



LOSING IT OVER BREXIT

What does the end of EU
funding mean for London's
communities and projects?



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GLOSSARY

BAME	Black, asian and minority ethnic	EU	European Union
BEIS	Department for Business, Energy and Industrial Strategy	GLA	Greater London Authority
BOND	British Overseas NGOs for Development	ICT	Information and Communications Technology
CFO	Co-Financing Organisation	LA	Local Authority
CLLD	Community-led local development	LEAP	London Economic Action Partnership (the London LEP)
DCLG	Department for Communities and Local Government	LEP	Local Enterprise Partnership
DWP	Department for Work and Pensions	MEP	Member of European Parliament
EAFRD	European Agricultural Fund for Rural Development	NCVO	National Council for Voluntary Organisations
EaSI	Employment and Social Innovation programme	NEET	Not in employment, education, or training
EC	European Commission	NGO	Non-Government Organisation
EPMU	European Programmes Management Unit	NOMS	National Offenders Management Service
ERDF	European Regional Development Fund	PA	Priority axis
ERSA	Employment Related Services Association	SDG	Sustainable Development Goals
ESF	European Social Fund	SME	Small and Medium-sized Enterprise
ESFA	Education and Skills Funding Agency	TA	Technical assistance
ESIF	European Structural and Investment Funds	TO	Thematic objective
ESL	Early Service Leavers	VCSE	Voluntary, Community and Social Enterprise
ESOL	English for Speakers of Other Languages	YEI	Youth Employment Initiative

Acknowledgements

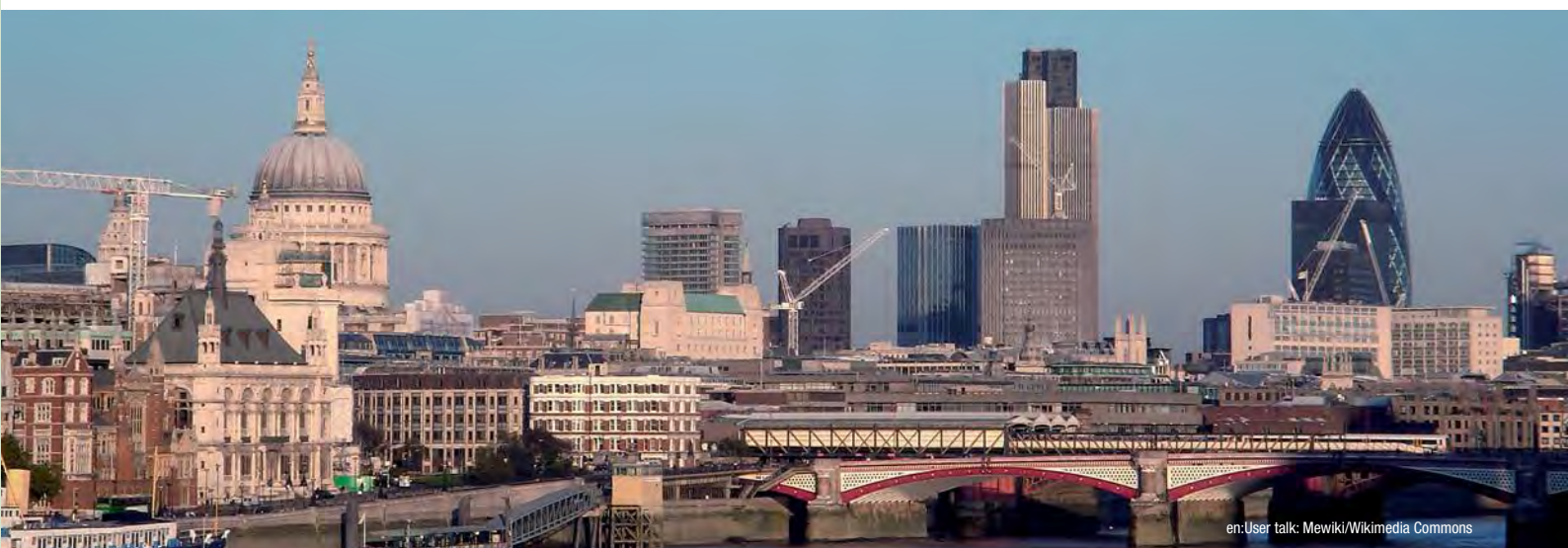
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It is said that many people who voted to leave the EU in the referendum were voting against the establishment as a whole – against being ignored and being ‘left behind’.

Successive UK governments have failed to tackle Britain’s democratic deficit, economic inequality and deprivation and these problems run deep. The austerity response to the 2008 economic crisis did not invent these problems but it made them worse. Foodbanks, wage stagnation and a crisis-riven national health service are defining features of contemporary Britain, even though it is still one of the richest countries in the world.

Britain doesn’t have to be this way but – against this backdrop – the EU referendum acted as a lightning rod. It explains the appeal of extremely dubious but crowd-pleasing post-Brexit funding promises. The importance and value of EU funding was largely ignored.

As I, the Green Party, and many others have argued¹, Brexit is also about what we stand to lose from leaving the EU.

This will have huge negative impacts for London and for Britain and they will be felt across the country. The negative effects will be economic, social and cultural – and potentially environmental too. Some of the reasons for this will be because of lost EU funding.

As London’s Green MEP my primary focus is on how this will affect London, and in particular those people and communities who stand to lose the most from valuable projects currently funded by the EU. Many of these projects may not survive Brexit.

This report details the many ways EU funding works in practice in London. It highlights the different communities that benefit from EU projects, and the different issues that EU projects address in the capital – whether supporting older people, helping young people find work, improving health, investing in education, skills and culture, or supporting volunteering. London also benefits from a wide range of EU environmental projects which, for example, tackle climate change, improve energy efficiency, increase cycling, and support the transition to a low-carbon economy.

It is far from certain that funding for these projects will be guaranteed after Brexit. In total, London could lose in excess of £500 million a year in project spending in the aftermath of Brexit.²

But it isn’t just about money, it is also about pan-European networks and the London organisations and people that participate in these projects. These will lose out in term of contacts, but also from the value that comes from collaboration and the sharing of experience and best practice.

London is a rich city region. But it is also a very divided city, with serious levels of unemployment, poverty, housing problems and economic inequality. Inner London qualifies for a particular category of funding under the EU’s Youth Employment Initiative precisely because it has such high youth unemployment.³

The UK Government claims that Britain will not lose out as a result of Brexit, yet its plans to replace EU funding going forward have barely begun. We are told that in 2018 it will consult on its proposed Shared Prosperity Fund which seeks to replace EU funding. There are currently no proposals on how much EU funding that fund will replace, what rules it will use and who will make the decisions.

I hope this report offers a useful and wide-ranging account of how EU funding benefits the capital and its people. A lot is at stake so it is important to take account of what could be lost if we don’t take the right steps going forward.

A handwritten signature in black ink that reads "Jean Lambert".

Jean Lambert MEP

- 1 UK Green MEPs, Why Greens Say Yes To Europe, March 2016. <http://www.jeanlambertmep.org.uk/2016/03/01/why-greens-say-yes-to-europe/>
- 2 An explanation of this figure is given as part of the report recommendations.
- 3 European Commission, Youth Employment Initiative (YEI). <http://ec.europa.eu/social/main.jsp?catId=1176>

INTRODUCTION

EU funding has come to play a significant role in support for local communities throughout the country, both through the voluntary sector and public agencies. The effects at ground level are in danger of being overlooked in the national debate about Brexit and its aftermath. The present short study about communities in London raises awareness and marshals evidence on some key questions. This may be the first study of this kind in a British region. Other regions are likely to be equally concerned.

Since work on this report commenced, some other excellent reports have emerged which are taken account of: the BOND study on the impact on Development NGOs⁴, the ERSA paper on the Future of Employment and Skills training for disadvantaged groups⁵, and the forthcoming 'Shared Prosperity, Shared Rights' by the Equality and Diversity Forum.⁶

It is hoped the report will help both public agencies, voluntary and private sector agencies in London plan for the coming years.

London is a special case in many respects, notably in that so much of Britain's financial services industry is concentrated there, as well as a concentration of specialist arts industries, theatre, film and music. But its communities have the same varied needs as those across the country, and support for those communities from EU sources is subject to the same criteria as apply across Britain, indeed across the EU.

The primary aim of this report is to assess and raise awareness of the situation of communities in London which currently benefit from European funding. Such funding is generally dedicated to work in employment, training, inclusion, environment and green issues, the arts and human rights.

However this assessment suggests no one has a full picture for London. The Greater London Authority has responsibility for European Structural and Investment Funds (ESIF). Whilst the GLA is also concerned with transnational funds, these are spread across a number of agencies and departments.

