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Dear Colleague,

European Regional Development Fund and European Social Fund: UK allocations 2014 to 2020

I am writing to you to set out my decision as to how the €10.8billion UK budget from the European Regional Development Fund (ERDF) and the European Social Fund (ESF), (jointly referred to as the “EU Structural Funds”) will be allocated.

On 7 February 2013, the High Court quashed two Government decisions announced in 2013 – the first decision allocated EU Structural Funds to the four countries of the United Kingdom and the second allocated the Funds to Local Enterprise Partnerships (LEPs) within England. The decisions were quashed on the sole ground that the Public Sector Equality Duty (PSED) had not been met as part of the decision-making process. On that basis, I have been required to take a fresh decision on the allocation of funds having due regard to the PSED.

My department has now undertaken a comprehensive Equality Impact Assessment covering the potential impact of the proposed funding decision on areas of the United Kingdom, and in England in particular. It shows that my original decisions do not have any material adverse impacts on groups with protected characteristics with the exception of a small positive statistical bias in favour of disabled groups in wealthier regions.

Having fully considered the potential implications of my Public Sector Equality Duty, I am satisfied that my original allocations of EU Structural Funds are still appropriate, as is the methodology on which such allocations relied. On that basis I am taking the decision to confirm those allocations of EU Structural Funds, subject to some minor adjustments explained below.

I am also taking the opportunity to revise the allocations slightly to reflect the fact that the European Commission has now confirmed the overall UK allocation at a figure which is slightly lower than previously indicated. There is also a slight adjustment to the allocations of the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) and Sheffield City Region LEPs to reflect the fact that the Derbyshire Dales district straddles these two LEPs, whereas the original decision included this area wholly within the D2N2 LEP.

Accordingly, the methodology used to determine the allocations is unchanged from my original announcements in 2013, and is as follows:

- England and the Devolved Administrations will see an equal (5.4%) real terms cut in funding compared to 2007-13.
- 3% of the budget for Transition and More Developed regions will be transferred to the Less Developed regions in proportion to their allocations.
- All Scottish regions will receive the equal 5.4% real terms cut in funding as per Scotland as a whole.
- English Transition regions will see an equal 14% real terms rise in funding compared to 2013.
- English More developed regions will see an equal 1% real terms rise in funding compared to 2013.
- Funding for Gibraltar will be frozen in real terms.

The allocations of EU Structural Funds to England and the Devolved Administrations are set out in Annex A, with allocations to Local Enterprise Partnerships set out in Annex B. When determining the allocation to LEPs, the England allocation has been reduced by €424.5million (current prices) to fund the National Offender Management Service and to fund the administration of the programme via Technical Assistance. The remaining €6,512.7million (current prices) has been allocated to LEPs. Note that the entire UK budget has been allocated and no money is being held in reserve. Yearly allocations will rise by 2% per annum in cash terms.

I have taken this decision on the basis that it will be subject to agreement by the European Commission. These allocations together with the Government's proposals for the overarching strategy, priorities and delivery arrangements for the European Structural and Investment Funds in the UK in 2014-2020 are set out in the "UK Partnership Agreement" document. I will be formally submitting the UK Partnership Agreement document to the European Commission today. The Government will then discuss and agree the document with the Commission over the coming months.

I am placing a copy of this letter in the libraries of the House and copying it to Lord Young of Norwood Green and to the chairs of each of the Local Enterprise Partnerships. Michael Fallon is writing in similar terms to the Devolved Administrations.

A handwritten signature in blue ink, appearing to read 'Vince Cable', with a long horizontal stroke extending to the right.

VINCE CABLE

Secretary of State for Business, Innovation and Skills

Annex A – EU Structural Funds allocations to England and the Devolved Administrations

€m¹	2014-20
England	6,937.2
Scotland	894.6
Of which:	
Highlands& Islands	193.0
Rest Of Scotland	701.6
Wales	2,412.5
Of which:	
West Wales & the Valleys	2,005.9
East Wales	406.6
Northern Ireland	513.4
Gibraltar	10.5

¹ All figures are in current prices which represents the actual cash value of the allocation

Annex B: LEP allocations for ERDF and ESF 2014 to 2020

LEP	Allocation €m
Black Country	176.6
Buckinghamshire Thames Valley	13.8
Cheshire and Warrington	141.6
Coast to Capital	67.0
Cornwall and the Isles of Scilly	590.4
Coventry and Warwickshire	135.5
Cumbria	91.0
Derby, Derbyshire, Nottingham and Nottinghamshire	244.0
Dorset	47.1
Enterprise M3	45.5
Gloucestershire	38.1
Greater Birmingham and Solihull	254.8
Greater Cambridge & Greater Peterborough	75.2
Greater Lincolnshire	133.0
Greater Manchester	413.8
Heart of the South West	117.8
Hertfordshire	69.2
Humber	102.0
Lancashire	265.2
Leeds City Region	389.5
Leicester and Leicestershire	125.7
Liverpool City Region	220.9
London	745.4
New Anglia	94.1
North Eastern	537.4
Northamptonshire	54.8
Oxfordshire LEP	19.3
Sheffield City Region	207.2
Solent	42.9
South East	185.1
South East Midlands	87.9
Stoke-on-Trent and Staffordshire	160.9
Swindon and Wiltshire	43.4
Tees Valley	201.7
Thames Valley Berkshire	28.5
The Marches	113.3
West of England	68.3
Worcestershire	67.8
York and North Yorkshire	97.1