



Correspondence address:

South East England Councils
Room 215 County Hall
Penrhyn Road
Kingston
KT1 2DN

t: 020 8541 8740

e: nickwoolfenden@secouncils.gov.uk

Rt Hon Michael Fallon MP
Minister of State for Business and Enterprise
House of Commons
London, SW1A 0AA
Also by email - michael.fallon.mp@parliament.uk & MPST.Fallon@bis.gsi.gov.uk

22 March 2013

Dear Minister

Future of EU Structural Funds in South East England to maximise economic growth

I write as Chairman of South East England Councils. SEEC promotes the views and interests of all tiers of local government across the South East, who together represent 8.7 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 members would like your help to ensure continued access to all EU Structural Fund programmes in South East England post-2013, to support our local commitment to economic growth. An increased allocation of funding to the South East, particularly through the 'notional allocations' to deliver investment priorities identified across LEP areas, would offer great national returns on investment.

We are uniquely placed to deliver high returns on the Structural Funds' Growth Programme. Structural Funds not only maximise our global competitiveness, for example by supporting research, innovation and support to SMEs as well as stimulating growth in the 'green' economy, but also support growth in our underperforming areas (some 560,000 South East residents live in the 10% most deprived parts of England, and over 34,000 16-24 year olds claim unemployment benefits). Current Structural Funds are helping our communities and businesses deliver critical projects. However the South East receives by far the smallest allocation nationally, for example less than 1% (some Euro 23.7m) of the national 2007-13 ERDF Competitiveness programme budget. The South East could achieve far more with extra funds, delivering national and local benefits with high return on investment.

SEEC has actively engaged in the Government's consultation process over the last year, and we welcome EU-wide proposals for reducing bureaucracy and greater alignment of funding streams to increase impact. In light of local discussions following your Department's consultation roadshows, I felt it timely to write emphasising three key points to maximise the success of new funding programme arrangements.

1. Continued South East access to all EU Structural Funds post-2013 is critical to maximise local and national economic benefits

The South East offers Government a unique opportunity to deliver the Structural Funds' Growth Programme priorities, including innovation & research, business competitiveness, employment & skills and growth in the low-carbon economy. We have great economic potential which offers strong returns on investment locally and nationally. To achieve this we need continued access to Structural Funds as part of a package of investment to support our local commitment to maximise global competitiveness and tackle long-term socio-economic challenges.

The South East made the greatest total net contribution to the national Exchequer over the last 12 years, some £60bn (60%) more than London and £100bn (150%) more than East, the only other net contributors. However this performance cannot be taken for granted and latest data shows our net contribution has fallen by two thirds - some £11bn - between 2007-08 and 2010-11. Structural Funds are a critical part of the national and local investment package needed to restore this to previous levels.

2. Funding allocations must reflect absolute levels of need and opportunity to maximise growth and competitiveness, with increased funding in South East England

We ask the Government to adopt its own approach to funding allocations in England that reflects absolute (ie total, not percentage) levels of need and opportunity, to avoid perpetuating the EU's flawed approach that bases Structural Fund allocations on relative economic performance (GDP). A broader range of measures would more accurately reflect the actual levels of need and opportunity in areas such as the South East with large and diverse populations, and ensure greater return on investment nationally.

A more accurate 'formula', allied to our potential to deliver key Growth Programme priorities, presents a strong case for increased Structural Funding allocations for the South East post-2013. We ask the Government to engage in an open and transparent dialogue with local partners on funding allocations as a matter of urgency. If GDP remains a factor in allocations, it must be measured at the level which most accurately reflects an area's needs/opportunities. We also reiterate previous calls for the Government to press the EU to undertake a comprehensive review of pan-European allocation methodology.

3. Local influence over programme management, including local councillors, is critical to maximise impact and alignment of funding and ensuring democratic accountability

Devolution of EU funding to local partnerships as part of a wider investment package for local areas is critical to delivering growth. All places must have the opportunity to influence provision, with local authorities and partners, working with Government, deciding how they wish to organise themselves.

We welcome the Government's commitment that locally-driven priorities/strategies should be key building blocks for the new programmes, based broadly on LEP geographies. We are pleased to hear LEPs within South East England are progressing plans for this. Local democratic accountability will be critical for effective targeting and monitoring of programme spend and impact - all the more important given the welcome emphasis on alignment of different programmes post-2013. Within ERDF such accountability is currently achieved through councillors' membership of Local Management Committees, ensuring projects and programmes respond to local and wider needs and opportunities. Furthermore, increasing local government involvement in steering nationally-led programmes funded through Structural Funds, such as the Work and Troubled Families Programmes, would significantly improve targeting and outcomes.

The Government must therefore ensure local councillor membership is a pre-requisite of local and national programme management arrangements, to ensure local democratic accountability and effective targeting and monitoring. We also emphasise the importance of locally-led approaches such as LEADER that empower local communities to tackle key issues in their area.

In conclusion, the South East presents a unique opportunity to deliver Structural Fund programmes from 2014-2020 for national and local benefit. A significant uplift in funding to the South East would offer high returns on investment and better reflect real levels of opportunity and need. I would appreciate an update on progress and next steps so we can constructively engage with Government to help programme development over the coming months. In addition to my roles within SEEC and Tandridge District Council, I am also leader of the UK Delegation to the EU Committee of the Regions. I would be pleased to discuss any assistance I can provide through that route too.

Yours sincerely



Cllr Gordon Keymer CBE, Chairman, South East England Councils & Leader, Tandridge DC