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Rt Hon Vince Cable MP  
Secretary of State for Business, Innovation & Skills  
Department for Business, Innovation & Skills  
1 Victoria Street  
London  
SW1H 0ET

29 June 2011

Dear Mr Cable,

I write to you as Deputy Chairman of South East England Councils and Chairman of our member task-group on European funding issues. 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 has been discussing how local government can help ensure maximum benefit is achieved with the European Funding opportunities available in South East England. We were very interested to hear from Sue Baxter, Deputy Director in your department, at our all-member meeting in March about the UK Government's negotiations on the next round of Structural Fund 2013-20.

Although the South East receives a relatively small allocation of Structural Funds such as the European Regional Development Fund (ERDF), such funding is very important to helping our communities and businesses take forward key projects. It supports growth in our many underperforming areas and helps maintain global competitiveness in others, for example by stimulating growth in the 'green' economy.

SEEC is clear that the South East must have fair access to European funds in the future. We therefore urge the government to ensure European programme funding, including the ERDF, continues to be available to South East England in the next funding period. We ask the government to adopt the following principles when engaging in deliberations about the future of European Structural Funds in the UK:

- Local government should be involved in setting priorities for European Union funds nationally and in their local area, and sit on management committees
- Funds must be flexible enough to respond to varied and complex local needs
- Funds must be available to all parts of the UK including the South East
- The role of more prosperous areas in the UK in bringing about economic and social improvement and cohesion must be recognised
- Funds must be available to address both urban and rural needs, as well as those of 'peri-urban' areas with a mixture of rural and urban characteristics
- There is a need to look innovatively at addressing the challenge of match-funding at a time when public funding may be more limited
- Main European funding programmes must continue to be available in South East England - any proposals for loans ('financial instruments) to replace, rather than complement, main funding programmes in the UK should be challenged
- Maximise the opportunities for partners to access funding by placing a greater proportion of funding into programmes that do not require cross-border partnership
- Proportionate administration is essential, and bureaucracy and red-tape must be reduced wherever possible
- Funding decisions must be taken in a timely and transparent way

Finally, we understand and are concerned that key decisions about need for funding are made at pan-European level on the basis of Gross Value Added (GVA). This is a very limited basis to assess real levels of need and opportunity. We ask that you press the EU to use wider measures which takes a fuller range of socio-economic factors into account, not only in relative/percentage terms but also reflecting the absolute numbers of people affected.

I would be pleased to discuss these issues further with you and look forward to hearing how your negotiations are progressing. I am also a South East member of the European Committee of the Regions, leading the UK CoR delegation, and would be pleased to discuss any issues that I may be able to progress through that route too.

Yours sincerely

Cllr Gordon Keymer, CBE

cc. Sue Baxter, Deputy Director, BIS