

COMMITTEE	Finance Policy & Resources
DATE	01 December 2016
DIRECTOR	Pete Leonard
TITLE OF REPORT	EU Funding Implications post Brexit
REPORT NUMBER	CHI/16/268
CHECKLIST COMPLETED	Yes/No

1. PURPOSE OF REPORT

To provide members with an update on the implications of Brexit to the Council's existing EU Funding projects, and future access to EU Funding as part of the wider External Funding Plan.

2. RECOMMENDATION(S)

1. Note the response by officers in response to the Brexit decision.
2. Support continued cooperation with existing EU partnerships.

3. FINANCIAL IMPLICATIONS

The vote to leave the European Union created a position of unknown for organisations who had been awarded EU grant funding for projects. The tables below outline the EU grant secured for projects which will not be completed before the end of 2018. These projects were identified as being at risk and officers had drawn up an action plan to reduce this risk which was due to be presented to this committee, however a late announcement by Scottish Government has had an impact on those plans.

Project	Total Cost	EU Grant	End Date	Programme
Employability Pipeline	£2,140,000	£856,166	Dec 2018	ESF
CIVITAS	€3,816,460	€2,768,275	Sept 2020	Horizon 2020
New Bus Fuel	€30,820	€30,820	Jan 2017	Horizon 2020
FCH train	€49,145	€39,316	Sept 2018	Erasmus +
Poverty & Social Inclusion	£1,290,900	£516,360	Dec 2018	ESF
Hytrec2	€1,579,662	€789,831	Oct 2021	INTERREG North Sea
Icope	€1,091,159	€545,579	Mar 2019	INTERREG North Sea
Heat Net	€1,014,142	€608,485	Mar 2020	INTERREG North West
ACE Retrofitting	€404,388	€242,632	Mar 2020	INTERREG North West
Use IT	€360,300	€180,150	Oct 2019	INTERREG North Sea
SCORE	€500,000	€250,000	Dec 2020	INTERREG North Sea
BEGIN	€600,000	€300,000	July 2020	INTERREG North Sea
Low Carbon Transport (ERDF)	£10,000	£4,000	Pre Dec 18	ERDF
Open Data (ERDF)	£215,000	£76,000	Pre Dec 18	ERDF
Smart Infrastructure (ERDF)	£1,249,351	£499,351	Pre Dec 18	ERDF
Warm Connected homes (ERDF)	£585,766	£234,306	Pre Dec 18	ERDF

The UK and Scottish Governments have announced a guarantee that all UK projects which are approved before the UK officially leaves the EU will receive the funding which they were awarded. As such, all the projects listed below, and all future EU funded projects approved before the UK officially leaves the EU will have no additional financial risk attached to them as a result of Brexit.

The Projects, Partnerships and Funding team within Economic Development has secured in excess of twenty five million pounds of EU funding in the last five years, therefore it is important that we plan ahead for the future funding landscape to ensure that we can continue to enable project delivery through external funding in the future.

In attracting these sums of EU funding to enable project delivery it is important that the Council engages and cooperates with other EU regions to attract the funding. These networks are outlined within the previously approved External Funding Plan, and this will be revised in early 2017 to ensure that we continue to maximise the benefits of these partnerships in delivering on Council strategy.

It is also important to highlight that the External Funding team are not limited only to EU funds and have drawn in funding from a range on non-EU sources.

The team work within networks such as Scottish Local Authority Local Economic Development (SLAED), Scottish Lottery Officer Group (SLOG) and the Scottish Cities Alliance to ensure that officers are aware of all potential funds which may be of interest to the Council and the wider region.

Examples of some of the non-EU funds accessible to the Council include, but are not limited to:

Big Lottery Funding (Awards for All), Heritage Lottery Fund, Local Energy Challenge Fund, Innovate UK, Ministry of Defence (Armed Forces Day), Broadband Delivery UK (BDUK), Coastal Communities Fund, CARES (Renewable energy), Office of Low Emission Vehicles (OLEV), Fuel Cell Electric Vehicle Fleet Support scheme, Historic Scotland, Regeneration Capital Grant fund (Scotland), Resource Efficient Scotland.

In addition to accessing these funds the team have also secured approval from Committee to launch a Crowdfund Aberdeen platform which will be live by end of the year and will enable the team to offer much more support to external organisations seeking to gain funding to enable their projects to be delivered. This will be particularly helpful for community groups, and will streamline and vastly improve coordination of the support which the Council offers them

5. BACKGROUND/MAIN ISSUES

On 23rd June 2016 the UK voted to leave the European Union. The process of negotiation to exit is not clear, beyond the instigation of the formal 'trigger', Article 50 of the Lisbon Treaty.

The EU Treaties shall cease to apply to the UK from the date of entry into force of a withdrawal agreement between UK and the European Union, or failing that, two years after the UK opts to invoke Article 50, unless the UK is able to secure unanimous agreement from the European Council to extend this period.

There is no clear timescale in place to indicate when Article 50 could be invoked. In addition there is a lack of clarity over the process required to enable the UK to invoke Article 50 and even greater confusion over the process which will follow.

There is a legal case currently working its way through to the Supreme Court (*Santos and M v Secretary of State for Exiting the European Union*) which challenges the right of the Prime Minister to invoke Article 50 using prerogative powers, suggesting that the principle of parliamentary sovereignty underpins the constitution and therefore only parliament can make such a decision, and not the Prime Minister alone. The High Court has ruled in favour of Santos and M. The Government has appealed this to the Supreme Court and the case will be heard early December.

The outcome of this appeal will impact upon the date of starting the exit process, with Parliament potentially being required to take a vote on the issue, thus creating even more uncertainty over what timescale we are working to and what level of information will be made available through the process.

6. IMPACT

Improving Customer Experience –

A broad range of projects benefit from EU funding in Aberdeen. As an example the employability pipeline project will enable the provision of improved services to help disadvantaged individuals back into employment. The pipeline approach will create a much simpler journey for participants and is only possible due to the funding secured from the European Social Fund.

Improving Staff Experience –

Staff involved with EU funded projects often identify the positive experience of being able to engage with counterparts across Europe and to learn from some of their best practice and seek to improve their own skills and performance as a consequence. Increased certainty about the risks associated with current EU funded projects will enable staff to remain focused upon delivery and supporting implementation of Council objectives and priorities.

Improving our use of Resources –

Accessing EU funds typically allows for a percentage of project costs to be part funded from European sources. The impact on this is that it reduces the financial input from ACC resources and enables them to be spent elsewhere whilst still delivering the objectives. At a time when Council budgets are frequently under pressure it is important that we are able to lever in external funding to maximise the impact of Council resources.

Corporate -

EU funds exist and cover a range of eligible activities. Where Aberdeen City Council seek EU funds it is to aid the implementation of existing policy and strategies.

Some of the Transnational EU funds offer opportunities to work in partnership with partner organisations, at local, national and European level.

7. MANAGEMENT OF RISK

The recent statements by UK and Scottish Government have guaranteed the EU funding which is secured before the UK officially leaves the EU. As such the financial risk initially identified by officers has been removed, and no further action is required to further reduce this risk as it sits at zero.

8. REPORT AUTHOR DETAILS

Stuart Bews
Senior External Funding & Policy Officer
stbews@aberdeencity.gov.uk
01224 523773

Yasa Ratnakeye
Senior Projects, Partnership and Funding Officer
YRatnayeke@aberdeencity.gov.uk
01224 523807