Review of Public Administration