



meeting Administration Committee

date 18th February, 2004

agenda item number

**Report of the Assistant Director
Regeneration, Learning, Skills and Employment**

Alliance for Regional Aid (AfRA) Lobby of Brussels

Purpose of Report

1. To request approval for the attendance of three members and one officer at the Alliance for Regional Aid's lobby of Brussels-based institutions on 16th - 18th March 2004.

Background

2. AfRA is an umbrella organisation comprising the Coalfield Communities Campaign, the European Industrial Regions Association (EIRA), Steel Action and Leading Action for Textiles, Clothing and Footwear (LATCF). It was formed, in 1997, with the objective of defending the share of European Regional Aid taken by the UK's traditional industrial areas against the threat posed by the 1999 Reform of the Structural Funds.
3. AfRA represents the interests of its members in all issues relating to regional policy and particularly as it impacts upon industrial sectors and economically disadvantaged areas. The work of AfRA is directed by a Steering Group made up of the Chairs of the four organisations which comprise the Alliance. Cllr Chris Winterton is Chair of the LATCF and hence sits on its Steering Group.

The Threat Posed by the Reform of the Structural Funds and State Aid Rules

4. Current European Union Structural Fund programmes will end in December 2006. The shape of EU regional policy after that will depend on the framework that will have to be agreed by Member States. Nottinghamshire has benefited from significant amounts of Structural Funding since the early 1990s and the latest 2000 – 2006 programme is expected to result in an investment of approximately £50m in economic development projects in the North Nottinghamshire and North Derbyshire Coalfield, with a further £20m for training projects in Nottinghamshire. Since 1990 the County Council has attracted in excess of £45m from these sources for its own projects.

5. Continued eligibility for Structural Funding is under threat because, by the time the next review is finalised, the EU will have enlarged to include a further 10 Member States. The vast majority of these states have considerably poorer economies than the existing 15 Member States. Because eligibility for EU Structural Funding has been historically awarded to those areas which are relatively economically disadvantaged there is a strong possibility that there will be a shift in Structural Funding to the new Member States.
6. AfRA acknowledge the scale of the task but are committed to ensuring that the UK's traditional industrial areas do not lose out from the reform. Not only will they be lobbying Brussels on the issue but have already targeted the UK Government to ensure that it recognises the issue and seeks to minimise any potential loss of funding. AfRA have good track record of successfully arguing for the interests of their membership and are convinced that the battle is not yet lost.
7. Aside from determining the level and targeting of EU funding, the European Commission also control the State Aid Rules that operate within Europe. To avoid distortions in the free market economy (ie. anti-competitiveness), there are strict rules that govern the financial assistance which governments are able to give to their businesses.
8. Within the UK, there is a map which determines the level of assistance that can be offered to businesses (known as Tier 1, 2 and 3 assistance areas). Generally, areas which allow higher levels (Tier 1 and 2) of assistance are those that are economically lagging behind. Thus, a large percentage of the State Aid map focuses upon areas with a reliance on traditional industrial industries. Approximately, 42% of Nottinghamshire is a Tier 2 area and continuing State Aid eligibility is important for those areas.
9. Like the Structural Funds, the present framework for State Aids ends in December 2006. Indications are that the European Commission is looking to tighten the State Aid map and so there is a very real threat of areas like Nottinghamshire not only losing Structural Fund eligibility but also losing Tier 2 State Aid assistance. This 'double whammy' would have an extremely detrimental effect on the efforts to regenerate some of the most disadvantaged economies in the UK and it is important that key decision makers and policy shapers in European and the UK are aware of the implications.

The Lobby

10. Having organised a very successful lobby of Brussels based institutions in the lead up to the last reform of the Structural Funds, AfRA have decided that a similar approach is needed in the face of the even greater threats posed by the 2006 reform. Four members and two officers from the County Council participated in the last lobby, along with 149 participants from 54 local authorities. It is recommended that the County Council fields three members and one officer this time around with Cllr Winterton being one of the delegates. AfRA are confident of securing a large number of participants from member local authorities and those with sympathetic views.

11. AfRA are well connected and have already secured the attendance of the most senior decision makers in the European Commission to put their views and listen and respond to the AfRA position. It is intended that the lobby will comprise the following key elements:
 - A session with the Commissioner for Regional Policy, Michel Barnier;
 - A session with the Director-General for Competition (responsible for State Aid Regulations), Philip Lowe;
 - An event targeted at all UK MEPs;
 - An in-depth session with leading MEPs on regional affairs
 - A session with the UKREP, the UK Government's Permanent Representation in Brussels;
 - A meeting with senior representatives from industrial regions in other Member States, to explore possibilities of developing a common position;
 - A dinner for the whole delegation with invited guests.
12. There should also be an opportunity for those members present to meet with the newly appointed Head of the East Midlands Brussels Office and visit the prestigious new office space which is to be shared with the West Midlands.
13. The cost of attending the lobby will be £75 per participant to cover AfRA's cost in organising the event. There will be an additional cost of travel to Brussels and hotel accommodation for three nights (as most participants will arrive on the evening of 15th March) together with subsistence allowances.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, Crime and Disorder and those using the service. Where such implications are material; they have been described in the text of the report.

Director of Resources Financial Comments

15. The estimated cost of up to £2,500 can be funded from the Conferences Budget within the Economic Development Portfolio. (C.C)(P.B)

Head of Legal Services Comments

16. The Administration Committee has the delegated authority under paragraph 11.2 of the Constitution to approve Members' attendance at conferences and seminars and travel abroad in accordance with the Council's Travel and Conference Policy. (JA 23.01.04)

Recommendation

17. It is recommended that approval be given to the attendance of three members (to include Cllr Winteron) and one officer at the Alliance for Regional Aid's Brussels lobby between 16th and 18th March, 2004.

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Background Papers Available for Inspection

AfRA letters notifying of the lobby

Electoral Divisions Affected

Coalfield Divisions across the County