

# Subject: The Future of European Structural and Investment Funds in London

**Report to: EU Exit Working Group**

**Report of: Executive Director of Secretariat**

**Date: 18 October 2017**

**This report will be considered in public**

## 1. Summary

- 1.1 This report provides background information for the EU Exit Working Group's meeting to consider European Structural and Investment Funds.

## 2. Recommendation

- 2.1 **That the Working Group notes the report as background to putting questions to invited guests on the future of European Structural and Investment Funds in London, and notes the subsequent discussion.**

## 3. Background

- 3.1 Following the vote to leave the European Union (EU) on 23 June 2016, concerns have been raised about loss of access to European Structural and Investment Funds (ESIF). ESIF are comprised of two funds - the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The ERDF is designed to address economic disparities in Member States. It supports a range of priorities, including programmes to shift towards a low-carbon economy and support for Small and Medium Enterprise (SMEs). The ESF is the EU's main tool for supporting employment in the member states. It supports programmes that promote economic and social cohesion.
- 3.2 London has been allocated a total of £584 million of ESIF across the 2014-2020 funding cycle: £159 million in ERDF and £425 million in ESF. The GLA is both a distributor and recipient of ESIF in London. It has full 'Intermediate Body' status for the 2014-2020 funding cycle for both funds, meaning that the GLA manages the funds through its in-house European Programmes Management Unit. Organisations across London apply for ESIF funding, which is distributed by the GLA. Strategic oversight of both the ERDF and ESF funds is provided by the London Economic Action Partnership (LEAP), the local enterprise partnership for London, which sets the initial strategy for the current ESIF programme. A Committee appointed by the LEAP, but reporting to a national ESIF Growth Board, advises the GLA on the strategic fit of individual project proposals.
- 3.3 Any loss of ESIF after the UK formally leaves the EU may have consequences for businesses and programmes in London. ESIF funding supports a range of programmes to support the Mayor's

priorities, as well as SMEs, voluntary, and community organisations. Organisations across the capital, including the GLA, are taking stock of the implications of losing access to ESIF, and considering how they can adapt to a future without this funding.

- 3.4 The Government is considering what funding, if any, it can provide to replace the ESIF. The Conservative Party's 2017 manifesto promises a United Kingdom Shared Prosperity Fund, "taken from money coming back to the UK as we leave the EU, to reduce inequalities between communities across our four nations."<sup>1</sup> Little is known about how this fund will operate in practice, and whether it will fully replace the ESIF which London currently receives.

## 4. Issues for Consideration

- 4.1 This meeting provides an opportunity for Assembly Members to examine the aims of ESIF, the benefits and drawbacks of the funding, the use of ESIF data in London, and discuss how the GLA, SMEs, voluntary and community organisations, and the Government, are preparing for any loss of EU funding once the UK formally leaves the EU.
- 4.2 The following guest speakers have been invited to attend the meeting:
- Lord Heseltine;
  - Alex Conway, European Programme Director, Greater London Authority;
  - Despina Johnson, Chief Executive, Enterprise Enfield;
  - Lisa Redding, Acting Chief Executive, London Voluntary Service Council; and
  - Kris Krasnowski, Deputy Director, London and East Cities and Local Growth Unit, Department for Business, Energy and Industrial Strategy.

## 5. Legal Implications

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

## 6. Financial Implications

- 6.1 There are none.

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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.
Contact Officer: Lucy Pickering, Scrutiny Manager for Budget and Performance Telephone: 020 7983 5770 E-mail: <a href="mailto:lucy.pickering@london.gov.uk">lucy.pickering@london.gov.uk</a>

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<sup>1</sup> [The Conservative and Unionist Manifesto 2017](#), Forward, Together, Our Plan for a Stronger Britain and a Prosperous Future, page 30.