



meeting Cabinet

date 3 May 2006

agenda item number

Report of the Leader of the Council

Response to Consultation by the Department of Trade and Industry (DTI) on the Draft National Strategic Reference Framework

Purpose of Report

1. To consider the consultation by the Department of Trade and Industry (DTI) on the draft National Strategic Reference Framework and to delegate to the Leader of the Council responsibility for signing-off the Council's response.

Information and Advice

2. On 28 February 2006 the DTI initiated a consultation on the draft National Strategic Reference Framework (NSRF) which, when formally adopted will set out the framework within which Structural Funds will be allocated and used to support regional development in the UK in the 2007 – 2013 programming period. The consultation runs until 23 May 2006.
3. The Structural Funds (the European Regional Development Fund (ERDF) and European Social Fund (ESF)) have been the EU's primary tools to address economic underperformance across the Union and are currently targeted through a number of Objectives.
 - Objective 1 – regions whose development is lagging behind as determined by a GDP of less than 75% of the EU average.
 - Objective 2 – aims to combat industrial decline and aid the adjustment of rural areas and the most disadvantaged urban areas;
 - Objective 3 - focuses on unemployed people, socially excluded groups, people at a disadvantage in the labour market, and workforce development. It is available throughout Europe.
4. The East Midlands currently benefits from Objective 2 and 3 Programmes worth approximately £450m grant over the seven year period 2000 – 2006. In the past 15 years the County Council has successfully secured over £60m ERDF and ESF funding to support its own projects (recent projects to benefit include Children's Centres, environmental improvements in the North of the County, the arts programme Partners in Culture and the Continuing Professional Development Skills for Life project).

5. Under the terms of the EU budget agreement negotiated at the end of 2005, the UK Structural Funds allocation will fall from € 18 billion (2000-7) to around € 9.4 billion (2007-13). This would be allocated to the new Structural Funds strands (replacing the old Objectives 1, 2 and 3). These strands, their UK value and targeting are shown in the table below:

Strand	Eligible Area UK	UK (€)
Convergence (replacing Objective 1)		
Targeted at areas with a GDP of less than 75% of the post-Enlargement EU average GDP. Includes areas falling out of Objective 1 eligibility that would have qualified but for enlargement.	Cornwall; West Wales and the Valleys; Highlands & Islands	2.6 billion
Competitiveness and Employment Strand (replacing Objectives 2 and 3)		
Targeted at activities to promote competitiveness and workforce adaptation. Includes areas falling out of Objective 1 eligibility that would not have qualified under EU15 (ie. S Yorks & Merseyside)	Whole UK (except above and NI which has special arrangement)	6.2 billion
Cross-Border and Transnational Cooperation Strand (replacing Inter-Reg)		
For cooperative working between Member States	Most of UK	0.6 billion

6. Within the East Midlands interest is in the new Competitiveness and Employment Strand which replaces the current Objectives 2 and 3. The European Commission and UK Government have not sought to spatially target this strand (unlike the current Objective 2) but have stipulated that the funds should address the key priorities set out in the Lisbon and Gothenburg agendas (ie. supporting the EU to increase its competitiveness and productivity and generate more and better jobs). It is against this background that the draft NSRF is set and poses a number of questions for respondents to address including:
- How funds should be allocated across the UK
 - How ESF and ERDF funds should be split
 - Whether there should be alignment between Structural and domestic funding
 - How the Structural Funds should be managed
 - What should be the scope of fundable Structural Funds activities
7. It is important to point out that the region has been advised that it can still expect to receive approximately £250m between 2007 and 2013. Although this is a large reduction on present levels of funding, the amount is still very significant, particularly when compared to some other domestic funding regimes.
8. Events are taking place over the coming weeks that should assist in shaping the County Council's response to the NSRF consultation. Indications are that the numbers of responses received by the DTI will be critical in whether or not the current draft NSRF is amended in line with respondents' views.

Proposed Response

9. It is proposed that the County Council's response to the consultation take the form of a letter from the Leader to the Department of Trade and Industry. In view of timescales involved and the on-going intelligence and input being gathered to formulate the response, it is recommended that Cabinet delegate to the Leader the responsibility for signing-off the letter.
10. It is anticipated that the County Council's response will focus upon the key questions posed in the consultation and propose the best solutions for the future economic development of Nottinghamshire.

Statutory and Policy Implications

11. 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.

Recommendation

12. It is recommended Cabinet delegate to the Leader of the Council responsibility for signing off the County Council's response to the Department of Trade and Industry concerning the draft National Strategic Reference Framework.

COUNCILLOR DAVID KIRKHAM
Leader of the Council

Director of Resources Financial Comments

None. (C&C/RWK)

Legal Services' Comments

The decision falls within the Constitutional delegation to Cabinet and it is within Cabinet's authority to delegate responsibility for signing the response to the DTI to the Leader of the Council. (HD - 18/4/06)

Background Papers Available for Inspection

Electoral Divisions Affected

All divisions of the Authority are potentially affected.