



Department
for Business
Innovation & Skills

EUROPEAN GROUPINGS OF
TERRITORIAL COOPERATION
(EGTC)

Guidance

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Withdrawn

This publication was withdrawn on 1 January 2021.

This is a guide only and should be read together with the relevant legislation.

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Introduction

This document explains what a European Grouping of Territorial Cooperation (EGTC) is, how to seek approval to become a member of an EGTC and what steps need to be taken for a UK EGTC to acquire legal personality.

The booklet is intended as an introductory guide only. If you are considering forming or becoming a member of an EGTC, please refer to the legislation governing EGTCs, or seek specialist legal advice.

Law governing EGTCs

There are three sources of legislation governing an EGTC and its participants.

At EU level, EGTC's are governed by Regulation (EC) No 1082/2006¹, which has now been amended by Regulation (EU) No 1302/2013². This is "directly applicable" legislation which means it forms part of UK law.

Domestic legislation has been introduced to ensure the effective application of the EU Regulation. This is achieved by the European Grouping of Territorial Cooperation Regulations 2015³. The UK Regulations apply to prospective members of an EGTC who are formed under UK law, and to EGTCs whose registered office/ official address is located in the UK.

About EGTCs

What is an EGTC?

An EGTC is a legal entity that can be formed to facilitate and promote cross-border territorial cooperation, with the aim of strengthening Union economic, social and territorial cohesion.⁴

Its members must be located on the territory of at least two Member States⁵. The registered office of the EGTC must be located in the country of one of the members⁶ and it

¹ <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32006R1082>

² <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1302>

³ <http://www.legislation.gov.uk/ukxi/2015/1493/contents/made>

⁴ See Article 1(1)(a)(2) of the EU Regulation No. 1302/2013

⁵ See Article 1(3)(b)(2) of the EU Regulation No. 1302/2013

⁶ See Article 1(1)(b)(5) of the EU Regulation No. 1302/2013

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is the laws of that Member State (i.e. the State where the registered office is) under which the EGTC operates and with which the EGTC must comply⁷.

EGTCs can include a non-EU Member State. In these instances, the third country must neighbour at least one Member State or its Overseas Country or Territories (OCTs) or both the third country and the OCT or Member State must be eligible under a joint EU cooperation programme.⁸

Who can participate in an EGTC?

Membership of an EGTC is open to the following:

- Member States
- regional authorities
- local authorities
- bodies governed by public law
- bodies taking forward a public undertaking
- bodies taking forward undertakings covering operations of services of general economic interest.⁹

and associations consisting of bodies belonging to one or more of these categories.¹⁰

The definitions of bodies governed by public law; bodies taking forward a public undertaking; and bodies taking forward undertakings covering operations of services of general economic interest are signposted in the EU Regulations.

Membership of an EGTC is available to the broadest range of bodies that the EC Regulation allows. This does not mean that all these bodies can automatically become a member of an EGTC.

What can an EGTC do?

The purpose of an EGTC is to facilitate and promote cross-border territorial cooperation, with the aim of strengthening Union economic, social and territorial cohesion. By providing an EGTC with legal personality, the legislation allows an EGTC to, acquire or dispose of movable and immovable property, employ staff and enter into contracts acting on behalf of its members.¹¹

The objective and tasks of an EGTC will be governed by the EU Regulations and set out in its Convention. In the case of matters not or partially regulated under the EU Regulation, the national law of the Member State where the EGTC has its registered office will apply.¹²

⁷ See Article 2(4)(c) of the EC Regulation No. 1802/2006

⁸ See Article 1(4) of the EU Regulation No. 1302/2013

⁹ See Article 1(3)(a) of the EU Regulation No. 1302/2013

¹⁰ See Article 3(1) of the EC Regulation No. 1802/2006

¹¹ See Article 1(4) of the EC Regulation No. 1802/2006

¹² See Article 1(2)(a) of the EU Regulation No. 1302/2013

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Each task has to be within the legal competence of every EGTC member unless the Member State or third country approves the participation of a member established under its national law, even where that member is not competent for all the tasks specified in the convention.¹³

How is an EGTC funded?

An EGTC will be funded by its members. For an EGTC with a registered office in the UK BIS Secretary of State will designate the competent authority for control of the management of any public funds involved.¹⁴

The assembly of an EGTC may determine the tariffs, fees and other conditions of use of an item of infrastructure or a service of economic general interest provided by the EGTC.¹⁵

An EGTC shall be liable for all its debts.