The report first sets the scene by explaining the

importance of this area of funding and activity, then investigates how the relevant areas of EU funding work and are applied to the UK, and then proceed to the picture of funding and activity in London. Except where stated otherwise, all figures are given in £ sterling at a € conversion rate of 1.09, the average rate for September 2017.



In preparing this report, a short survey was devised with the intention of obtaining the views of people operating EU-funded projects at local community level, and those of the agencies administering them. This was both to gather information on the effects of EU funding on communities, to obtain views on the likely effects if it ceased and ideas on how it should be replaced. Useful information was obtained from a number of respondents, and this has helped to inform the picture provided in this report. The survey strongly affirmed the importance of EU funding in enabling projects to tackle issues of disadvantage, and voiced anxiety and dismay about the damaging effects on London communities and on project capabilities if the funding were to cease without being replaced.

4 BOND, The impact of Brexit on EU funding for UK CSOs, London, July 2017.

https://www.bond.org.uk/sites/default/files/resource-documents/the_impact_of_brexit_on_eu_funding_for_csos_0.pdf

5 ERSA/NCVO, Future Employment and Skills Training for Disadvantaged Groups, November 2017.

https://www.ncvo.org.uk/images/documents/policy_and_research/funding/Future-employment-skills-training-for-disadvantaged-groups--a-successor-to-the-ESF.pdf

6 Equality and Diversity Forum, 'Shared Prosperity, Shared Rights', forthcoming, winter 2017.

RECOMMENDATIONS

The future for areas of work currently funded by EU matched funds is uncertain. It seems clear that the extent of support in London, as elsewhere, has not been accurately mapped.

The prospect of withdrawal of EU funding represents a seismic change in the life of London and Londoners. The special value of the EU funding systems needs to be better understood and the impact of their withdrawal from London needs to be quantified.

London participates in EU funding through the 2014-2020 funding period, and this will end with Brexit in the absence of other arrangements.

This research suggests spending in excess of £500 million per year will be lost to London in the immediate aftermath of Brexit.⁷

Key recommendations:

- **London should not lose out on funding it has previously received via EU funds because of Brexit**
- **Funding to replace London's lost EU funds, including the proposed Shared Prosperity Fund, should largely be decentralised to City Hall**
- **The London Mayor should undertake an integrated impact assessment of the contribution of all EU Funds to London communities, in the context of the strategic planning for London that he is obliged to undertake, as outlined in the GLA Acts**
- **An evidence base should be established of the impact of the funds across London communities, individuals, employment, jobs, health, transport, environment, research and development and future planning**
- **Evaluation of this last ESIF programme should be used to draw good practice lessons around the architecture and administration of the programme, reflect on the effectiveness of current LEP arrangements, and transmit these lessons to the new plans.**

The Government's Industrial Strategy⁸ talks of a new UK Shared Prosperity Fund, originally proposed in its 2017 manifesto, which would be put in place after the UK leaves the European Union.

Discussion of this fund makes clear that it will be shaped by the UK's industrial priorities.⁹ It is not clear whether such a fund would seek to address the full range of existing EU funding deployed in the UK. Equally, it is not impossible that the UK may seek to buy into some of the transnational funds such as Horizon 2020, Erasmus Plus and Creative Europe. The Conservative Party manifesto stated that 'there may be specific European programmes in which we might want to participate and if so, it will be reasonable that we make a contribution.'¹⁰ London is a key player in many of these funds. However, it is uncertain how far buying into EU funds will be possible, especially if the UK leaves the single market, as the Government wants.

Current beneficiaries and those involved with communities, universities, environment groups, employment and training agencies, arts and culture, further education colleges and youth groups are understandably focusing on the future. The following additional recommendations relate to these concerns:

- Funds should be available over a 7-year period and provide long-term horizons for policy priorities
- The sound principles of partnership, transparency, equalities and inclusion should be retained to underpin the development of domestic programmes
- The valuable contribution of Technical Assistance funds, allocated at a sectoral level to facilitate partnership and participation, needs to be understood and taken into account
- Provisions should be made to reduce unnecessary burdens, particularly on small organisations, around audit, record-keeping and document retention, and to simplify reporting mechanisms
- The proposed Shared Prosperity Fund and associated elements should provide the same levels of funding, stability and support to London communities as they have at present.

- 7 An estimate of £525,724,356 per year is the sum of the annual figures from the following funding sources:
- ESIF: €106,942,857
 - Horizon 2020: €328,333,333
 - Erasmus Plus: €7,792,771
 - MEEF/LEEF/European Investment Bank: €100,000,000
 - Other: €29,970,586
 - Total : €573,039,548 / £525,724,356
- Other is made up of funding from EaSI; LIFE; Rights Equality and Citizenship; Health Programme; Europe for Citizens; Interreg NW Europe; Creative Europe Desk.
- See European Commission, Financial Transparency System http://ec.europa.eu/budget/fts/index_en.htm
- 8 Industrial Strategy: Building a Britain fit for the future, November 2017, p228. <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>
- 9 BEIS representative public hearing of London Assembly's Exiting the EU group, 18 October 2017, p12 <https://www.london.gov.uk/moderngov/documents/s66504/Transcript%20-%20EU%20Exit%20Working%20Group%20-%2018-10-17.pdf>
- 10 Forward, Together: The Conservative Party Manifesto 2017 p36. <https://www.conservatives.com/manifesto>

In seeking to assess the likely impact of Brexit there is a clear need to take into consideration the specialist sectors in London, such as finance, insurance and investment. This is recognised by most commentators. Equally, universities have done a good job of describing the significance of EU funding for technology, science and research for industry and medicine.

Less obvious but no less important is the EU funding supporting London and its communities in numerous other ways. It ranges from improving work opportunities by funding training schemes spread across many boroughs, supporting social initiatives in single localities, and funding important environmental projects. It supports the development of small and medium enterprises (SMEs), which provide nearly half the jobs in the capital¹¹, and the creative industries, such as film, the arts and fashion. It provides training and employment support for those furthest from the labour market, specialist help for young people not in employment, education or training (NEETs), support for women and ethnic minorities, troubled families, and those whose opportunities have been limited by health and disabilities.

Much of the work is inevitably low profile simply because it takes place at a local level, close to the users on the ground. This is precisely its strength and importance but, ironically, it is also why it is easy to overlook. Another factor is that much of it is delivered by, or with the help of, voluntary and community organisations, which again often work most effectively in small localities, drawing on local knowledge and networks and providing a personal touch. It is important to affirm the vital role the voluntary, community and social enterprise (VCSE) sector in delivery of these projects, but it is often not possible to isolate the role of this sector in monetary terms as the work is generally delivered through multisector partnerships. One exception where it is possible to quantify the sectoral role is the Erasmus Plus programme, the wider adult learning, training, youth and sport programme that builds on the Erasmus exchange programme.

Where quantification by sector is not possible, it should be borne in mind that the Voluntary

and Community Sector is often the partner closest to the community in question, injecting a participative ethos and acting as a vital link between deliverers and users.

EU funding for communities is important not only in terms of financial resources but also policy priorities. EU policy priorities focusing on equalities, inclusion, transparency and partnership have led to substantial work of kinds that might not otherwise have received support at local community level through UK government funding or by other means. The UK Government's own Equality Impact Assessment of the 2014-2020 ESIF concluded that the impact on equality would be 'significantly positive', so there is high-level recognition of the importance and impacts of the structural fund's explicit focus.¹²

EU funding has become vital for the voluntary sector, making up 9% of its income in London¹ by supporting areas such as the environment; work with migrants and refugees; social inclusion; employment and skills training for excluded groups; lifelong learning; active citizenship, volunteering and other community-focused work.

Furthermore, the transnational work that many organisations have been able to engage in via their involvement in EU networks has led to important training opportunities, as well as sharing of practice and know-how, leading to innovation and development of practice that could not or would not happen in one country alone.

Some policy areas, such as child protection, consumer advice, justice and environment benefit particularly from cross-border work, made possible by EU funding.

Also worthy of note is the impact on international NGOs, many of which have bases in London. International agencies based in the UK were the second largest recipients of EU development and humanitarian aid from the EU, with £326m in 2016.¹³ Their potential lack of access to these substantial EU development budgets and contracts, with the accompanying scope for international collaboration, could herald the demise or relocation of many.

11 <http://www.london.gov.uk/moderngov/documents/s22201/SMEs%20in%20Londons%20Economy.pdf>

12 NCVO UK Civil Society Almanac 2017, Income from Government <https://data.ncvo.org.uk/a/almanac17/income-from-government-2/>

13 BOND, The impact of Brexit on EU funding for UK CSOs, London, July 2017. https://www.bond.org.uk/sites/default/files/resource-documents/the_impact_of_brexit_on_eu_funding_for_csos_0.pdf

HOW EU FUNDING WORKS

In order to build a picture of how EU funding works for London communities, it is helpful to have an understanding of the EU funding system as a whole. It is clear from the unfolding of the Brexit debate that many, probably the majority, of people have little awareness of the details of how EU funding and policies interact with the UK's internal processes. The London picture is therefore approached firstly by briefly reviewing the way the main relevant funds operate, secondly by looking at how they affect the UK as a whole, and then by focusing on London itself.

