

LGA response to Commission's consultation on EU2020.

Making it Happen.

January 2010

The Local Government Association represents local authorities in England and Wales. We promote the interests of over 400 authorities which represent around 50 million people and spend around £113 billion a year on local services.

Key Recommendations:

The LGA believes that further clarification of the strategy within the following areas is necessary to ensure the long term success of the strategy:

- Explicit reference to the role of local and regional authorities in delivering the outcomes for EU2020 and a strengthening of the multi level governance structure;
- Direct linkages must be made with cohesion policy and how structural funds will be used to deliver initiatives on the ground in local communities;
- Enabling local authorities to have overall control of all funding and services in their immediate locality;
- Recognition that the Commission needs to look beyond GDP as the sole indicator of 'well being';
- Greater explanation of the social aspects of the strategy and how these will be achieved using the open method of co ordination;
- Explicit inclusion of the challenges posed by an ageing population and its impact upon regional economies;
- An action plan for implementation would give the strategy real teeth and a mapping presentation of all strategies associated with EU2020 would be helpful.

General Remarks

1. The LGA welcomes the opportunity to comment upon the European Commission's 'Future of the EU 2020 Strategy'. EU2020 is an opportune time to get a future European strategy right for the next ten years. Competitiveness should not be the sole focus of the new Lisbon agenda. The LGA agrees with the wider emphasis on social and environmental aspects of EU 2020 beyond the purely economic interpretation of well being in the Lisbon Strategy. The wellbeing of citizens, whilst dependent upon economic factors, is also reliant upon many other social and environmental factors.
2. Whilst we welcome the opportunity to comment upon this important strategic document, it is disappointing that the consultation period has been so short as to curtail any real meaningful engagement or debate.
3. The LGA recognises the increased importance of this strategy in the current financial crisis. EU2020 will, if effectively implemented and financially supported, provide the vehicle to assist regions to exit the crisis and build a stronger more dynamic European economy.

Submission

4. Across the EU there remain huge regional disparities in economies between regions and between member states. Whilst EU2020 targets must be set a national level the LGA believes that the Commission should make it explicit that the setting of these targets should be devised in partnership with local and regional authorities. The absence of this partnership and engagement previously has contributed to the failure of the Lisbon strategy to date.

'Recognising constraints and facing new challenges'

5. One of the major challenges faced by the EU in future years will be that of demographic change and the ageing population. However EU2020 fails to fully recognise how an ageing population will impact upon communities and the economies of member states. This is a surprising omission considering the potential impact that demographic change will have upon health care, education and social services. Structural reforms as well as training for new skills will be needed to enable and encourage the older workforce to stay in the labour market longer and to enable citizens to take advantage of new 'green collar jobs'.

'Key Priorities for EU 2020'

6. The LGA recognises the value of the EU 2020 key priorities towards a 'sustainable social market economy' and a 'smarter, greener economy'. However, success of the EU2020 strategy will be dependant upon building strong partnerships across all levels of governance and highlighting its relevance to the lives of EU citizens. The LGA believes that the pursuit of outcomes for EU2020 should be carried out through engagement with local and regional authorities at the grassroots level. To make the strategy relevant and to increase the profile of the territorial aspect, the strategy should include a multi level governance framework which is underpinned by indicators developed in partnership with the local level.
7. The need for up-skilling of the workforce to take advantage of the new opportunities presented by the new economic drive is mentioned briefly in the communication; however more investment will be needed if this is to become a reality. In addition there is the need for more support of SMEs and social businesses to free them to be more innovative and less risk adverse under current EU regulation of funds.

'Creating value by basing growth on knowledge'

8. The LGA believes that Europe needs innovation; however this innovation does not only come from higher education institutions or high tech industries. Local and regional authorities are the drivers of innovation at a local level providing small and medium sized enterprises with the opportunity to start up or grow. Local areas are often the hubs or incubators of innovation and the examples of best practice should be shared amongst regions to enable greater innovation Europe wide. LGA supports DG REGIO comments to establish a 'facebook' style internet forum for sharing best practice.
9. The use of Egovernment to improve communication and promote greater inclusion is a welcome aspect to the proposals. Egovernment promises to provide more efficient and greener services. However, thousands of households across Europe still do not have access to the internet or high speed connections. This will need to be addressed if all citizens are to have equality of access. CoR view:

<http://www.cor.europa.eu/pages/DetailTemplate.aspx?view=detail&id=3defbfd0-4e93-41d3-a8a2-e355ef4fe0cb>

CEMR Response To the Communication on the second periodic review of the scope of universal service in electronic communications”

http://www.ccre.org/prises_de_positions_detail_en.htm?ID=87&idca=3126

‘Empowering people in inclusive societies’

