

I am writing in response to your e-mail of 8 July 2010 requesting information about the European Regional Development Fund (ERDF) press notice of 7 July 2010. Your request was received by Communities and Local Government on 8 July 2010.

Your request has been considered under the Freedom of Information Act 2000. I confirm that Communities and Local Government holds the information that you have requested and that I am able to provide you with the following information.

In your email, you have referred to a Daily Mail article published 8 July 2010, which reported that Britain has been fined for failure to display the EU flag on some projects part-funded by the EC. The article does not make reference to one specific case but there are a number of ways projects may have resulted in the need for a financial correction, such as:

- failure to display a plaque with the European Flag in a prominent position or to place the ERDF logo on documents;
- failure to follow the correct procurement procedures as laid down by the Department;
- failure to retain detailed staff timesheets (where salaries were part paid by grants) for 9 years after the project ended;
- claiming for items/services purchased before/after the period allowed;
- projects mislaying documents and not being able to present these when audited; and
- making claims for grants which have to be disqualified because they have been placed under the wrong heading for accounting purposes.

I can confirm that the information you seek regarding the nature of the financial corrections is available in the Department's Resource Accounts for 2009-10, published on 7 July 2010, which you can find at the following web link <http://www.communities.gov.uk/documents/corporate/pdf/1636736.pdf>. Pages 16 to 20 of the Department's Resource Accounts for 2009-10 will be of interest to you.

The information you seek regarding the EC's financial corrections relating to the display of the EU flag and plaque for those projects in receipt of EU funding can be found at the end of this letter at **annex A**.

Communities and Local Government as an organisation aims to be as helpful as possible in the way it deals with requests for information under the Freedom of Information Act 2000. If, however, you are not satisfied with the way in which your request has been handled or the outcome, you may request an internal review within two calendar months of the date of this letter. Information about the Department's review procedures and how to apply for an internal review of your case is contained on the Department's website at <http://www.communities.gov.uk/documents/corporate/pdf/1384250.pdf>. This

also explains your right to apply directly to the Information Commissioner for a decision in the event that you remain dissatisfied following the Department's review.

Generally, the ICO cannot make a decision unless you have exhausted this Department's Internal Review procedure. The Information Commissioner's address and contact details are set out in the above leaflet.

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If you have any queries about this letter, please contact me. Please remember to quote the reference number above in any future communications.

Yours sincerely

## Annex A - Breaches of the ERDF 2000- 06 programme European Commission Publicity Regulations

Organisation	Advantage West Midlands
Project title	Marketing the Region
Project Value	£3,736,855
ERDF grant	£1,683,280
Irregularity	£201,801
Details	This project was to fund publicity material to promote the West Midlands to tourists and inward investors. In approx 2003 the then marketing consultants for AWM took the decision not to use the EU logo on the material in order to avoid having confused brand image. They were unaware of the requirements of ERDF on publicity. This continued for a couple of years until it was identified. At that point AWM voluntarily withdrew this ERDF expenditure and repaid it, because they could not retrospectively put the logo on the material that had been funded.

Organisation	Birmingham Chamber of Commerce
Project title	PROF-IT
Project Value	£2,847,080
ERDF grant	£729,900
Irregularity	£77,609
Details	Corporate event run by the former Business Link Birmingham and Solihull, which was part funded by ERDF. Corporate branding used for the event rather than any acknowledgement of the ERDF contribution. Therefore flat rate penalty of 10% imposed on the costs of the event.

Organisation	Peterborough YMCA
Project title	YMCA Red Triangle: Project offered young people in Peterborough to benefit from a number of community initiatives including sports, positive parenting and volunteering.
Project Value	£340,709.18
ERDF grant	£170,354.59
Irregularity	£1,325.00
Details	Failure to display ERDF logo and include on publicity material. The amount of ineligible ERDF was written off by and the cost borne by Peterborough CC.

Organisation	North Tyneside Council
Project title	Refurbishment of Whitley Bay Playhouse: Re-development of the Whitley Bay Playhouse -part of a multi million pound regeneration programme
Project Value	£3,561,621
ERDF grant	£626,489
Irregularity	£59,530
Details	As a result of an Article 10 audit inspection it was found that there were a number of failings in the management of this project, of which the lack of publicity was one. As these failings contravened the terms of the ERDF letter an irregularity was raised and the council is required to repay £59,530 – of this amount £16,450 is due to failing to meet the EC publicity requirements. The total irregularity has now been repaid in full.

Organisation	One North East
Project title	International Trade and Support Services: to provide a comprehensive range of assistance to NE businesses wishing to export.
Project Value	£1,485,909
ERDF grant	£594,364
Irregularity	£28,497
Details	As a result of an Article 10 audit inspection it was found that there were a number of failings in the management of this project, of which the lack of publicity was one. As these failings contravened the terms of the ERDF letter an irregularity was raised and the RDA required to repay £28,497. This has been repaid.