The headline term for the major European Union funds dedicated to assisting development around the continent is **Structural Funds**. These are also known (and in this report, will be generally referred to) as the **European Structural and Investment Funds (ESIF)**. The main subdivisions under this heading are:

The European Social Fund (ESF). This can be used anywhere for projects which meet such criteria as improving employment, training and social conditions

The European Regional Development Fund (ERDF). This can be used for socio-economic development projects within specific disadvantaged regions

The European Agricultural Fund for Rural Development (EAFRD) and **European Maritime and Fisheries Fund (EMFF)**. These two programmes are less relevant for London.

ESIF funds in England are managed by government departments with the strategic assistance of 39 Local Enterprise Partnerships (LEPs). London's Local Enterprise Partnership is called The London Economic Action Partnership (LEAP).

For ESF projects the EU expects to provide 50% of the necessary funding. Match funding has to be committed from within the resources of the recipient Member State. In the UK, certain organisations are designated as Co-Financing Organisations (CFO, otherwise known as Opt-in Organisations). These are responsible for providing the match funding for the ESF provision that

they procure, and commissioning and managing projects by other providers. There are four UK national CFOs: the Department for Work and Pensions (DWP), the Education and Skills Funding Agency (ESFA), the Big Lottery Fund, and the National Offender Management Service (NOMS). For London, the Greater London Authority has also been designated as a CFO.

There are significant allocations from ESF and ERDF in London, but not from EAFRD or EMFF. In addition, outside the Structural Funds, there are many EU funds dealing with issues such as the environment, creative industries, health, citizenship and education from which London also benefits.

ESF and ERDF are outlined below, and in the London Picture a brief overview is given of the additional programmes. While all EU-funded programmes and projects require some level of co-finance from other sources, this can be as little as 20%. ESF projects are usually fixed at 50% matched funding.

In 2010 the European Commission, European Parliament and Member States set out Europe 2020, 'A strategy for smart, sustainable and inclusive growth'. This set the direction for how EU funds must be deployed to help Europe finally overcome the economic crisis which began in 2008, and achieve a sustainable future. The ESIF Growth Programme 2014-20 was designed to support this. The funds operate over a seven year period, with policy priorities agreed by all Member States and thus not subject to local variation and/or political influence.

The headline targets set by Europe 2020 for all Member States are:

- 75% of population aged 20-64 should be employed;
- 3% of GDP should be invested in research and development (R&D);
- the 20/20/20 climate/energy targets should be met; no country should have more than 10% of early school leavers and at least 40% of young people should go to university;
- across the EU 20 million fewer people should be at risk of poverty.

The focus on reduction of poverty determined the ring-fencing of at least 20% of ESF Programmes for 'active inclusion', i.e. work with those furthest from the labour market or those facing barriers to employment.

Regulations for the current round of the European Structural and Investment Funds were agreed in 2013. The key principles are: flexibility, to better align the ESF, ERDF and to an extent EAFRD to support growth and jobs; thematic concentration; the inclusion of place-based and community-led approaches; simplification, such as flat rates; and reinforcement of partnership arrangements through the introduction of a Partnership Code of Conduct (see below).

EU THEMES

The importance of EU funding is not only in the money itself but in accompanying criteria and policy priorities. The funding system requires the way the funding is used to meet a number of criteria to ensure effectiveness and coherence, and these are also at risk if this funding system is abandoned. Headline themes are: **transparency, partnership, equalities, sustainability and transnational work.**

Transparency

This is a requirement that information about how EU funding is allocated should be freely accessible. It is observed in the UK to an extent. ESIF allocations are published on the GOV.UK website although the subcontracting detail, sometimes deemed commercial in confidence, is hard to access. Regarding funds directly distributed from the European Commission, the EC Financial Transparency system allows access to information about all payments, grants and contracts awarded from EU centralised budgets, which comprise approximately 20% of all EU spending. This facility allows access to information in such a way as to encourage fair treatment of would-be suppliers and grantees.

Partnership Principle

This covers both the relationship required between the EC as funder and the Member States, and

that between key stakeholders within Member States. It is set out in the legislative framework for the 2014-2020 ESIF programme. Article 5 of the Common Provision Regulation (CPR) obliges each ESIF programme to organise a partnership at all programming stages and at all levels. A European Code of Conduct on Partnership guides Member States in ensuring that all relevant partners are involved at all stages in the implementation of partnership agreements and programmes (see Panel 1). It urges that communities at every level

PANEL 1 EXTRACT FROM THE PARTNERSHIP CODE OF CONDUCT

The partners should include public authorities, economic and social partners and bodies representing civil society, including environmental partners, community-based and voluntary organisations, which can significantly influence or be significantly affected by implementation of the Partnership Agreement and programmes. Specific attention should be paid to including groups who may be affected by programmes but who find it difficult to influence them, in particular the most vulnerable and marginalised communities, which are at highest risk of discrimination or social exclusion, in particular persons with disabilities, migrants and Roma people.¹⁴

are involved in setting priorities and ensuring they are acted upon. For example, in the UK, trade unions, local authorities, employers and representatives from the voluntary and community sectors are involved in most Local Enterprise Partnerships, including London's (LEAP).

Equalities

Equality is a cornerstone of the European Union's foundation, it began with the inclusion of the principle of equal pay for men and women in the original Treaty of Rome (1957). The Starting Line Group of the 1990s was actively engaged in expanding the definition and the Treaty of Amsterdam (1997) and incorporated a new article (Article 6A): 'Without prejudice to the other provisions of this Treaty and within the limits of the powers conferred by it upon the Community, the

14 The European Code of Conduct on Partnership in the Framework of the European Structural and Investment Funds, Luxembourg, January 2014.

<https://publications.europa.eu/en/publication-detail/-/publication/93c4192d-aa07-43f6-b78e-f1d236b54cb8/language-en>

Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, may take appropriate action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.'

This preoccupation with equalities translated into the regulations governing the Cohesion Fund, so by 2013 the Common Provisions Regulation included Article 7 which binds all Member States to ensure programmes take account of equalities.

Promotion of equality between men and women and non-discrimination

- The Member States and the Commission shall ensure that equality between men and women and the integration of gender perspective are taken into account and promoted throughout the preparation and implementation of programmes, including in relation to monitoring, reporting and evaluation.
- The Member States and the Commission shall take appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation and implementation of programmes. In particular, accessibility for persons with disabilities shall be taken into account throughout the preparation and implementation of programmes.¹⁵

This is translated into working practices by the guidance provided by government on the cross-cutting themes.

In the UK the government aims to ensure these requirements are met through equality mainstreaming, such as by embedding equality into guidance manuals, equality awareness training for key staff and regular reporting of equality performance.

Sustainability

For nearly 20 years, sustainable development has been one of the fundamental objectives of the European Union, since it was included as an overarching objective in the Treaty of Amsterdam.

The Treaty sets out the EU vision for a sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of social protection and improvement of the quality of the environment.

Sustainable development has been mainstreamed into EU policies and legislation, via the EU Sustainable Development Strategy¹⁶, the EU 2020 Strategy, and the Better Regulation Agenda. It is reflected in sectoral policies such as the 7th Environment Action Programme. These efforts have gone hand in hand with a high level of engagement of Member States and stakeholders, which is a prerequisite for successful implementation. Attention to compliance with the strategy is a determinant in successful projects financed by the EU.

Transnational work

Many organisations have been able to take part in EU-wide networks via their involvement in EU-funded projects. These networks have led to an important sharing of practice and know-how, resulting in innovation and development that could not or would not happen in one country alone. Some policy areas, such as child protection, security, migration, consumer advice, justice and environment benefit particularly from cross-border work. The value of these networks is highlighted in the forthcoming Equality and Diversity Forum report 'Shared Prosperity, Shared Rights'. The report cites Anna Lawson, Professor of Law and Director of the Centre for Disability Studies at Leeds University:

*"One of the great benefits of EU structures has been networks of experts, networks of Government, networks of civil society and networks of equality bodies that bring together people from different countries with different types of expertise and different ideas about implementation of these agreed standards. There is a massive amount to be gained from sharing ideas (and) we have been influential..."*¹⁷

15 Regulation (EU) 1303/2013, Article 7.

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1303>

16 <http://ec.europa.eu/environment/sustainable-development/>

17 Equality and Diversity Forum, 'Shared Prosperity, Shared Rights', forthcoming, winter 2017.

OVERVIEW IN ENGLAND

The ESIF Programme for 2014-20 in England is worth around £5.52bn (€6.2bn). It concentrates on:

- **research, technological development and innovation;**
- **raising SME competitiveness (including social enterprises and micro-enterprises);**
- **shift to low-carbon economy, especially energy efficiency and renewable technologies;**
- **employment, skills and social inclusion.**

Employment, skills and social inclusion are areas where the voluntary and community sector has played a considerable role, supporting disadvantaged communities and facilitated by the involvement of the Big Lottery Fund as one of the key Co-Financing Organisations. Most ESF in Britain is deployed in ways that are not covered by domestic spend.

