



Department for
Communities and
Local Government

Lord (Tariq) Ahmad of Wimbledon
Minister for Communities and Local Government
European Programmes

**Department for Communities and Local
Government**

4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

www.gov.uk/dclg

**European Growth programme
colleagues (LEPs and other partners)**

February 2015

Dear Colleagues,

EUROPEAN STRUCTURAL AND INVESTMENT FUNDS 2014-20: GOVERNANCE

As we move towards the launch of the England 2014-20 European Structural and Investment Funds Growth Programme, I am writing to update you on the governance of the programme and progress on negotiations with the European Commission.

Throughout the development of the European Regional Development Fund (ERDF) and European Social Fund (ESF) programmes, we have wanted a significant level of local engagement in delivery arrangements. As part of this we have sought to give LEPs and partners a direct role in decision-making on projects. However, the European Commission has advised that this approach is non-compliant. Under the European Structural and Investment Fund Regulations; the Managing Authority must make decisions on individual projects, unless this function is delegated to an intermediate body.

The Greater London Authority will have full intermediate body status and will manage and take decisions on all aspects of those programmes in London; we will also establish limited intermediate bodies in the eight Core Cities and will delegate decisions in relation to Sustainable Urban Development on projects to the value of 10% of the area's ERDF allocation in line with EU regulations.

Continuing discussion on this creates the risk of an impasse with the Commission that would prevent agreement on the Operational Programmes and the release of funds for jobs and growth in your local area, which is the key priority.

We therefore propose to proceed with a model in which LEPs and partners have a key advisory role while decisions will remain with the Managing Authorities. As you know, each of the Operational Programmes has been drafted reflecting local priorities identified by LEPs and other local partners and we will continue to take into account how eligible projects support local development needs. This will ensure that local needs are embedded into the programmes and the funding decisions that follow.

We feel it is crucial to allow the programmes to start as soon as possible. However, we believe that LEPs and local partners have a large role to play in this process. The Government will review the position in the next 12 months and use that time to work with the LEPs to develop proposals for greater local responsibility.

Provided we press on, we should be on track to reach in-principle agreement with the European Commission on the European Regional Development Fund and European Social Fund Operational Programmes by the end of February, enabling us to launch calls for project applications in March. Launching calls in March, will mean that for ERDF we will be ready to sign funding agreements as soon as programmes have been formally adopted by the Commission, which we expect to happen in June.

The European Agricultural Fund for Rural Development should be formally adopted this month, and Defra is identifying with local partners which areas would be ready to have calls issued then. For the European Social Fund, the Managing Authority (DWP) can enter into funding agreements before formal adoption of the Operational Programme.

Qualifying ERDF projects funded under the 2007-2013 programmes will continue to deliver during 2015 and we are working with local partners to build in continuity between the two programmes and ensure there is no break between funding streams.

I will continue to update you over the coming weeks to ensure you are kept informed of progress. However, if you wish to speak to officials or with me directly regarding any particular concerns please do not hesitate to get in touch.

LORD (TARIQ) AHMAD OF WIMBLEDON

CC:

Greg Clark, Minister of State for Universities and Science (BIS)

Esther McVey, Minister of State for Employment (DWP)

George Eustice, Minister for Farming, Food and Marine Environment (DEFRA)