

# GREATER BELFAST (COMET) POSITION PAPER: THE CASE FOR THE DELEGATION OF EUROPEAN STRUCTURAL FUNDS 2014-2020

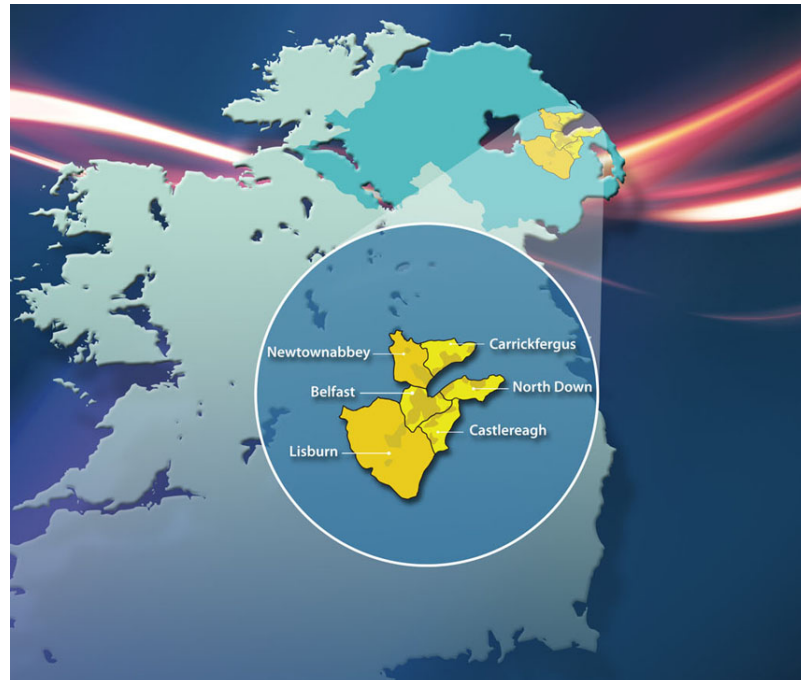
## 1. Purpose

1.1 The purpose of this paper is to secure the support from Department for Finance and Personnel, Department for Enterprise Trade and Investment and Department for Employment and Learning, for the COMET region to have delegated authority for the delivery of combined European Structural Funds, for the functional urban area, using a Community Plan led approach in the period 2014-2020.

## 2. Background

2.1 The COMET region is the area which makes up the Belfast Metropolitan region as defined in the NI Regional Development Strategy and the draft Belfast Metropolitan Area Plan. The region consists of 6 local council areas, namely Belfast, Lisburn, Newtownabbey, Carrickfergus, Castlereagh and North Down.

2.2 The 6 local authorities in the region have been working collectively as the COMET Partnership since 2002, for the purposes of collaborative working on local economic development issues and sourcing funds from Transnational EU funding Programmes such as INTERREG IV. The COMET Partnership is now looking towards the role that local authorities can play in the effective use of the next round of EU Structural Funds from 2014-2020.



2.3 Since 2011, COMET councils have been engaged in a comprehensive formal and informal process at European, Regional, and local level, with regard to the delivery of the NI European Programmes 2014-2020.

2.4 Local Government reform and proposed transfer of major functions back to local government in 2014/15 provides a real opportunity to rethink how central and local

government can work in a more integrated manner, aligning both policy and resources to address identified priorities and shape places for the future.

2.5 There is potential for local government to integrate key functions such as planning, regeneration to address local priorities using the community planning process. This provides a timely opportunity to adopt a more regional and integrated approach to the delivery of EU funding and would directly support local government's place-shaping role for their cities, towns and neighbourhoods.

### **3 The European Context**

#### **Local Delivery in Europe**

3.1 The European Commission recognises the increasingly important role that cities and "city regions" play in driving innovation and economic growth within the European Union. Recent research by the European Commission indicates that city regions account for 85% of GDP within the European Union.

3.2 In setting out the delivery framework for the Structural Funds Programme 2014-2020, the Commission has recognised the importance of cities and their role in creating and delivering integrated "place based" development strategies, by making specific provision within the Regulations for the use of EU funds in the delivery of such strategies.