THEMATIC OBJECTIVES AND PRIORITIES

As mentioned above, one of the innovations of the current ESIF programme is to concentrate the funds on a limited number of thematic objectives

(TOs). These are presented in Panel 3, with an indication of the main fund contributing to each TO and likely types of applicant organisation. Key factors affecting ability to access ERDF contracts are: availability of at least £500k match funding (typically cash and staff match) for a minimum project size of £1,000,000; ability to maintain cash flow; and experience of managing previous ERDF projects. In EU programmes like ERDF and ESF, the voluntary, community and social enterprise sector* (VCSE) is involved mostly at a subcontracting level particularly in the delivery of TOs 8 and 9. In these fields, the main contractor will often farm out a number of subcontracts, which means a variety of smaller organisations can often get involved. Some types of project, such as Community Led Local Development (CLLD), are designed specifically to try to engage very locally based community organisations. But not all contractors make use of these opportunities.

Both ESF and ERDF programmes offer access to technical assistance (TA), provided to support managing authorities with publicity, awareness-raising, administration of the programme and partnership working.

PANEL 2 THEMATIC OBJECTIVES OF ESIF IN ENGLAND 2014-20

THEMATIC OBJECTIVES	FUND	TYPE OF RECIPIENT
1. Research and Innovation	ERDF	Local authorities, universities
2. ICT	ERDF	LEPs, local authorities, universities
3. Small and Medium Enterprises	ERDF	LEPs, local authorities, universities
4. Low Carbon	ERDF	Local authorities, universities
5. Climate Change	ERDF	Local authorities, limited number of LEPs
6. Protection of the Environment	ERDF	Local authorities
7. Transport (Cornwall only)	ERDF (Cornwall only)	Local authorities
8. Employment and Labour Mobility	ESF	Local authorities, providers from private sector, VCSE*, colleges
9. Active Inclusion and Combating Poverty	ESF (ERDF if through CLLD)	Local authorities, providers from private sector, VCSE*, colleges
10. Skills/Lifelong Learning	ESF	Universities, local authorities, colleges



Chris McKenna (Thryduulf)/Wikimedia Commons

THE LONDON PICTURE

PROGRAMME ARCHITECTURE

In London the ESIF programme is managed by the Greater London Authority (GLA), which acts as an Intermediary Body for ESF/ERDF under the strategic direction of the London Mayor and the Local Economic Action Partnership (LEAP). It should also be noted that some work in outer boroughs is supported by adjacent Local Enterprise Partnerships. For example, Croydon also benefits from support provided through the Coast to Capital LEP.

In addition to ESIF funding, London benefits substantially from transnational funds accessed through direct programmes. Since 2014 these are applied for via European Commission agencies or via specific UK-based agencies (e.g. Ecorys and British Council).

EUROPEAN STRUCTURAL AND INVESTMENT FUNDS

The **European Structural and Investment Funds (ESIF)** make up by far the largest amount of EU support to the UK. In London the two main components of ESIF are the **European Social Fund (ESF)** and **European Regional Development Fund (ERDF)**.

The ESIF Growth Programme 2014-2020 in London is worth approximately €748.6 million.¹⁸ Below is the breakdown of the ESF component.

The London ESF programme has been split into three broad areas: (i) provision for young people, with a specific focus on 15-24-year olds not in education, employment or training (NEET); (ii) adult employment provision, and (iii) adult skills provision.

The Greater London Authority role

As mentioned earlier, most projects are commissioned and managed by a Co-Financing Organisation (CFO, otherwise known as an Opt-in Organisation), who are responsible for providing the match funding for the ESF provision that they procure. There are four national CFOs: the Department for Work and Pensions (DWP), the Education and Skills Funding Agency (ESFA), the Big Lottery Fund, and the National Offender Management Service (NOMS), and in 2016 the Greater London Authority became a local Co-Financing Organisation.

The GLA established a European Programmes Management Unit (EPMU) to be responsible

PANEL 3 EUROPEAN SOCIAL FUND IN LONDON (ESF)

PRIORITY AXIS 1 'INCLUSIVE LABOUR MARKETS' €448.8M (ESF)

PA 1.1	Access to Employment	€162m	Long-term unemployed e.g. Work Programme leavers; carers; parents; jobless households and families
PA1.2	NEETs	€87m	Most disadvantaged NEETs and those at risk of becoming NEETs
PA1.3	Youth Employment Initiative (YEI)	€42.7m	Most disadvantaged NEETs and those at risk of becoming NEETs
PA1.4	Active Inclusion	€113.6m	As PA 1.1 with focus on early interventions, holistic support, outreach, combating root causes of poverty

PRIORITY AXIS 2 'SKILLS FOR GROWTH' €135.3M (ESF)

PA 2.1	Enhancing Equal Access to Life-long Learning	€113.6m	Basic Skills and ESOL; intermediate and higher level skills
PA 2.2	Improving the Labour Market Relevance of Education and Training Systems	€21m	Supporting SMEs to engage with skills agenda

18 See the following:
<https://lep.london/EU>
<https://www.london.gov.uk/moderngov/documents/s52545/06%20ESIF%20cover%20report.pdf>

for managing the London ESF Programme. It develops calls for funding, performance monitoring and management, carries out pre- and post-expenditure checks on projects and reclaims ESF funds where necessary.

GLA funds ESF projects in two ways, co-financed or directly awarded. **Directly awarded** projects are required to provide their own match funding. A call was opened in 2015 by EPMU for large projects that complement mainstream funding and co-financed provision, and five projects were awarded funding under this call.

The GLA ESF **co-financed programme** has been developed to complement existing provision, including piloting new approaches to delivery to test effectiveness, scalability and targeting disadvantaged workless groups. Other parts of the GLA work closely with the EPMU to ensure coordination with existing CFO provision.

CFO status allows the GLA to develop a suite of European Social Fund (ESF) co-funded projects that benefit Londoners, while meeting the objectives of mayoral priorities. Its role includes publicising project opportunities and awarding grants; management of delivery to ensure that funding is spent appropriately; providing 50% of the funding; developing and delivering projects that meet the needs of London LEP ESIF strategy; and ensuring that the ESF provision reflects regional objectives and complements domestic employment and skills funding.

Programmes are targeted at specific groups, rather than combining support for different groups into one programme, as evidence suggests that broader programmes do not always provide the tailored support most needed. Providing smaller, targeted programmes creates opportunities for specialist providers to deliver services and encourage delivery models which are tailored to the needs of individuals.

THE FUTURE

Support is delivered through sub-regional contracts based on existing borough sub-regional partnerships. This allows better coordination of activities and integration with local borough services, and contracts of this scale also appear to

be good value for money (based on the evaluation of the 2007-2013 London ESF Programme). Allocation of funds between these sub-regional contracts has been made based on need.

FUNDING OF PROJECTS TO DATE BY GLA CFO

2Work will support 18-24-year-olds. The preferred supplier will support young people to access a wide variety of volunteering opportunities and experiences from the world of work, with a view to raising their aspirations and levels of work experience, and helping them gain the skills to move into, and sustain, education, employment or training. With a total budget of £834k, delivery was to have commenced at the end of May 2017, but a successful contractor had yet to be announced in November. The work is to be pan-London with emphasis on the most deprived boroughs – Hackney, Haringey, Islington, Newham, Tower Hamlets, Waltham Forest and others.

Getting Back on Track will support young people who have recently dropped out from their level 2/3 studies at school or college. The preferred supplier will work in partnership with sixth-form and further education establishments to identify, engage with, and provide immediate support to their early leavers so that they can successfully enter and sustain employment or return to education. This too will be pan-London or clusters of boroughs. Delivery had been planned to start in April 2017, however the contract of £500k was awarded in October 2017 to the Dame Kelly Holmes Trust.

Care Leavers into Work will support 16-24-year-old care leavers into sustained employment. The preferred supplier will support care leavers to access a wide variety of experiences from the world of work, with a view to raising their aspirations and levels of work experience, and helping them gain the skills to move into, and sustain work. The total value for this project is £500k. Delivery was to have started in March/April 2017. However, the contract was awarded to the Drive Forward Foundation in October.