10. The LGA has done much to support local authorities in their provision of services to communities most affected by the financial crisis and those plagued by long term unemployment.
11. As well as the short term measures undertaken at the local level to mitigate the impact of the crisis, on a European level, long term strategies are needed to increase overall participation in the labour market and to tackle the issues surrounding those individuals considered to be ‘the working poor’. In order to capitalise on this untapped labour force the up-skilling of potential employees will have to take place. This is vital if communities are to adapt to new opportunities of the green agenda and the challenges of the economic crisis. Local and regional authorities are best placed to deliver this service at the grassroots level using national and European Year resources.
12. Local authorities play a significant role in the employment of public sector workers. The public sector including local authorities employs 30% of the public sector workforce in England. If, as anticipated, there is an increased need for workers to adapt to the new skills agenda by switching jobs they will also need greater flexibility to switch between private – public – voluntary etc sectors. The transition of skills from sector to sector can best be monitored at the local level through workforce planning processes.
13. LGA continues to emphasise the importance of flexicurity.
<http://www.cor.europa.eu/pages/DetailTemplate.aspx?view=detail&id=25679cd9-9a7a-49e1-aeb6-7fbc730d9d19>

‘Creating a competitive, connected and greener economy’

14. The LGA believes that Local Authorities should be recognised as key stakeholders in any developments to promote energy saving measures and decentralised generation. Local authorities are well placed to coordinate the strategic planning of a locally appropriate and coherent roll out of energy saving measures and renewables. For example, they can identify the appropriate location for small scale renewables and can assist householders and local businesses in the decision-making process about the most appropriate renewable and energy efficient technologies for their location and housing type. Local authorities, and the public sector as a whole, are also likely to be major investors in renewables themselves. See <http://www.cor.europa.eu/pages/DetailTemplate.aspx?view=detail&id=817dcd5d-9ae9-445d-ab39-fb20f330643d>
15. In July 2009, the LGA published its Manifesto for Building Low Carbon Communities. This document sets out the pivotal role local authorities have in tackling climate change and delivering home energy efficiency. The LGA manifesto can be found at: (*1)
<http://www.lga.gov.uk/lga/publications/publication-display.do?id=2399913>
16. We take this opportunity to remind the Commission that local authorities have a key role to play in helping to meet the agreed 2020 objectives on

climate change and energy. If central government gives local government the adequate framework and resources to deliver, local authorities can take on the responsibility.

17. The LGA believes that it is crucial that local authorities are recognised for their key role in helping to achieve the 2020 objectives reducing emissions and adapting to climate change at the local level.
18. Any future strategy has to link employment generation to climate change policy. Green jobs and building skills that will help us adapt to climate change is a sustainable way to keep people in the labour market, and helps people understand the need to care for the environment. The LGA believes much more can be done to connect employment with green initiatives. The 'green new deal', would help generate up to 150,000 new jobs, save carbon, cut fuel poverty and increase the country's energy security. <http://www.lga.gov.uk/lga/publications/publication-display.do?id=1509490>

'Making it happen: Harnessing existing instruments in a new approach'

19. In order to deliver the targets of the EU 2020 strategy all regions will require an allocation of EU cohesion funding to implement initiatives and drive change.
20. The LGA believes that EU 2020 and the EU Budget should be totally aligned. The EU Budget should represent the financial mechanism for achieving EU 2020. Local organisations are central to the delivery of EU2020 objectives. It is therefore essential that EU2020 connects with local authorities in this manner.
21. EU2020 in its draft form makes very little reference to how the strategic goals will be achieved. The LGA suggests that mapping and the presentation of associated strategies which feed into EU2020 would be beneficial for all stakeholders. The use of structural funds through cohesion policy is a key mechanism in helping to deliver the 2020 agenda, however any reference to cohesion policy or structural funds is omitted from the strategy. The current system of 'earmarking' with targets ensures a majority of structural funds are spent on Lisbon/2020 objectives. If EU policies are to have meaning in all regions, then the EU needs to provide access to EU funds in all regions (in parallel with encouraging MS own funding programmes to focus on growth and jobs). Cohesion policy plays a key role in engaging with local communities to build growth and opportunities. The allocation of funding through structural funds provides the means by which local and regional authorities can deliver real outcomes in line with the strategy. The UK has been particularly successful in allocating its funds regionally in line with the priorities of the Lisbon strategy. Based on spending forecasts for the whole period 2007 – 2013, 87% of the UK's structural funds allocation will be focused on Lisbon related activities, significantly exceeding the 'earmarking' targets set by the Commission.
22. EU funds for regeneration and jobs provide vital investment for people and places (£7bn from 2007-2013 in the UK). The LGA believes that the EU should honour its commitment where feasible to radically re-think how EU funds operate in the future.
23. The LGA believes it is essential that the EU looks to *consolidate* programmes, *simplify* administration, and *devolve* management. Local authorities are the most efficient part of the public