3.3 The proposed delivery mechanisms recognise that whilst it is the role of Governments and Regional Administrations to set regional policy, the delivery of these policies need to reflect local circumstances and be delivered in an integrated way, which will best address these challenges

#### **EU Funding Structures**

3.4 The Commission proposes that for the next EU funding period (2014-2020), Structural Funds should be governed in a more co-ordinated way to deliver greater impact. To facilitate that process, the Commission has proposed a suite of new regulations for the Structural Funds bringing together the existing regulations in a much tighter overall legislative framework. This is reflected in the draft legislation published in October 2012.

3.5 In order to facilitate the delivery of Integrated Development Strategies, the draft Regulations provide for two separate funding structures - a Community-led Local Development (CLLD) model and an Integrated Territorial Investment (ITI) model for the delivery of funding in urban areas. It is envisaged that these models would see local, area based partnerships draw down ERDF, ESF and EARDF funds, to support the delivery of projects as part of an Integrated Development Strategy for a defined geographical area.

3.6 The new European legislative framework has 11 common objectives, set out below which together promote a more flexible, integrated and cost-effective regime for implementation. This is to ensure that EU investment is targeted in an integrated and structured way to achieve on Europe's long-term goals for economic, social and geographic growth and job creation

- 1) Strengthening research, technological development and innovation
- 2) Enhancing access to and use and quality of, information and communication technologies (ICT)
- 3) Enhancing the competitiveness of small and medium-sized enterprises (SMEs)
- 4) Supporting the shift towards a low-carbon economy – including promotion of carbon strategies for urban areas.
- 5) Promoting climate change adaptation and risk prevention and management.
- 6) Protecting the environment and promoting resource efficiency – including action to improve the urban environment, including regeneration of Brownfield sites and the reduction of air quality
- 7) Promoting sustainable transport and removing bottlenecks in network infrastructure – including the promotion of sustainable urban mobility
- 8) Promoting employment and supporting labour mobility
- 9) Promoting social inclusion and combating poverty – including support for physical and economic regeneration of deprived urban communities
- 10) Investing in education, skills and lifelong learning
- 11) Institutional capacity building and efficient public administrations

## 4 **The UK Context**

4.1 It is important to consider the UK context as the Northern Ireland Executive's proposals will be an integral part of the UK Government's EU Growth Programme.

4.2 At the UK level, Government has, like the European Commission, recognised that cities are the critical drivers of regional economies. It also recognises that they cannot be looked at in isolation as the influence of cities extends well beyond their physical boundaries. For example, whilst Belfast City Region accounts for only 7% of Northern Ireland's land mass, it is home of 34% of all NI businesses and 47% of the region's GVA.

4.3 At the same time, cities rely heavily on their regions to supply workers and consumers for city-based businesses. For example, the population of the Belfast City Council area doubles during the working day as people travel into the City centre to work.

4.4 In 2010, the UK Government introduced Local Enterprise Partnerships (LEPs) to provide a structure for local areas to proactively respond to complex and dynamic economic challenges. This acknowledged the different challenges experienced by areas and the need for a flexible place-based approach to effectively address these local challenges.

4.5 It is our understanding that the Department for Business, Innovation and Skills (BIS) are proposing that a limited number of cities/city regions be designated with Integrated Territorial Investment (ITI) status under the UK EU Growth Programme, for the purpose of delivering EU Funds. It is our further understanding that Local Enterprise Partnerships have UK Government commitment for the delegation of notional allocations of combined European funding for delivering area based plans.

4.6 With the Reform of Local Government there is real potential for EU funds to contribute to the delivery of effective “place based” integrated development plans within Northern Ireland, by using the new 11 Council model to devolve combined European funds as part of a cocktail of resources to deliver the emerging Community Plans

## **5. The Northern Ireland Context**

### **The Programme for Government**

5.1 The Programme for Government identifies the actions the Executive will take to deliver its primary focus - to grow the economy and tackle disadvantage – through the following strategic priorities:

- Growing a Sustainable Economy and Investing in the Future
- Creating Opportunities, Tackling Disadvantage and Improving Health and Wellbeing
- Protecting Our People, the Environment and Creating Safer Communities
- Building a Strong and Shared Community
- Delivering High Quality and Efficient Public Services

It recognises that Government, as a whole, must act collaboratively with all partners including local government, to assure and positively maximise impact for the benefit of Northern Ireland citizens.