Forces for Good will support Veterans and Early Service Leavers (ESL's) in London from across the services to access a wide variety of volunteering

opportunities and employment experiences. These will expand participants' views of their potential educational and work opportunities, enable them to access volunteering opportunities and work experience, and help them gain the skills to move into, and sustain education, employment or training. Budget: £352k. Delivery should have started in September 2017, however successful contractors were yet to be announced in November 2017.

Digital Skills Training aims to equip unemployed and 'at risk' young Londoners for employment in London's increasingly digital economy. This funding will support new digital training opportunities that help young people aged 16-24 years old move into sustained employment, education or training and will help plug a growing talent gap in digital, technology and creative entry-level occupations with diverse 'home-grown' talent. Total budget £2m; minimum grant £500k; up to 8 projects; minimum of 1200 participants. Delivery should start November 2017, however successful contractors were yet to be announced at that time.

FUNDED PROJECTS TO DATE BY GLA AS INTERMEDIARY BODY, ON A DIRECT BIDDING BASIS

The GLA is funding many 'direct-bidding' projects i.e. organisations that have applied directly to the Intermediary Body (aka the European Programmes Management Unit (EPMU) at the GLA) via a competitive bidding process. The successful projects are:

Love London Working (PA 1 – Adult employment). The lead partner is Affinity Sutton (Clarion Housing Group) with 16 social housing providers. The project will recruit 21,000 unemployed and inactive participants aged 16+, delivering employability, basic skills including ESOL and support into employment. With a total budget of £13.28m, the project runs from January 2016 to July 2019.

Unlocking London Opportunities in Growth Boroughs (PA 1 – Adult Employment). The lead partner is the Borough of Hackney. The project will deliver on the Olympic Promise by providing employment support to 10,700

workless participants in the boroughs of Barking and Dagenham, Hackney, Newham, Redbridge, Tower Hamlets and Waltham Forest. With a budget of £17m the project runs from August 2015 to July 2018.

London Councils ESF Programme (PA 1 – Adult employment). 33 boroughs are sharing a budget of £20m to assist 11,300 long-term unemployed and economically inactive participants. The project runs from July 2015 to March 2019.

London Councils ESF Programme -West London Skills Escalator (PA 2 – Adult Skills). This project provides assistance to 950 women who receive benefits and live in temporary accommodation in West London. With a budget of £960k, it runs from July 2015 to March 2019.

Working Capital (PA 1 – Adult Employment). This initiative is led by the Corporation of London on behalf of Central London Forward. It is a national pilot agreed by Cabinet Ministers, supporting 3,860 long-term unemployed in central London, and testing a local service integration model as a forerunner to the Work Programme Plus. This project is worth £11.2m and runs from 2015 to September 2020.

EU-FUNDED PROJECTS IN LONDON MANAGED BY OTHER CO-FUNDERS

The Education and Skills Funding Agency (ESFA) funds around 100 projects worth approximately £83m across Priority Axis 1 and 2, i.e. support for the unemployed, young people, active inclusion and skills. Catch 22 and Groundwork deliver on some of the innovative projects alluded to above, on gang prevention and the work with migrants, travellers, and carers. All projects are due to end between March and July 2018, and it is unclear whether, other things being equal, ESFA will continue as a Co-Financing Organisation.

The Big Lottery Fund funds 53 projects worth £17.6m. It supports the economically inactive, BAME women, carers, people with mental health issues, disabilities and health conditions, refugees and people with complex issues. Providers include charities and trusts as well as private organisations.

The Department of Work and Pensions (DWP)

holds two contracts. One is the Troubled Families project, the other targets older people. The combined value of these projects is £25m, and is delivered through private sector companies such as SERCO and G4S amongst others.

Across the programmes, provision is designed using one of two mechanisms – contracts or direct bidding.

CONTRACTS

A number of large projects led by the GLA and the Education and Skills Funding Agency have been put out for competitive tender to deliver help to young people, women, individuals from black, asian and minority ethnic communities, those with disabilities, and health and mental health issues. Projects are run by a lead provider which works with a variety of subcontractors delivering assistance closer to the ground. Providers are typically private companies (such as Reed in Partnership, Prospects, Prevista, Seetec and G4S), colleges (South Thames College, City and Islington College, Barnet and Southgate College), some voluntary sector providers (Catch 22 and Groundwork), and housing associations (Affinity Sutton and Manley Summers). Examples of subcontractors are London PlayBack Theatre, Cultural Capital, EPIC, Groundwork, Big Creative Education, Gingerbread, First Rung and Tottenham Hotspur FC.

London Councils tackling poverty through employment

London boroughs, working collectively as London Councils, have commissioned six initiatives to tackle poverty across the capital. London Councils uses part of its allocation from the GLA, which it matches, to run programmes to help long-term unemployed and disadvantaged residents into work. The programme will make available £6m in total.

London Councils supports the following groups into employment:

- **Parents with long-term work limiting health conditions**
- **People with mental health needs**

Prevista Ltd DWP Troubled Families contract in South London

Prevista is a private company that project-manages six delivery partners assisting black and minority ethnic women in the South London boroughs of Richmond, Kingston, Bromley, Bexley, Merton, Croydon and Sutton to enter and sustain employment or potentially move into education or job search. They describe their project as follows:

The project focuses on women of working age who are economically inactive, and long-term unemployed women from particularly hard to reach communities. This includes recent immigrants and those with ESOL needs, those locked out of the labour market by cultural issues, lone parents with childcare barriers, victims of domestic violence, those isolated with limited access to support, ex-offenders or those at risk of offending and those who have no work history or no recognised work qualifications.

The team of caseworkers provides holistic wraparound support leading to job outcomes. Multilingual caseworkers deal with every conceivable issue blocking the path to sustained employment, including domestic violence, childcare issues, intergenerational worklessness, lack of education, low skills and lack of confidence. Through this programme Prevista expect to support 273 families over a three-year period.



THE LONDON PICTURE (CON'T)

The following information from London Councils (www.londoncouncils.gov.uk/services/grants/esf) identifies projects running from Sep 2016 to Dec 2018:

PANEL 4 LONDON COUNCILS ESF FUNDING

BOROUGH CLUSTERS	AVAILABLE AMOUNT	WINNING BIDDER
1. Hounslow, Ealing, Hillingdon, Brent & Richmond upon Thames	£896,229	Disability Times Trust
2. Wandsworth, Kingston upon Thames, Merton, Sutton, Croydon & Lambeth	£966,423	London Training and Employment Network
3. Southwark, Lewisham, Bromley, Greenwich & Bexley	£926,312	MI ComputSolutions
4. Westminster, Kensington and Chelsea, Barnet, Harrow, Haringey & Hammersmith and Fulham	£928,819	Paddington Development Trust
5. Enfield, City of London, Hackney, Islington, Tower Hamlets & Camden	£938,847	Redbridge Council for Voluntary Service
6. Barking and Dagenham, Havering, Newham, Redbridge & Waltham Forest	£983,971	Redbridge Council for Voluntary Service

- **People from ethnic groups with low labour market participation rates**
- **Women facing barriers to employment**
- **People recovering from drug and/or alcohol addiction or misuse**
- **Homeless people**

London Councils borough programme for Hounslow: Digital, media, tech and creative skills project (value £175,400)

The project aims to improve the employability and skills of long-term unemployed and economically inactive Hounslow residents and move them closer to securing opportunities within the local digital, media, tech and creative sectors. In particular it aims to focus on skills and roles that local employers identify as a priority, and where there is expected to be ongoing demand, to maximise chances of sustainable employment for participants.

London European Partnership for Transport

LEPT has a track record of successfully bidding for and delivering EU-funded projects which encourage sustainable transport. Through LEPT, London boroughs can join projects with other European cities to address shared challenges, bringing extra knowledge, capacity and resources

to the capital. LEPT encourages increased cycling and walking; promoting alternative fuel vehicles; travel planning in schools and workplaces; the health aspects of transport; road safety; and improving the urban realm. Project initiatives focus on increasing modal shift and the resulting environmental and health benefits.

DIRECT BIDDING

The Big Lottery Fund has supported 17 large consortia bidding for projects. Examples include:

Create Your Future This supports black, asian and minority ethnic women across North and East London boroughs. 1,300 women will benefit from training workshops to increase personal confidence and motivation, develop core skills and consider employment options.

SWEET This operates in West London to help women from black, asian and minority ethnic communities into employment, enterprise or training. Each participant receives support from a personal adviser to build their CV, find suitable job vacancies, and provide guidance on training. Help with childcare and work clothes is also available.