sector and should have a lead role in co-ordinating a partnership approach so that the relevant sources of funding are consolidated in a one-stop shop approach. Indeed, Local Authorities should be responsible for the definition and management of local programmes. A place-based approach is essential, in a recent survey on EU Funds of local authorities in England and Wales, very few respondents (only 3%) stated that thematic funds, which are competitively accessed across the EU, are more attractive and successful than EU area-based funds. It is likely that this opinion resonates throughout Europe. Therefore, for it to be successful, a strong territorial dimension throughout the EU2020 strategy and all Community initiatives working to realise it, is critical. (see link to full survey report: <http://www.lga.gov.uk/lga/aio/5520379>) CEMR policy paper on the future of EU cohesion policy - http://www.ccre.org/prises_de_positions_detail_en.htm?ID=97

24. The EU2020 vision must effectively link local strategies and EU interventions, such as Cohesion Policy. One third of respondents to EU funding survey stated that EU interventions are not at all well integrated into local mechanisms in their areas. To resolve this, the LGA believes the EU2020 should set the strategic direction for an EU integrated funding package, which could bring together various EU funds into a single package that realises the added value of EU investment within existing local strategies and spending. (link to EUtopia: <http://www.lga.gov.uk/lga/aio/4888030>)
25. Local authorities in England are working to make sure all public spending available within their area is spent more effectively through projects such as 'Total Place'. Total Place is a project piloted by the LGA to find ways to make public services better for people at lower cost by doing things differently. 13 pilots have been established and these local authorities are investigating how much public money is spent in their area and then exploring the finances in detail on a particular theme, such as drug and alcohol abuse, care for older people or children's health. The objective is for these local authorities to find efficiencies, avoid duplication and give greater control of services in a total place to the democratically elected representatives.(*3)
26. One key idea is to explore whether these principles could ultimately see a move towards an integrated funding package coordinated by a single strategic framework at EU level, where each area receives a block of funds based on a set of priority outcomes agreed under a contract by the territory, national government, and EU.
27. Local authorities could offer even more effective help to families and businesses if they could cut out the layers of costly bureaucracy surrounding EU funds. The European Social Fund for instance should be locally targeted, allowing local authorities to target the fund to people in need through area based targets; this is best done at local level rather than regional government agencies.

Subsidiarity – The local approach

28. The LGA supports the multi level governance approach contained in the document but greater clarity needs to be given to emphasise the role of local and regional authorities in delivering the outcomes of EU 2020. Protocol 2, Article 5 of the treaties post Lisbon commits the Commission to this principle in all its work. The LGA believes that the draft strategy does not adequately reflect this duty and that the document is too weak in the area of governance and the role that local and regional authorities should play.

29. We welcome the conclusions of the European Council on 11th December 2009 calling to ‘...*enhance national ownership through more active involvement of social partners as well as of regional and local authorities*’. Local authorities must be more actively involved in the national process of devising priorities and targets. Member states should be explicitly required by the Commission to involve local and regional authorities in the setting of national targets.
30. Local authority budgets are feeling the full force of the economic downturn. No other bodies provide such a vast or diverse a range of services as local authorities, yet they deliver these services despite their funding increasing at a significantly lower rate than other parts of the public sector. Now, more than ever before, the European Commission must ensure that new initiatives do not impose an undue economic burden on local authorities.
31. The Commission should also take measures to minimise the administrative burden of EU law on local authorities. Better consultation of local authorities in the drafting phase, through their national and European representative bodies, and better territorial and subsidiarity impact assessment of draft proposals are needed to ensure that new EU laws are appropriate, effective and practicable.
32. EU activity should take place only when it has clear EU Treaty competence, and where its actions provide real EU added value. We strongly defend the subsidiarity principle whereby “the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level” and we look forward to participating in the Subsidiarity Early Warning Mechanism with the Devolved and UK Parliaments as well as the Committee of the Regions.
33. We call on the European Commission to fully implement the Protocol on Services of General Interest of the Lisbon Treaty and in so doing enable local authorities to have ‘wide discretion’ to decide the best way to provide local services both individually and jointly with other public bodies.

Links:

(*1) The LGA’s publication: Global slowdown, local solutions: international comparisons.

<http://www.lga.gov.uk/lga/publications/publication-display.do?id=6404642>

While local authorities here continue to respond actively and innovatively to recession, so do local authorities around the world. This LGA study reflects on council activity in 14 countries, identifies trends in good practice, and draws lessons about the importance of decentralised delivery at home. In doing so, the report shows how local authorities in other countries are able to support people into work, invest in regeneration and job creation, support businesses, and prepare their areas for the upturn.

(*2) The LGA manifesto can be found at
<http://www.lga.gov.uk/lga/publications/publication-display.do?id=2399913>

(*3) ‘Total Place’: <http://www.lga.gov.uk/lga/core/page.do?pageId=5162214>

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