

**NORTH LINCOLNSHIRE COUNCIL**

**REGENERATION CABINET MEMBER**

**TRANSITION REGIONS - ASSISTED AREA STATUS**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To inform the Cabinet Member on the opportunity for lobbying for the introduction of the European Commission's 'transition regions' proposal.
- 1.2 To ensure the continuation of current Assisted Area Status and to lobby for Assisted Area Status enlargement.

**2. BACKGROUND**

**Multi-annual Financial Framework – Future EU Budget 2014-2020**

- 2.1 On 29 June 2011 the European Commission presented the Multi-annual Financial Framework (the MFF) - a document which presents the Commission's plans on how to spend EU money for the period 2014-2020. The MFF translates into financial terms the Union's political priorities. The publication of the MFF document is the starting point for intense negotiations between EU institutions and Member States as well as for intense lobbying from different stakeholders. Regional governments and administrations will be a critical partner in these discussions, particularly on the future of structural funds, but also on the future of innovation and research programmes, education and social policy programmes.
- 2.2 At a first glance there are not many changes in the overall budget structure (95% of current structure survives in this proposal). However, there is a re-distribution of funding across policy areas – some are decreasing, some increasing. Main increases for following policy areas are:
  - Infrastructure facility: large increase (over 200%)
  - R&D and Education: increase of 48%
  - Global Europe: increase of 23%
- 2.4 One other change which is important to North Lincolnshire is the change to the Cohesion Policy which includes a proposal for a new category of 'transition regions'. Key elements of the cohesion policy are:

- It will be more systematically tied to the Europe 2020 goals
- It will have a new architecture introducing 'transition regions' category with a GDP more than 75% but less than 90% of the EU average to replace the current phasing in/out system
- European Commission suggests concluding partnership contracts with the Member States, to make sure funding will be spent according to the Europe 2020 goals
- Concentrating largest share of cohesion funding on the poorest regions.

2.5 The European Commission and European Parliament are keen for this new 'transitions regions' category level, UK Government less so as they want to see a smaller, more targeted pot. GDP of 75-90% extra population coverage is similar to the population share of the whole of Europe. However, the calculations do not take into account the rebate. If the concept of Transition regions survives, and they are defined as regions with between 75 and 90 per cent of EU average GDP per head, the East Yorkshire and Northern Lincolnshire UK NUTS II region look to be in the running with 88% of EU average GDP. It must be noted that the GDP figures used are the latest EU figures, for 2008. In practice, the average of three years figures will probably be used for final decision making (2008, 2009 and 2010).

2.6 A UK Local Authorities Transition Regions Network has been established to debate the current proposals. The UK Network agreed that its position be based on four areas: money, eligibility, geography and administration.

2.7 The UK network supports:

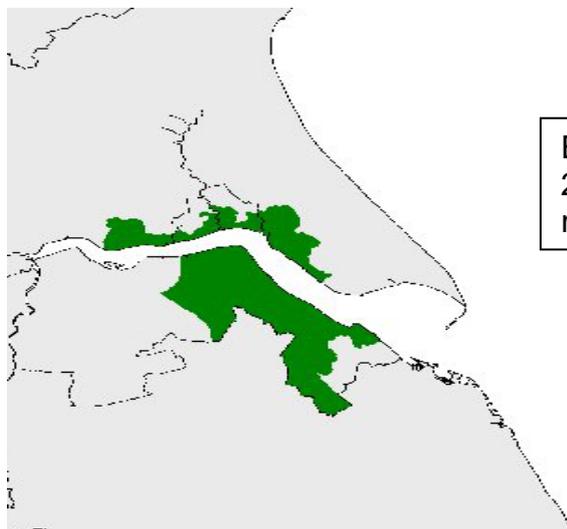
- the architecture for eligibility for assistance via Cohesion , namely the three categories
- the retention of the transition category of funding for regions and as set out in the budget paper;
- the application of three bands of funding as opposed to a continuum of aid intensity from 75-90% (i.e. 75-80, 80-85 and 85-90%).
- the proposed monetary value of the budget as it provides an opportunity to deliver against EU2020.

