

## COSLA European Priorities for 2012

### **Purpose**

1. This report provides an overview of the major policy initiatives from the European Commission for 2012 which directly concern local authorities. These are principally: the future of EU funding and the intended overhaul of EU rules on public services and sustainable development. It summarises political and officer actions to maximize the influence of Scottish Local Government in the EU agenda in Brussels and in Scotland.

### **Overview**

3. The 2012 Work Programme was tabled by the European Commission in mid November. Akin to the Scottish annual legislative programme, it is dominated by a number of big dossiers tabled during 2011, notably the EU budget proposal for 2014-2020 and the series of related EU thematic funding provisions. For this reason 2012 was always going to be a year with a heavy workload both in Brussels and in Scotland. However, the situation is further complicated by the economic uncertainty with possible radical changes in the EU Treaties and in the eurozone.
4. Beyond these high level issues there are a wide range of dossiers that can have a disproportionate effect on local government that have been carried on from 2011: Waste legislation, energy efficiency obligations to Councils, public aid to companies, new rules on public procurement, shared services, EU rules on congestion charging, new maritime policy.
5. The period between the Scottish Parliament and local government mandates has coincided with a crucial stage in negotiations as regards to the EU funds, in Brussels and within Scotland. Hence the need for the political agreement sought from Convention to cover this period and to the end of next year. Finally the report provides a summary of the activities over the last year of the COSLA Brussels offices and Scottish councillors representing Scotland at EU level is provided. The workload of both COSLA elected members and Officials will be heavy this year, any additional work will need to result in existing commitments being de-prioritised.

### **Main anticipated initiatives for 2012**

#### EU funding for Scotland

6. The EU Budget 2014-2020 was tabled in June by the European Commission. While Member States will have the final word on it (no less the UK and others that have asked for the EU budget to be capped at around 1% of EU GDP rather than 1.14%) the proposal largely keeps the current EU funds of most direct interest for Councils, notably those concerning Regional or Structural Funds and Rural Development.
7. Last October, the European Commission tabled specific legislation for each of the funds that will distribute money across the EU regions and communities. These were: the European Regional Development Fund (ERDF), the European Social Fund (ESF), collectively known as the Regional or Structural Funds and the European Agricultural Fund for Rural Development (EAFRD). Under the current proposals we can expect around one billion euro of EU funds (€550m ERDF/ESF and slightly more than that for Rural Development) to be allocated to Scotland from 2014 until 2020.
8. Next year will see the negotiations of the rules at EU level and at the same time the Scottish Government (which is responsible for allocating these EU funds) is keen to draft the spending plans

for these EU funds by the end of next 2012. The draft EU rules contain groundbreaking proposals on **local development**. These could see local partnerships such as CPPs putting together and delivering several sources of EU funds. To secure this in Brussels we have benefitted from COSLA being the coordinator of the task force on EU funding set up by the Council of European Municipalities and Regions (CEMR - the European local government umbrella organisation). This has allowed us to lobby for a strong local role in the development of the new funding rules. In Scotland, there is a stated willingness of the Scottish Government to set up a Single Plan covering all funds in which local development will have a clear role. We have been also liaising with the UK Government. COSLA has been invited to give oral evidence to the Scottish Parliament in December.

9. Following a meeting, between COSLA Vice President Cllr Murray and COSLA Environment Spokesperson Cllr Hay with Cabinet Secretary Alex Neil on 10 November, we are awaiting a detailed indication on how local government will be involved over the next year to draft the new spending programmes here.
10. COSLA will campaign both in Brussels and in Scotland over the next year to ensure that **Local Development** is a key pillar of the new EU funding stream coming to Scotland post 2013. In so doing, the specific status of Highlands and Islands which the draft EU proposals consider a transition region with additional funding than the rest of Scotland needs to be safeguarded.

In 2012, COSLA will:

- i. continue campaigning to see Scottish Councils being allocated, wherever appropriate, responsibility for Councils to directly manage the EU funds and in particular Structural Funds that are geared for local development. From current moves the EU Commission is in favour of **EU funds for Local Development** being managed directly by local arrangements such as Community Planning Partnerships, Local Action Groups, Business Gateway etc.
- ii. COSLA will work with Directors of Finance, Economic Development and relevant departments from each Council to establish the match funding, capacity and priorities that can be put forward by Local Government in the negotiations with the Scottish Government of the Scottish EU funding programmes.
- iii. work to influence the Commission negotiating framework with the **UK Partnership Contract, Common Strategic Framework** and **EU Code of Good Practice** on Partnership to prevent those UK wide priorities and delivery arrangements prejudice Scottish ones or that the latter are imposed on Councils on a top down fashion.
- iv. campaign to ensure consistency of Scottish and EU initiatives on **Reference Framework of Sustainable cities** (to which COSLA has been very closely involved), the **Covenant of Mayors** (of we are the Scottish official supporting organisation), the **Smart Cities Initiative** (we participate in the SG task force) so that they mutually reinforcing and inform the wider discussions on EU funding for Local Development under the Structural and Rural Development funds.