Skills Support for the Workforce This focuses on meeting the skills needs of SMEs

in key industry sectors in the Coast to Capital LEP region: advanced manufacturing and engineering; creative; digital and IT; environmental technologies; financial and business services; health and life sciences; care; construction; and the visitor economy. The project, delivered by the London Learning Consortium (LLC), supports sustainable employment of people with lower skills through the delivery of work-related skills training. The project carries out detailed training needs analyses with SMEs (enterprises with 2 to 249 employees) in the Coast to Capital Region, to review skills development gaps and potential solutions for the current workforce. The project then provides opportunities for staff to gain new qualifications in literacy and numeracy (entry to level 2), tailored to the relevant business sector. The project also offers free sector-specific training up to level 2 and opportunity for referral onto related project contracts such as Skills for Growth and Skills for Jobs.

Youth Talent This is a project also delivered by LLC as a subcontractor on behalf of Skills Training UK. It is part of a package of support available to young people aged 16-24 to improve their chances of employment and training. The project encourages employers to take young people into apprenticeships, traineeships, work placements and internships, and prepares and assists young people into these opportunities. The following case study of a participant on this programme gives a glimpse of the positive human impacts of such projects:

CASE STUDY *“When she came to LLC this young person who had lost all confidence and motivation and was not engaging with education and employment. Her confidence had been severely diminished due to personal circumstances and she felt that she did not have an adult role model whom she could turn to for support. She was coached by an LLC learner engagement assistant to enrol onto our traineeship programme. She then successfully secured a work placement with a local housing association, CAYSH, who work with young people to address a number of needs as*

THE WORKFORCE

It is important to note that, according to the NCVO Almanac of August 2017, over 33,000 EU nationals are working in the voluntary sector – 4.2% of the workforce – more than half of them in London, many in the social care workforce.¹⁹ It is also partly because of the diversity of the workforce that charities are also leading innovators in the medical and environmental research fields, in which the UK excels. Multiple studies have identified internationally co-authored papers as having substantially higher impact than domestic-only papers. It is this collaboration that makes research emanating from the UK, often collaboratively funded by charities, among the best in the world.

ESTIMATED LOSS OF ESF IN LONDON

According to the GLA, ESF fills gaps in mainstream employment and skills provision and looks to target those most disadvantaged in the labour market. ERDF provides support for small and medium-sized enterprises and supports the low-carbon economy²⁰. Without ESF many of the beneficiaries currently being worked with would have limited options. Thus the impact of losing European funding could have a disproportionate effect on excluded groups and those left behind.

In July 2016, Policy in Practice, a socially focused think tank, estimated the potential loss of ESF across the country based on the successful applications made to LEPs in 2016. Panel 4 shows

well as providing housing support.

Initially she found this really challenging but with continued support from both LLC and CAYSH she successfully completed her traineeship and was offered a voluntary placement. Since then she has secured paid employment. The employer commented that after a rocky start this young person, who is battling some challenges very gamely but without self belief, worked as diligently as any employee and achieved a string of accomplishments from which the company greatly benefited.”



19 NCVO, UK Civil Society Almanac 2017 – Income Sources.

<http://data.ncvo.org.uk/a/almanac17/income-sources-2/>

20 Paper prepared by LEAP on the UK Shared Prosperity Fund, presented by Alex Conway, European Programmes Director, October 2017

21 <http://policyinpractice.co.uk/brexit-whats-next-esf-local-authorities/>

PANEL 4 ESTIMATED LOSS OF ESF FUNDING IN LONDON BY BOROUGH

LOCAL AUTHORITY	LEP	LOSS
Barnet	North West London	£13,009,551
Ealing	North West London	£11,871,495
Enfield	North East London	£11,262,718
Newham	North East London	£11,253,973
Bromley	South London	£11,148,347
Brent	North West London	£11,130,441
Lambeth	Central London	£11,042,095
Wandsworth	Central London	£10,831,432
Southwark	Central London	£10,498,069
Redbridge	North East London	£10,169,009
Hillingdon	North West London	£10,156,343
Lewisham	Central London	£10,130,075
Tower Hamlets	North East London	£9,855,321
Greenwich	North East London	£9,323,127
Waltham Forest	North East London	£9,300,294
Haringey	North East London	£9,283,673
Hounslow	North West London	£9,215,210
Hackney	North East London	£9,131,305
Harrow	North West London	£8,536,582
Havering	North East London	£8,535,298
Bexley	South London	£8,323,316
Camden	Central London	8,149,156
Westminster	Central London	£8,095,232
Islington	Central London	£7,669,741
Merton	South London	£7,061,971
Barking and Dagenham	North East London	£6,880,802
Sutton	South London	£6,875,250
Richmond On Thames	South London	£6,875,250
Hammersmith and Fulham	Northwest London	£6,189,266
Kingston on Thames	South London	£5,897,543
Kensington and Chelsea	Central London	£5,419,793
City of London	Central London	£280,098
All	Total	£283,401,776

the London picture for the period 2014-2020.²¹

Figures from the previous EU funding programme, 2007-2013, indicate that the total of ESF used by 377 community groups in London was £318,611,588. Much of the work focused on employment and skills provision, particularly for those in hard-to-reach communities.

ERDF AND LOCAL COMMUNITIES

From the information published on GOV.UK there are currently 32 live ERDF projects in London.

Of these about a third (10) are delivering under the heading of Research and Innovation. 80% of the projects are led by higher education institutions and help SMEs to grow through collaboration with universities and innovation. One project is led by the GLA, one by a private company and another by an NHS foundation trust.

17 projects are delivered under the heading of SMEs' Competitiveness (business support, access to finance, help to export). Here there is a greater mixture of providers from the public sector (local authorities, colleges, British Library) and the private sector. The focus here is on supporting SMEs, start-ups, high growth, and specific sectors, for instance food and drink, fashion and construction.

A small number of projects are focussing on under-represented groups and disadvantaged areas. For example, 'Inspiring Women' led by Enterprise Enfield Agency provides business mentoring support and managed workspace to support women, including those from BAME backgrounds and disabled women, to overcome barriers to starting a business or sustaining an early-stage business, including social enterprises. Another project, led by Newham College, 'Enterprise Steps', seeks to engage pre-trade and early-stage SMEs in areas of low enterprise activity and amongst under-represented groups to create new enterprises and help existing enterprises survive, prosper and grow.

There are four projects delivering under the heading of Low Carbon, three led by GLA and one by a university. One project focuses on retrofit of non-domestic public buildings. There are currently no projects focusing on social housing.

SUPPORTING A GREENER LONDON

European funding has been a crucial source of support for developing a more sustainable, healthy, low-carbon and energy efficient London.

In 2014-2020 this support includes work funded by major ERDF projects and transnational funds like LIFE, the EU's dedicated environment and climate change programme, and Interreg.²²

GLA – REFIT

This non-domestic public building project comprises: end to end support for public sector organisations (PSOs) to enable retrofit projects to be identified and successfully implemented; and a framework of approved suppliers from which PSOs can appoint an organisation to deliver retrofit projects. This generates and accelerates retrofit activity, thereby achieving significant reductions in energy demand and carbon emissions, generating cost savings to the public sector and improving London's infrastructure.

Total funding: £4,191,816

GLA – Better Futures

The project provides managed co-working space and innovation support to improve the success rate and speed of new low-carbon enterprises in London seeking to achieve growth. It brings technical and business expertise to help low-carbon enterprises to optimise prototypes for the market and develop their business – delivering CO2 reductions and job growth.

Total funding: £1,647,044

GLA – Decentralised Energy Enabling Project

The project provides public sector intervention to help realise larger-scale decentralised energy projects in London that the market is failing to deliver. It procures and directs technical, commercial, financial support to help SMEs bring into operation schemes that deliver significant CO2 reductions at market-competitive prices. The project's aims include delivering capital investment, creating jobs and reducing carbon emissions.

Total funding: £3,500,000

London Southbank University – Greentech Access to Innovation

The project empowers SMEs to develop and commercialise innovative low carbon technologies rapidly and at low cost and low risk to the business. It does this by offering a combination of advanced equipment and testing facilities, specialised technical expertise and business skills and networking opportunities in the low carbon and tech sectors. It aims to reduce carbon emissions and support SMEs to grow.

Total funding: £1,285,520

Energy for London (EfL) is a 3.5 year programme that runs from February 2016 to July 2019. It provides public sector intervention to help others realise larger-scale decentralised energy projects that the market is failing to develop and deliver. The programme aims to directly contribute towards London's decentralised energy and carbon reduction targets and follows from the Decentralised Energy Project Delivery Unit that ended on 31st December 2015. EfL is 50% funded by a European Regional Development Fund (ERDF) grant and 50% by the GLA.

Mayor of London's Energy Efficiency Fund (MEEF/LEEF)²³ invests in low carbon infrastructure. The GLA has initially allocated up to £43m of ERDF to the Fund and the European Investment Bank has allocated £100m. The fund manager is required to secure a further £260m from other sources, which will lead to projects valuing at least £400m being supported.

The London Energy Efficiency Fund invests in:

- Building retrofit and energy efficiency measures in public, commercial and residential properties;
- Production and distribution of low carbon heat, including combined heat and power, tri-generation and communal/district heating generation and/or networks; and
- Small scale renewable energy generation.