How to get your participation in an EGTC approved

Agreeing the draft convention and statutes

The prospective members of an EGTC must, in the first instance, determine together the objective and the scope of the EGTC, and agree the draft convention and statutes. The detail of what needs to be covered in the convention¹⁶ and the statutes¹⁷ are set out in the EU Regulations.

Seeking approval to participate in an EGTC

Prospective UK participants in an EGTC should notify the BIS Secretary of State (the “competent authority”) at the following address:

EUD Directorate, Spur 1,
Department of Business, Innovation and Skills,

1 Victoria Street,
London.
SW1H 0ET

Notifications should include a copy of the EGTC’s proposed convention and Statutes. The BIS Secretary of State has 6 months in which to decline the request to participate. If

¹³ See Article 1(9)(a)(2) of the EU Regulation No. 1302/2013

¹⁴ See Article 6(1) of the EC Regulation No. 1802/2006.

¹⁵ See Article 1(9)(b) of the EU Regulation No. 1302/2013.

¹⁶ See Article 1(10) of the EU Regulation No. 1302/2013.

¹⁷ See Article 1(11) of the EU Regulation No. 1302/2013.

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additional information is required from the prospective participant then the BIS Secretary of State will write to request it. If this happens the 6 month period will be considered on hold. Time will begin to run again once the prospective participant has provided the information requested unless they do so within 10 working days.

The Secretary of State for Business, Innovation and Skills will acknowledge receipt of the notification. Without an acknowledgement from the Secretary of State the six period within which the decision making process must be completed will not be considered to have begun.

Approval for participation in an EGTC will be considered on a case by case basis using the following consistently applied objective criteria:

1. The body's participation should be consistent with UK national law and the EC Regulation.
2. Participation should be in the public interest.
3. Participation should be in line with UK public policy
4. The objective and tasks of the EGTC, as stated in its convention, should facilitate cross border cooperation with the exclusive aim of strengthening economic, social and territorial cohesion.
5. The Convention and Statutes of the EGTC should contain, clearly, all the information required by the EC Regulation.¹⁸

Any decision will be made thorough consultation with the relevant Devolved Administration, when the organisation under consideration is based in their territory, and other interested parties, for example the sponsor Department. Any refusal to approve participation will be explained in writing.

Seeking approval to form an EGTC registered in the UK

Where an EGTC is to be registered in the UK, prospective members of the EGTC will need to comply with the same approval process as for participation in an EGTC and also satisfy the following additions:

- A UK EGTC can only be approved when the BIS Secretary of State has provided his approval in writing¹⁹;
- In the case of an EGTC with prospective members from one or more third countries the Member State the Secretary of State, in consultation with the other Member States concerned, will need to be satisfied that that each third country has approved the prospective members' participation in line with the EU Regulations.²⁰

In addition, it should be noted that an EGTC with a registered office in the UK may not be formed with a member that carries only limited liability.

¹⁸ See Article 1(5)(a) of the EU Regulation No. 1302/2013

¹⁹ See Article 1(5)(a) of the EU Regulation No 1302/2013

²⁰ See Article 1(5)(b) of the EU Regulation No 1302/2013

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Will a fee be charged for seeking approval?

BIS will not charge a fee for this approval process.

Seeking changes to the Convention of the EGTC

The BIS Secretary of State needs to be informed in writing if there are changes to the Convention of an EGTC in which a UK body is participating.

The process for giving approval will be the same as set out above and will be dependent on whether the EGTC is registered in the UK or not.

Additional Information for an EGTC Registered in the UK

From when does a UK EGTC have legal personality?

A UK EGTC is accorded legal personality as a body corporate on the date its statutes are published in the Gazette²¹.

If the EGTC's official address is to be in England or Wales it must be published in:

The London Gazette
PO Box 7923
London
SE1 5ZH

If it's official address is to be in Scotland it must be published in:

The Edinburgh Gazette
71 Lothian Road
Edinburgh
EH3 9AW

If it's official address is to be in Northern Ireland it must be published in:

The Belfast Gazette
16 Arthur Street
Belfast
BT1 4GD

The EGTC must ensure that within ten working days of the registration or publication of the convention and the statutes, a request is sent to the Committee of the Regions, (CoR) which will publish the establishment of the EGTC in section C of the OJEU.

²¹ See Article 4 of the UK Regulation SI 1493/2015

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Except where otherwise provided for in the EU Regulations, Union law on jurisdiction shall apply to disputes involving an EGTC. In any case which is not provided for in such Union law, the competent courts for the resolution of disputes shall be those of the Member State where the EGTC has its registered office.

