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Sir Bob Kerslake
Permanent Secretary
Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU

22 March 2011

Dear Sir Bob

European Funding Programmes and Local Authority Match Funding

I write to you as Deputy Chairman of South East England Councils (SEEC). SEEC promotes the views and interests of all tiers of local government across the South East, who together represent more than eight million residents. SEEC is a voluntary body, funded by member council subscriptions, and carries a unique mandate as the single democratic voice of the South East.

I am chairing a task and finish group looking at how we can ensure SEEC members make the most of opportunities available under the current European funding opportunities, as well as influencing future European funding from 2014 onwards.

At our most recent meeting colleagues shared concerns that the Government may be viewing local government match funding as 'high risk' when assessing European Regional Development Fund bids, which could lead to bids being rejected.

If true, we do not believe this is a justifiable approach. We recognise local government is not the only source of match funding. However where, despite current budgetary pressures, it *is* available to support ERDF bids, this should be encouraged as a way of leveraging in further resources. Discouraging or disadvantaging local authorities from doing so, particularly at this time, is not helpful.

I would be grateful for your response on this matter, with the necessary reassurances that I can pass on to SEEC colleagues that local authority match funding is, or will be, assessed in a fair and transparent way.

Yours sincerely

Cllr Gordon Keymer, CBE
Deputy Chairman, South East England Councils

I am writing as Chairman of South East England Councils (SEEC). SEEC promotes the views and interests of all tiers of local government across the South East, who together represent more than eight million residents. SEEC is a voluntary body, funded by member council subscriptions, and carries a unique mandate as the single democratic voice of the South East.

SEEC supports the need to tackle economic challenges and seize economic opportunities across the country but believes decisions on resource allocations should be taken in a transparent and fair way.

I have previously expressed concerns about Sir Ian Wrigglesworth's remarks on the Regional Growth Fund (RGF), in which he seemed to prematurely judge that bids from South East England would struggle to make a case for funding.

Evidence submitted in SEEC's response to the RGF consultation last year shows the clear need for fair South East access to the RGF to support growth in our many underperforming areas and to maintain global competitiveness in other areas. As you know from the recent experience with Pfizer there are significant economic

challenges facing parts of the South East. I also recently sent you and other ministers a briefing we produced on the significant levels of deprivation that affect communities across parts of South East England, with 500,000 people living in deprived areas.

We therefore hope for positive news in South East England when the results of RGF Round 1 are announced. However in looking to the forthcoming Round 2, I am concerned to address limitations in the four data sets that I understand are being used to help assess bids - firstly, that they are too narrow to enable full understanding of different local economic situations and needs; and secondly, that looking at percentage figures alone will fail to capture the absolute scale of issues.

Whilst recognising the need to limit yourselves to a manageable range of indicators, SEEC strongly recommends that you include the following additions or adjustments, shown under the four broad headings of the existing data sets. These will ensure those assessing bids have a fuller picture of the real needs facing local economies and communities:

1. Unemployment

The absolute number of people unemployed using the Labour Force Survey measure should also be included. This will provide a fuller picture of the scale of unemployment than the claimant count alone.

2. Public sector employee job share & 3. Private sector employee job growth

Absolute numbers and change over time should also be included to provide a clearer understanding of the issues.

4. Business activity

Job density should be included as well as the number of enterprises, as an area can have lots of businesses but still few job opportunities.

In addition to these, we also ask that you also include a measure of productivity. We appreciate GVA data is not available below counties and unitaries. It would however be possible to use workplace-based average earning data, relative to national average, as a proxy given that earnings can be broadly correlated with productivity.

Whilst I am writing, I have recently been hearing about your plans to establish 'BIS Local'. My fellow SEEC members and I are keen to understand how this will work, what its focus will be, and how it will engage with local government and the new Local Enterprise Partnerships to tackle the critical issues and opportunities facing the economy and communities.

I look forward to hearing from you on these important issues.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Carter', with a horizontal line underneath the name.

Paul Carter
Chairman, South East England Councils