2.8 The UK Network has major concerns over the limited scope and range of eligible actions and is seeking dialogue with the Governments and the EU to align the scope of eligible actions to the basis of regional priorities. The network supports the inclusion of economic infrastructure as an eligible activity but for this to be limited to actions that support the delivery of regional programmes (reflecting regional specialisation) and of EU2020 objectives; and the concept of local development partnerships to deliver bottom up developed and delivered programmes of projects reflecting local opportunities in line with regional specialisation.

- 2.9 **Geography** - The UK Network supports the allocation of EU funding at NUTSII areas and for regional programmes to be developed and delivered on the basis of local geographies coalescing around NUTS II areas.
- 2.9 In relation to administration the UK network supports the development and delivery of EU programmes at the regional level - in England the Local Economic Partnership (LEP) mechanism. It is supportive of the integration of development and delivery of programmes funded via the ERDF, ESF, EFF and EAFRD at NUTS II geographies taking into account regional specialisation and at NUTS II geographies as set out above; and simplification of project and programme administration.

### **ASSISTED AREA STATUS**

- 2.10 'Assisted Area' status under European State Aid regulations allows the UK government to provide aid to companies to create or protect jobs. Assisted Area (AA) status is available to less prosperous local economies. In England AA status currently underpins much of the distribution of Regional Growth Funding. The current AA map runs up to December 2012, the EU rules for post-2013 period are currently under discussion.
- 2.11 The existing AA map for the Y&H region shows that the North Lincolnshire Ferry ward is eligible for AA status. This, including the adjacent eligible North East Lincolnshire wards, makes up the South Humber Gateway area.



EU Assisted Area Status Map  
2007-2013 – Humber sub-  
region

- 2.12 Lobbying by organisations such as the Industrial Communities Alliance on the UK Government's proposals on the new AA map for post-2013 has resulted in the UK Government supporting a similar map to the existing one. If the European Commission were to follow these proposals there would be a very marginal reduction in UK coverage. It is worth noting that the Commission seems unlikely to seek sweeping reductions in coverage. However, it would still be worth lobbying for an

increase in the North Lincolnshire area coverage to include Scunthorpe, especially in relation to the proposed job losses at TATA Steel UK.

### **3. OPTIONS FOR CONSIDERATION**

3.1 Option one – To actively lobby for the introduction of the ‘transition regions’ proposal, to support the UK Local Authorities Network proposals as detailed above and to lobby for the continuation of Assisted Area Status for the South Humber Gateway (Ferry Ward) together with the inclusion of Scunthorpe.

3.2 Option two – To do nothing.

### **4. ANALYSIS OF OPTIONS**

4.1 Option One – The European Commission’s proposed ‘transition regions’ would include the UK NUTS II area of East Riding and Northern Lincolnshire. This would result in a continuation of European monies (including European Regional Development Fund and European Social Fund) for North Lincolnshire. This continuation of monies will assist with the economic and social development and regeneration of the area. Currently North Lincolnshire’s Ferry ward receives Assisted Area status which enables the UK government to provide aid to companies to retain or create new jobs. Assisted Areas are also far more likely to receive Regional Growth Fund monies. It is therefore vital that this Assisted Area status is retained. Lobbying for Scunthorpe to gain Assisted Area status would also mean all the benefits of the status could help the economic growth and development of the area, especially important due to the expected job losses at TATA Steel UK.

4.2 Option Two – if no lobbying is undertaken the retention of Assisted Area Status in the Ferry Ward could be lost. The opportunity to widen the assisted area and seek additional support for businesses in the Scunthorpe area will be missed.

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 Financial – there are no financial implications to undertake the lobby activity.

5.2 Staffing – the resource to undertake this work can be provided from within existing resources.

5.3 Property and IT – there are no implications for property and IT.

6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

6.1 There are no direct implications on Statutory, Environmental, Diversity or Section 17 requirements.

7. **OUTCOMES OF CONSULTATION**

7.1 None at this stage.

8. **RECOMMENDATIONS**

8.1 To note current lobbying work being undertaken by organisations such as UK Local Authorities Transition Regions Network.

8.2 To lobby for 'transition regions' implementation, the continuation of the Ferry Ward as an Assisted Area and to seek to include Scunthorpe Wards within the Assisted Area.

**HEAD OF STRATEGIC REGENERATION, HOUSING AND DEVELOPMENT**

Pittwood House  
Ashby Road  
SCUNTHORPE  
North Lincolnshire  
DN16 1AB  
Author: Sheryle Price-Jones  
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**Background Papers used in the preparation of this report**

None