Will a fee be charged for publishing in the Gazette?

Yes, there is a fee publishing notices in the Gazette.

For further details on fees and publishing see <http://beta.gazettes-online.co.uk/>

Can the official address be transferred from one Member State to another?

Yes. To change the official address either in the UK or to another Member State would require a change to the EGTC's convention and as such would require each member to have the change authorised by the relevant competent authority in their respective Member States. For UK members of an EGTC this will be the Secretary of State.

How is an EGTC structured?

An EGTC is required by law to have an assembly, made up of representatives of its members, and a director, who represents the EGTC and acts on its behalf²².

Additional organs may be provided by the statutes²³. These can be used to assist in the execution of the EGTC's tasks.

What is the role of the members?

The members decide how the EGTC will operate by establishing a convention and statute which address these issues. The convention and statute have to be agreed unanimously by the members.

The members of the EGTC are required to convene collectively as an assembly²⁴ and this assembly is required to adopt the annual budget.²⁵ The assembly of an EGTC whose registered office is located in the UK will also be responsible for appointing an auditor and making accounts available on request.²⁶

²² See Article 10(1) of the EC Regulation No. 1802/2006.

²³ See Article 10(2) of the EC Regulation No. 1802/2006.

²⁴ See Article 10(1)(a) of the EC Regulation No. 1802/2006

²⁵ See Article 11(1) of the EC Regulation No. 1802/2006.

²⁶ See Article 6 of the UK Regulation SI 1493/2015

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Any other roles for the members or assembly should be established in the convention and statutes.

What is the role of the director?

The role of the director²⁷ is defined by the members through the convention and statutes. The director of an EGTC whose registered office is located in the UK, in addition to the assembly, will be responsible for appointing an auditor and making accounts available on request.

What are the accounting requirements?

The preparation of its accounts including the accompanying annual report, and the auditing and publication of those accounts, shall be governed by the national law of the Member State where the EGTC has its registered office.

An EGTC whose registered office is located in the UK is generally subject to the provisions of Part 15 (accounts and reports) of the Companies Act 2006 (“the 2006 Act”) as if it were a small company within the meaning of the 2006 Act.²⁸

In particular although an EGTC whose registered office is located in the UK will not need to deliver accounts and reports to the registrar of companies, it will need to:

- (a) make its latest accounts available for inspection at its registered office by any person, without charge and during business hours; and
- (b) supply a copy of those accounts to any person on request at a price not exceeding the administrative cost of making and supplying the copy.²⁹

Is an EGTC subject to audit?

Yes, as stated above, an EGTC whose registered office is located in the UK is subject to the appropriate sections of Part 15 (accounts and reports) of the Companies Act 2006.

The requirements as to the appointment of an auditor are set out in regulation 6(4) and (5) of the UK regulations. An EGTC whose registered office is located in the UK will need to appoint an appropriate auditor in accordance with the decision-making procedures contained in the statutes of that EGTC.

²⁷ See Article 10(1)(b) of the EC Regulation No. 1802/2006

²⁸ See Regulation 6(1) of the UK Regulation SI 1493/2015

²⁹ See Regulation 6(3) of the UK Regulation SI 1493/2015

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Can an EGTC be wound-up?

Yes, but the rules will depend on the location of the registered office of that EGTC. If an EGTC whose registered office is located in the UK becomes insolvent it may be wound up as if it were an unregistered company³⁰.

Can an EGTC be dissolved?

Yes, the members can dissolve the EGTC themselves. Conditions for this will be set out in the convention.³¹

In addition, any competent authority with a legitimate interest can apply for an EGTC to be wound up.³² The UK Regulation sets out the relevant Courts for winding up a UK EGTC.³³

Further information

Further information on EGTCs can be accessed directly on the GOV.UK website at, or by contacting BIS by phone on 020 7215 2686 or by writing to us at the address below:

EUD Directorate
Department of Business, Innovation and Skills
Spur 1
1 Victoria Street
London
SW1H 0ET

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³⁰ See Article 8 of the UK Regulations.

³¹ See Article 8(2)(c) of the EC Regulation No. 1802/2006.

³² See Article 14 of the EC Regulation.

³³ See Article 6 of the UK Regulations.



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Department for Business, Innovation and Skills
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London SW1H 0ET
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Email: enquiries@bis.gsi.gov.uk

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