### **Local Government Reform**

5.2 Local government in Northern Ireland is a key partner in the delivery of these priorities for the region as set out in the Programme for Government – it provides the strategic leadership to shape local areas, ensure local economic resilience, improve well-being and create shared spaces and good community relations. These are key agents in the regeneration and economic, social and environmental development of local areas and the region as a whole.

5.3 The role of local government is to create the conditions for growth and sustainability, supporting the key characteristics of competitiveness. There are three broad roles for local government:

- Giving strong civic leadership
- Delivering modern services
- Shaping the places where people live and work

5.4 Local Government is acutely aware that successfully delivering on the Programme for Government and Economic Strategy for the region requires an effective statutory central/local partnership to enable meaningful collaboration to achieve shared outcomes, facilitated and underpinned by a strong approach to community planning

### **Community Plans**

- 5.5 Community Plans will provide a framework through which councils, departments, statutory bodies and other relevant agencies and sectors can work together to develop and implement a shared vision to promote the well-being of their area based on effective engagement with the community. Across the 11 new council areas, the community plan will form the overarching strategic framework for the area. It provides a spatial and place based framework to co-ordinate initiatives and partnerships with the potential to streamline and simplify current partnership and delivery arrangements. It ensures effective and co-ordinated service delivery that meets community needs by engaging all key stakeholders, including the community.
- 5.6 An effective, strong community plan has the potential to connect the region to the local therefore enhancing the effectiveness of decision-making and delivery by creating real alignment between the Programme for Government's priorities and local area commitments and delivery. It serves as a vehicle for the effective delivery of outcomes for citizens and provides greater transparency in the decision-making process for Northern Ireland.
- 5.7 With the transfer of major functions back to local government there is real potential for local government to integrate key functions such as planning, regeneration to address local priorities using the community planning process, giving local government the place-shaping role for their cities, towns and neighbourhoods.
- 5.8 Local government has an established role in forming partnerships to take forward various EU programmes, but there is now an opportunity for local government to maximise this role with a devolved responsibility to deliver European funds. This would directly support the delivery of integrated economic development, rural and urban regeneration and employability as part of the Community Plan that will be developed by the 11 councils from 2014/15.
- 5.9 Local government recognises that the NI EU Programme - "*Investing in Growth and Jobs Programme 2014-2020*", will focus on the EU priority themes 1,3,4,8,9 and 10, and we have begun to consider potential programme activity around these. This work will evolve with Local Government Reform and the new 11 Council model. Project pipelines for use of European funding will develop in line with the Community Planning process and as eligible activity under the thematic priorities in NI is confirmed; which will fully align to NI government strategies and Europe 2020.

### **Benefits of an integrated approach**

- 5.10 The reform programme underway provides a real opportunity to rethink how central and local government can work in a more integrated manner, aligning both policy and resources to address shared investment priorities for our cities, towns and neighbourhoods. There are several benefits to this more integrated approach to delivering key functions and integrating resources locally to shape an area whilst adding value and maximising outcomes for Europe:

- Greater ability to align budgets and resources with other mainstream council activities/budgets to support a place-based approach for physical, social and economic regeneration
- Further enhance the ability of local government to create the conditions to support economic growth and competitiveness locally
- Increased ability to ensure that all areas are able to contribute to and benefit from economic growth and regeneration
- Potential for increased investment / access to funding opportunities
- Streamlining, integrating and aligning processes for the benefit of customers
- Greater ability to adapt to local circumstances and priorities
- Improved connectedness between the local, regional and European priorities
- Enhanced involvement of individuals and communities in the design, delivery and evaluation of services through a community planning approach

## **6. COMET context**

6.1 Councils will in effect become the vehicle for economic development and regeneration of their areas as they will also be responsible for community planning, the development of local area plans, regeneration, local economic development and community development. COMET (along with Derry-Londonderry) will be the regional drivers for all of this. The COMET Partnership believes that there are many valid reasons as to why the COMET area should be afforded ITI designation status or recognised as an appropriate delivery vehicle for future combined and devolved EU funding.

6.2 The COMET region is clearly the economic driver of the NI economy, accounting for 47% of Northern Ireland's GVA and 34% of all businesses.