A similar fund set up from the 2007-2013 programme is **The London Green Fund**. It invests in infrastructure schemes aimed at delivering carbon reduction in London in line with the



22 See, for example, the following:
<http://ec.europa.eu/environment/life/>
http://filmlondon.org.uk/green_screen
<http://www.sustrans.org.uk/press-releases/european-funding-will-put-belfast-forefront-bike-commuter-revolution>

23 This is also known as the London Energy Efficiency Fund (LEEF).
<http://www.leef.co.uk/about/index.html>
<https://www.amberinfrastructure.com/our-funds/london-energy-efficiency-fund/>

London Plan. It develops energy efficiency, waste and recycling projects in the London region that have the potential to create jobs, reduce carbon emissions and improve energy efficiency. It aims to bring in private capital to match the public investment, and to make investments (loans and equity) that allow the funds to revolve so that the returns can be reinvested in urban regeneration.

LIFE - 5 projects involving recycling, river quality policy work, housing, landscapes and wellbeing using £6,423,964.²⁴ It includes the following project:

- **TRiFOCAL London – Transforming City Food hAbits for Life**, is an initiative being led by Resource London – the partnership between WRAP and the London Waste and Recycling Board – together with Groundwork London. See <http://trifocal.eu.com>

TRANSNATIONAL PROGRAMMES

It is important to note that in the case of direct or transnational funds²⁵, agencies are likely to be sharing resources with other groups. Between two and 12 partners might be engaged in delivering a project. Figures in this report are attributed to London agencies leading partnerships, usually the largest recipient of funds. Precise allocations can be accessed using the Financial Transparency System of the EU.

It should also be borne in mind that London universities and industry groups are significant recipients of Horizon 2020 research funding, and equally arts and culture organisations, environment, human rights, migration and active citizenship groups all access funding as well as those who provide a range of professional services, research, publishing, accounts and advice to the Commission.

It is not possible in the time available to estimate the additional money coming to London in those cases where London projects are partners with bodies elsewhere in the EU, as award lists only indicate the budget for the partnership rather than the participating countries.

ERDF also includes **Interreg**, a series of nine

programmes designed to stimulate cooperation between regions in the European Union. The period 2014-2020 is covered by Interreg V. Most programmes are not relevant to London but a few (North-West Europe and Cooperation) have provided £33,390,255 worth of projects in 2015/16 with London partners including the Mental Health Foundation, Clarion Housing Association and Sustrans, the cycle highway developers. This amounts to £16,802,136 per annum.

Horizon 2020

Horizon 2020 is the EU's Research and Innovation programme. Its activities are split into three main areas: Excellent Science, Industrial Leadership and Societal Challenges. The Department for Business, Energy and Industrial Strategy (BEIS) released the latest statistics on UK participation in Horizon 2020 in November 2017, which shows that, as of September 2017, London organisations have been awarded a total of €985 million (£763.5 million). The UK is the second biggest recipient of Horizon 2020 funds in the EU and London agencies account for 1,964 projects – 24.4% of the UK total.²⁸



24 Because the LIFE Programme is a transnational fund, this amount is shared transnationally between project partners.

<http://ec.europa.eu/environment/life>

25 <https://www.gov.uk/government/statistics/uks-participation-in-horizon-2020-september-2017>

OTHER DIRECT FUNDS

The direct support received by London agencies, albeit in partnership, is virtually equal to ESIF support. In addition to Horizon 2020 funding, grants and contracts awarded to London agencies in 2016 directly by the European Commission amounted to some £139,849,304. This figure and details included in panel 5 are from the EU Financial Transparency system²⁶, and includes grants to universities, hospitals, consultancy companies, auditors, experts, industry bodies and NGOs.

Creative Europe

Creative Europe²⁷ plays an important role in the export of independent British film into continental Europe, with some 6 million euros supporting cinema releases of around 50 British films in other European countries every year. Examples include: I, Daniel Blake, Florence Foster Jenkins and Pride.

Crying Out Loud-Circus 250. This project brings together a four-country partnership to address the need for high quality ethnically diverse performances that can appeal to popular audiences. The partners are highly experienced and widely recognised for supporting emerging artists, initiating work that integrates artforms,

and developing local as well as sector specific audiences. They see this as an opportunity to effect change by:

- **Enabling talented hip hop theatre artists and highly-skilled circus artists to work together through a year-long series of workshops, residencies and performances and create something different**
- **Upskilling local, early career, circus and hip hop artists as they work with the experienced artists in order to enhance their creative and professional careers**
- **Presenting performances that use the lens of football culture to explore the physicality of the body and sport, and highlight racial and socio-political issues, challenges that face a multi-cultural Europe. The performances will vary at each location: local skills and responses to the themes will be integrated into the show**
- **Testing UK methodologies for audience development with a focus on those that are not frequent attenders in circus outside of the UK**
- **Leaving a lasting impact on the emerging area of hip hop and circus cross-over work.**



The Crying out Loud-Circus 250. Photo: Camilla Greenwell

26 Financial Transparency System
http://ec.europa.eu/budget/fts/index_en.htm
27 <http://www.creativeuropeuk.eu>



Rights, Equality and Citizenship

My Mobility Mentor was a two-year project in partnership with The UK Law Centres Network and funded through the European Commission's Rights, Equality and Citizenship (REC) Programme, ending in November 2016. Its objective was to foster the integration and participation of mobile EU citizens in the UK.

PANEL 5 OTHER DIRECT FUNDS IN LONDON ¹⁴

LIFE – 5 projects

Recycling, river quality policy work, housing landscapes and wellbeing £6,423,964

Creative Europe²⁷ – 76 projects

Art, publishing, cinema and film, dance, opera, orchestras, music, circus arts and NGOs £18,000,000

Employment and Social Innovation (EaSI) – 2 projects

Pensions and professional training in audio visual professions £473,619

Europe for Citizens – 11 projects

British Council, Imperial War Museum, social policy and active citizenship £1,404,517

Health – 10 projects

Antibiotic research, migrant health, epilepsy, human fertilization, alcohol, childhood obesity, cancers, tuberculosis, and health projects benefiting older people £5,995,027

Rights Equality and Citizenship – 15 projects

E-Democracy, citizen rights, missing children, xenophobia, hate speech, victims of crime, survivors of domestic abuse, youth justice and disability £4,044,177



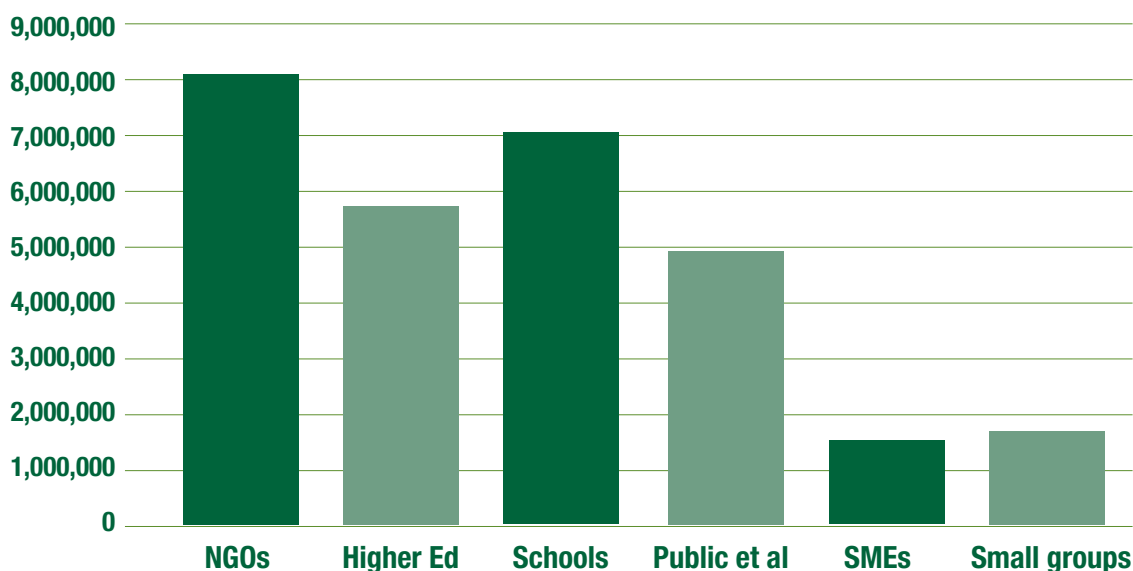
DIRECT PROGRAMMES VIA NATIONAL AGENTS

The third source of funding is central EU funds, administered through national agents. Significant funds for transnational work in education, adult life-long learning, training, youth and sport – under Erasmus Plus – are administered by Ecorys and the British Council. As can be seen in the table below, NGOs provide the greatest number of Erasmus projects in London. Other funds for Justice and Immigration come through the UK Border Agency although figures for community use are unavailable.

