

# Subject: EU Funding after the EU Exit Vote

Report to: Budget and Performance Committee

Report of: Executive Director of Secretariat

Date: 29 September 2016

This report will be considered in public

## 1. Summary

- 1.1 This report provides information on the Committee's consideration of European Union (EU) funding in the context of the UK's decision to leave the European Union.

## 2. Recommendation

- 2.1 **That the Committee notes the report, puts questions to guests on EU funding following the UK's decision to leave the EU and notes the subsequent discussion.**

## 3. Background

- 3.1 Following the vote to leave the EU on 23 June 2016, the future of the UK's access to EU funding became uncertain. While Article 50 has yet to be invoked, organisations across the capital, both public and private, are taking stock of what the consequences may be and how they can adapt to a future outside of the EU. The GLA is no exception.

### *European Structural and Investment Funds*

- 3.2 The GLA is both a distributor and recipient of EU funding in London. The European Structural and Investment Funds (ESIF) are comprised of two funds - the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The GLA has full Intermediate Body status for the 2014-2020 funding cycle for both of these funds, meaning that both are managed by the GLA itself, via the in-house European Programmes Management Unit. Strategic oversight over both funds is provided by the London Enterprise Panel (LEP).
- 3.3 London as a whole has been allocated a total of £584 million from the ERDF and ESF across the 2014-2020 funding cycle: £159 million in ERDF and £425 million in ESF. Funding can be issued as grants, but also as a financial instrument such as a loan. The GLA distributes this funding, but may also be a direct recipient. The GLA has already been formally allocated £9.1 million of direct ESIF funding and over the course of the 2014-2020 funding cycle is set to receive £22.8 million more for projects not yet fully procured.

#### *Other sources of funding*

- 3.4 As well as receiving funding distributed through the GLA, organisations may also apply directly to the EU for funds, via a variety of schemes. Horizon 2020, which supports research and innovation programmes, is one such example.
- 3.5 Another source of EU funding is the European Investment Bank (EIB). The EIB provides financing to sustainable investment projects which contribute to furthering EU policy objectives. It is the largest multilateral borrower and lender in the EU, lending over €62 billion in 2015.

## **4. Issues for Consideration**

- 4.1 This is the first time that this Committee has considered this issue specifically. The Budget Monitoring Sub-Committee previously considered the European Structural and Investment Funds programme on 16 December 2015.
- 4.2 This meeting provides an opportunity to discuss EU funding in the context of the UK's decision to leave the EU. The following expert guests have been invited to attend the meeting:
- Alex Conway, European Programmes Director, GLA;
  - Naomi Weir, Deputy Director of the Campaign for Science and Engineering; and
  - Madeleine Williams, Director of Access Europe Network and observer on the London Enterprise Panel's ESIF Committee.

## **5. Legal Implications**

- 5.1 The Committee has the power to do what is recommended in this report.

## **6. Financial Implications**

- 6.1 There are no direct financial implications of this report.

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### **List of appendices to this report:**

None

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None
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