The COMET Region accounts for 50% of all high tech manufacturing jobs, 60% of all IT and Business Services related jobs and two thirds of NI's creative industries. Despite this the region has significant levels of worklessness with an economic inactivity rate of 39%

In terms of innovation, Belfast currently has the lowest number of patents per head of population of all UK cities, a key indication of innovation activity.

Ranks 63<sup>rd</sup> out of 64 cities in the UK in terms of the percentage of the population with no qualifications (18.8%).

Has one of the highest CO<sub>2</sub> emission levels of all cities in the UK.

The COMET councils would, therefore, ask that the Executive supports the councils' proposed submission for the COMET area to be designated ITI status. In doing so, it is recognised that this will require the Councils to produce an Integrated Development Plan for the area however much work is already underway which will support the creation of this Plan including:-

- The Belfast Investment Programme.- a programme of capital and revenue investment from a range of public partners ( including EU), aimed at improving economic and social regeneration within the area.

A review of the Belfast City Masterplan.-identifying the key spatial considerations for the city's future economic growth

- The development of a City-wide Employability and Skills strategy for Belfast.- to address the significant disparities between skills supply and demand in the city.
- The development of an Integrated Economic Strategy by Belfast City Council and Invest Northern Ireland (INI).- focussing on key priorities to support indigenous business growth and FDI .
- Rural Development plans for clusters of councils within the area.
- The corporate plans and Local Economic Development plans for the 6 local authorities within the Partnership.- focussing on service delivery and good governance

6.3 In making this case, the councils in the COMET recognise that such an arrangement needs to take into account the following factors:

- that any allocation to the region will be reduced from previous levels;
- any strategic integrated plan for the area needs to be clearly aligned to central government's regional priorities, as well as making a clear contribution to the Europe 2020 priorities;
- the need for agreed governance and accountability arrangements with the NI managing authorities;
- the need to rule out areas of activity where councils do not have a specific competency.

6.4 However, there also is a recognition that NI Executive and government departments will need to be confident that appropriate mechanisms are in place to ensure that COMET councils deliver against the established government priorities as set out within the Programme for Government and future European Programmes.

6.5 Work is underway to engage consultants to examine good practice and put forward firm recommendations regarding the development of an integrated accountability and assurance framework which should underpin the future central and local government relationship within NI and ensure greater alignment of government priorities and council delivery plans within a wider community planning process. In relation to greater devolution of EU Funds, it would be advantageous for one government department to be assigned as the accountable department for local government delivery to reduce the bureaucracy and administrative burden of EU programmes experienced to date and maximising the opportunities offered through the reform process. It would also be advantageous to have early and direct intervention from the Managing Authorities with regard to technical training around compliance with EU regulations, particularly state aid, article 55 and the market economic investment principle as stated earlier. Local government would favour a return to reforming the NI Structural Funds Practitioners Working Group and the production of timely, regular, updated and concise EU guidance notes.