Erasmus Plus £24,303,086 (2014/2016)

Erasmus projects fall into many categories. Universities, schools, colleges, training providers and youth groups are the primary users of Erasmus Plus, in two ways – centralised and decentralised actions. Erasmus Plus is perhaps best known for exchanges of staff, students, and learners in universities, schools and training colleges.²⁸

PANEL 6 ERASMUS PROJECTS IN LONDON 2015-2017



VOLUNTEERING MATTERS

London based charity **Volunteering Matters**, engaged in EVS4ALL (European Voluntary Service for All). This was a two-year Erasmus Plus Key Action 2 project initiated by Allianz Cultural Foundation, implemented in cooperation with Volonteuropa and coordinated by IKAB-Bildungswerk. It was aimed at showcasing the need for making European Voluntary Service (EVS) more inclusive of young people with fewer opportunities and one of its key intellectual outputs was a set of European policy recommendations, entitled *Towards a More Inclusive European Voluntary Service*.

The EVS4ALL consortium reaffirmed that programmes such as EVS, other EU mobility initiatives such as EU Aid Volunteers, EU Solidarity Corps and programmes at national level, are needed more than ever. The funding received from Erasmus Plus programme and the work carried out over the last two years enabled the consortium to showcase that, while there is a generally a very healthy state of youth volunteering in Europe, unfortunately too often the most vulnerable young people, with fewest opportunities, are left out of volunteering and cross-border mobility programmes such as EVS. The funding received, and the work undertaken by the EVS4ALL consortium enabled us to create long-standing partnerships to promote youth volunteering across Europe.

28 <https://www.erasmusplus.org.uk>

CONCLUSION: THE CHALLENGE OF THE COMING PERIOD

The outlook is challenging for communities in two ways. There is the challenge of a possible severe reduction of opportunities, both in terms of funding and policy priorities. On the other hand there is the challenge of trying to ensure continuation and legacy post-Brexit through the Government's EU (Withdrawal) Bill and the proposed UK Shared Prosperity Fund, which has been promised as a mechanism for replacing EU funding.

As this report has highlighted, London and its communities benefit from in excess of £500 million a year as a result of EU funding, including through ESIF and transnational funds.

In addition to funding itself, these forms of support are hugely important because they embody policy and implementation guidance in an explicit way that is often missing from purely UK funding. For example:

- **the inclusion focus of EU2020 directs the contracts and types of work that get funded, for example work with women and BAME groups, young people, veterans, carers and people left behind by social and economic change**
- **the partnership principles which are central to these funds allow third sector groups and communities to contribute to funding priorities**
- **the very structure of the funds demands explicit strategies on equalities, which can be clearly seen and reported upon**
- **sustainability – a notion originally introduced by EU funding – is now clearly linked with environment concerns and Sustainable Development Goals**
- **transnationality – the experience of shared know-how and exchange of competence – gives rise to networks of experts focused on solving EU and national problems, as well as facilitating cross-border work.**

THE FUTURE

Discussions have been underway regarding the proposed UK Shared Prosperity Fund, which would replace funds for ESIF and possibly other EU funding, and be put in place for when the EU funding ends. This has been led by the Department for Communities and Local Government (DCLG), with assistance from the Department for Business, Skills and Industrial Strategy (BEIS) and the Department of Work and Pensions (DWP). A consortium of some 30 agencies representing employment and training providers, led by ERSA and supported by NCVO, have outlined their priorities for this Fund.²⁹

The British Council has coordinated the Our Shared European Future initiative, which has brought together around 450 educational, cultural and scientific organisations and representatives from 30 European countries, who have endorsed a set of recommendations for the future. In relation to EU funding programmes such as Erasmus Plus, Horizon 2020, Marie Skłodowska-Curie Actions and Creative Europe, these recommendations urge 'EU and UK leaders to ensure UK institutions and individuals remain eligible to access these and future multilateral framework programmes'.³⁰

But there is little certainty that the replacement system will address the full range of existing funding and take on board the other issues currently addressed by ESIF. The Government's recently published Industrial Strategy is likely to shape the priorities for the Prosperity Fund and there will be a public consultation on the Fund in 2018.³¹ However, it is not clear the extent to which priorities that are part of the EU fabric – inclusion, equalities, partnership, transparency, sustainability and others championed by the Green Party³² – will feature in the Shared Prosperity Fund, nor indeed how any geographic priorities of the Fund might impact on London.

29 ERSA/NCVO, Future Employment and Skills Training for Disadvantaged Groups, November 2017.

https://www.ncvo.org.uk/images/documents/policy_and_research/funding/Future-employment-skills-training-for-disadvantaged-groups--a-successor-to-the-ESF.pdf

30 See British Council, Our Shared European Future, Recommendations to EU and UK leaders, 2017.

<https://www.britishcouncil.org/education-culture-after-brexit/shared-european-future>

31 Industrial Strategy: Building a Britain fit for the future, November 2017, p228.

<https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

32 For example, see

<http://www.jeanlambertmep.org.uk/2017/04/13/response-to-governments-industrial-strategy-green-paper/>

RECOMMENDATIONS

The future for areas of work currently funded by EU matched funds is uncertain. It seems clear that the extent of support in London as elsewhere has not been accurately mapped.

The prospect of withdrawal of EU funding represents a seismic change in the life of London and Londoners. The special value of the European funding systems needs to be better understood and the impact of their withdrawal from London needs to be quantified.

London participates in EU funding through the 2014-2020 funding period, and this will end with Brexit in the absence of other arrangements.

This research suggests spending in excess of £500 million per year will be lost to London in the immediate aftermath of Brexit.³³

Key recommendations:

- **London should not lose out on funding it has previously received via EU funds because of Brexit**
- **Funding to replace London's lost EU funds, including the proposed Shared Prosperity Fund, should largely be decentralised to City Hall**
- **The London Mayor should undertake an integrated impact assessment of the contribution of all EU Funds to London communities, in the context of the strategic planning for London that he is obliged to undertake, as outlined in the GLA Acts**
- **An evidence base should be established of the impact of the funds across London communities, individuals, employment, jobs, health, transport, environment, research and development and future planning**
- **Evaluation of this last ESIF programme should be used to draw good practice lessons around the architecture and administration of the programme, reflect on the effectiveness of current LEP arrangements, and transmit these lessons to the new plans.**

Discussion of the proposed Shared Prosperity Fund makes clear that it will be shaped by the UK's industrial priorities³⁴. It is not clear whether such a fund would seek to address the full range of existing EU funding deployed in the UK. Equally, it is not impossible that the UK may seek to buy into some of the transnational funds such as Horizon 2020, Erasmus Plus and Creative Europe. The Conservative Party manifesto stated that 'there may be specific European programmes in which we might want to participate and if so, it will be reasonable that we make a contribution.'³⁵

London is a key player in many of these funds. However, it is uncertain how far buying into EU funds will be possible, especially if the UK leaves the single market, as the Government wants.

Current beneficiaries and those involved with communities, universities, environment groups, employment and training agencies, arts and culture, further education colleges and youth groups are understandably focusing on the future. The following additional recommendations relate to these concerns:

- Funds should be available over a 7-year period and provide long-term horizons for policy priorities
- The sound principles of partnership, transparency, equalities and inclusion should be retained to underpin the development of domestic programmes replacing ESIF
- The valuable contribution of technical assistance funds, allocated at a sectoral level to facilitate partnership and participation, needs to be understood and taken into account
- Provisions should be made to reduce unnecessary burdens, particularly on small organisations, around audit, record-keeping and document retention, and to simplify reporting mechanisms
- The proposed Shared Prosperity Fund and associated elements should provide the same levels of funding, stability and support to London communities as they have at present.

33 An estimate of £525,724,356 per year is the sum of the annual figures from the following funding sources:

ESIF: €106,942,857

Horizon 2020: €328,333,333

Erasmus Plus: €7,792,771

MEEF/LEEF/European Investment Bank: €100,000,000

Other: €29,970,586

Total : €573,039,548 / £525,724,356

Other is made up of funding from EaSI; LIFE; Rights Equality and Citizenship; Health Prog; Europe for Citizens; Interreg NW Europe; Creative Europe Desk.

See European Commission, Financial Transparency System.

http://ec.europa.eu/budget/fts/index_en.htm

34 BEIS representative public hearing of London Assembly's Exiting the EU group, 18 October 2017, p12.

<https://www.london.gov.uk/moderngov/documents/s66504/Transcript%20-%20EU%20Exit%20Working%20Group%20-%2018-10-17.pdf>

35 Forward, Together: The Conservative Party Manifesto 2017 p36.

<https://www.conservatives.com/manifesto>

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