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Sir Bob Kerlake
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10 January 2011

Dear Sir Bob

Thank you for your letter of 22 December 2010, giving South East England Councils (SEEC) the opportunity to comment on proposals for new ERDF programme management arrangements, following the Government's welcome decision to abolish the Regional Development Agencies.

As strong supporters of localism, we are pleased to see that Ministers' intention is to give local people and communities more involvement in ERDF spending decisions. We feel that SEEC members, as elected local representatives, are well placed to provide a route to facilitate this interface between local projects and the regional scope of ERDF as key members of the new Local Management Committees.

In terms of central administration, legal and financial compliance, however, we do not feel at present that our member local authorities are in a position to take over these functions. Individual councils have neither the staffing nor resources to take responsibility for this workload and potential financial liabilities arising from any breach of regulations. We welcome CLG's plan to take on these responsibilities but still retain some capacity for local expertise.

Continued access to ERDF – and other EU funding – is important to South East local authorities both to support growth in our many underperforming places (500,000 people in deprived areas) and to maintain global competitiveness in other areas. With some changes, we believe the new management of ERDF could offer the basis for an effective partnership between local and central government on accessing EU funds. Key areas where we would like to see changes or clarifications to the current proposals include:

- We support the principle of joint working between sectors but need to ensure that a focus on Local Enterprise Partnerships (LEP) does not exclude those areas and councils in the South East that are not currently part of a LEP.
- We have significant concerns about too close an alignment between ERDF and RGF for a number of reasons:
 - Our members feel this could narrow the scope of bids and reduce the incentive for bidders to consider alternative forms of match funding.
 - Ministerial statements have already led SEEC members to fear a bias against the South East in bidding for much-needed RGF funding. We sincerely hope there will be no such bias, but closely linking ERDF and RGF would perpetuate concerns by South East councils that we will not be given fair access to funding.
 - There is also potential that existing high growth areas – and their potential to both create extra jobs and pull weaker areas out of recession – could be squeezed out of the ERDF process by linking it too closely with RGF.
- We welcome the principle of Local Management Committees (LMC) but would welcome more detail on issues such as:
 - How CLG aims to strengthen the contribution of local authorities.
 - Composition of LMCs to ensure they are able to maintain oversight of strategic issues as well as more local concerns.
 - Clarity on how CLG wants to balance local authority geographic coverage with ERDF programme geographic coverage.
- We are unclear on the future of Project Selection Committees that currently sit below Project Management Committees. The current separation in the South East between officer-led project recommendations and councillor-led management by PMCs helps ensure effective, objective monitoring and scrutiny of performance. SEEC members, as democratically elected local councillors, are especially well placed to provide this scrutiny and accountability role on behalf of partners and communities.
- We question whether a CLG civil servant is the most appropriate chair for the new LMCs. While recognising the need for CLG to keep oversight of compliance, we feel this does not have to be managed from the chairman's position. We believe the LMC chairman should be an elected politician, working closely with a deputy chairman from the business sector but ensuring that the CLG representative has a clearly documented governance role.
- Finally, we would like to discuss how CLG and SEEC members can work together to influence the EU on the future priorities for ERDF and other EU funding sources for the period beyond 2013.

SEEC represents a powerful section of the UK economy, but one that also has its own economic regeneration problems. Our members are therefore keen to be involved with the future planning and administration of the ERDF programme.

Yours sincerely



Cllr Paul Carter
Chairman, South East England Councils