## **7. New Delivery Mechanisms**

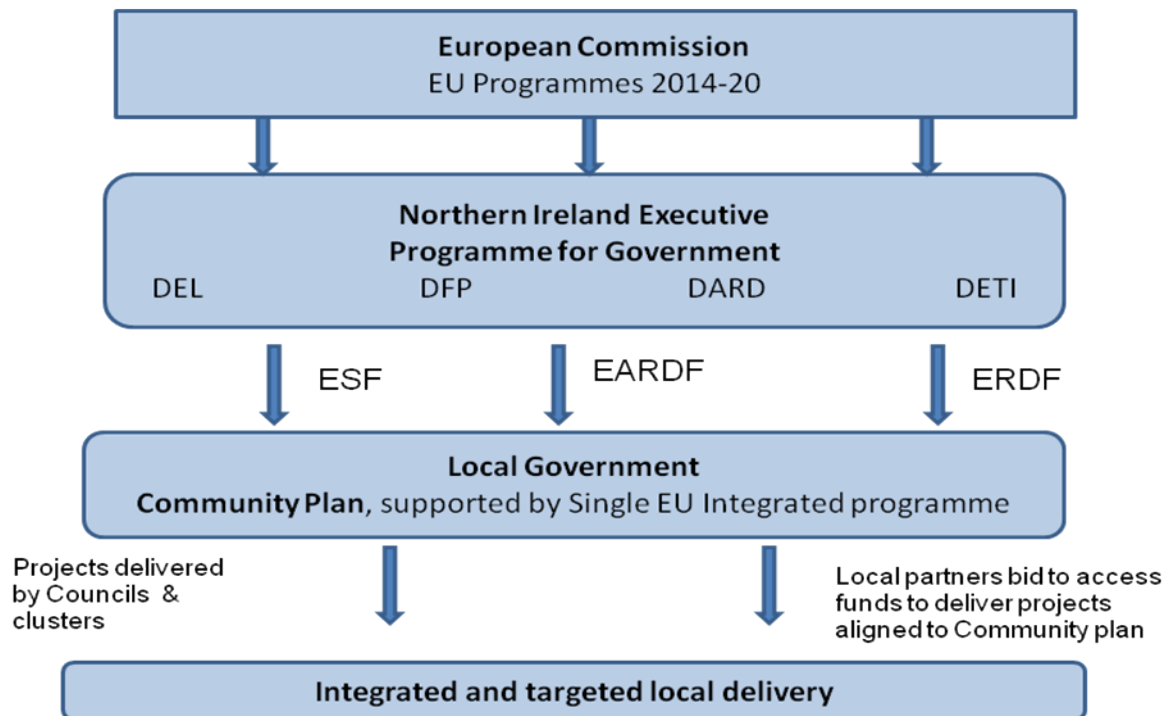
7.1 The European Commission's proposals include recommendations with respect to new delivery mechanisms for European Funds at a local level; a number of which are of particular interest to NI Local Government and their stakeholders.

- i. *Community Led Local Development (CLLD)* - identical to the current Leader Rural Development Programme arrangements whereby part of the funds is administered at local level by Local Action Groups (LAGS). Under CLLD, a local partnership body would be formed which would develop a strategic plan, select projects and administer the funds at local level. The Commission guidance (January 2013), specifies that the CLLD model is appropriate for populations of up to 150,000 people. The 11 Council model under Local Government Reform will result in larger populations but there is potential for the CLLD approach to apply at a more local level within the region and Council boundaries.
- ii. *Integrated Territorial Investment (ITI)* – an integrated and strategic mechanism to draw funding from one or more Operational Programmes and combined to deliver an integrated investment strategy for a certain area (a section of a city, an entire city, an urban or rural area, a neighbourhood, a metropolitan area etc). The ITI would draw on ERDF and ESF funds (for a truly integrated approach) but it can also be complimented by EARDF and EMFF funds if necessary. The Commission envisages that an overall strategy would be developed for a geographical or functional area, which in effect would be the Community Plan. It is worth noting that a functional area could be all of a conurbation even though it may be made up of a number of local authorities. This would appear at the outset to be an appropriate model for the COMET councils.

A more place based approach to the integration of core functions and alignment between EU funds and local spending plans presents a real opportunity for COMET to deliver integrated economic development, regeneration and employability programmes/projects during the next EU funding round (2014-20). This would form part of the community planning process which COMET along with other councils will be responsible for delivering from 2014/15 and will help deliver real and sustainable change within areas. In essence, the COMET view of delivery is as follows:



## Future Delivery of EU Funds



## 8. Conclusion/Recommendation

### The COMET Partnership

8.1 COMET therefore seeks the support of the NI Executive for:

- COMET to have delegated authority for the delivery of European Structural Funds, using a Community Plan led approach in the period 2014-2020
- COMET to be designated ITI status or designated as an appropriate delivery vehicle to support the delivery of the community plan and area based investment activity in the Metropolitan area.

8.2 There is much to be gained by adopting a community plan-led place-based approach where the strategic plan for the area contains programmes and projects aligned to regional priorities and the EU funding timetable i.e. 2014 -2020. There is also much to be gained by reflecting the LEP model whereby EU combined allocations to Councils are agreed at the outset to add value to wider financial and investment planning over a seven year period. This will enable better planning for programme activity, more meaningful outcomes and ensure timely delivery thus reducing the risk of under-spends towards the end of the Programme period.

8.3 All six councils within the COMET region have agreed this submission and would welcome an early discussion with the relevant Departments on designation as local

delivery agents for future EU funds and a formal role through use of the ITI tool, or an appropriate alternative delivery model within the UK Partnership Agreement