### Public Services

11. Public services, or "Services of General Interest" (SGI) are subject to legal obligations in the EU treaties to ensure fair competition across the EU. These mostly concern when compulsory competitive tendering is required. However, the Lisbon Treaty of 2009 contained a Protocol on SGIs to protect local government from excessive interference from the European Commission when it acts as the watchdog of the EU internal market.

12. While the Commission has so far not addressed fully the 2009 treaty change, the result of consultations from earlier this year (which COSLA was actively engaged in) will result in extensive negotiations over new rules on EU Public Procurement and other EU limits to shared service arrangements. We also look forward to the long awaited Commission proposal on safeguards to local public services (also known as the “Quality Framework”).
13. COSLA and Councils will also work extensively with the Scottish Government on the new EU rules on State Aid (subsidies given by public bodies to private companies for providing public services or public goods) and on public service concessions to safeguard Councils’ ability to provide and protect local services without undue interference from the Commission.

In 2012, COSLA will:

- i. assess the Commission **Public Procurement** proposals (due 20 December), help Councils assess their impact in local government procurement obligations, including shared services, and work with our European counterparts to amend the new draft Directive;
- ii. continue working at the Scottish, UK and EU levels to address whether local long term service contracts with private operators are unfairly covered in the new **EU service concessions** proposal;
- iii. campaign for a **Quality Framework** and **Shared Services** proposals to fully reflect the new EU Lisbon Treaty Protocol on Services of General Interest.
- iv. work with colleagues in Scotland and the EU to ensure that the new **State Aid Service of General Interest** guidelines do not disproportionately limit the ability of local councils to ensure that public services are provided in their area;
- v. build on work already undertaken by Councils to ensure that the new **Regional State aid** regime continues reinforcing the impact of the EU funding programmes;
- vi. work with Councils to build on the evidence gathered since the establishment of the **General Block Exemption** and **de Minimis State Aid** regime to ensure that the new rules reflect how the exemption performs in practice.

#### *Employment and Social Affairs*

14. EU social and labour rules often over-ride existing domestic provisions, an issue of frequent friction between national and EU levels and across party lines, most vividly seen in connection with the ongoing Working Time Directive. A matter on which COSLA has been leading the work of the CEMR. While this issue will hopefully be resolved in the first half of next year, more proposals, notably on Pensions (with a white paper leading to additional EU legislation about to be tabled) will be proposed. Social inclusion proposals, including child poverty, are also to be tabled. Finally, as part of the ongoing economic crisis there is a possibility that an EU Treaty change to address it might also lead to additional opt outs for the UK in social policy.

In 2012, COSLA will:

- i. monitor the Social Partner negotiations on the **Working Time Directive** and will step in with further campaigning if a legislative solution is attempted again during 2012.
- ii. examine the **Pensions White Paper**, assess its impact in local workforce management and, eventually, work with the Scottish and UK Government to ensure they are compatible with existing (and forthcoming) domestic local workforce arrangements.
- iii. work with Councils to ensure that the forthcoming **EU skills, Child Poverty, EU Jobs Packages** can be linked with domestic policies & ongoing negotiations on the social inclusion dimension of the EU funds.

### Sustainable Development

15. 2012 will be a year that progress will be made for a fundamental review of EU Waste law, together with continued negotiations on ambitious proposals on resource efficiency (energy, water, etc) and on climate change matters. While some of this is compatible with existing Scottish policies there is the significant concern that the Commission is trying to move too fast in amending legislation at a time of limited local capacity to cope.
16. On waste issues we will assist with the final negotiations stages of the electrical waste (WEEE) Directive and its implementation in Scotland. Looking ahead, a major **review of EU waste rules**, with more ambitious objectives (particularly demanding for Councils) is expected for 2014. It will be crucial for COSLA to engage proactively in these preliminary discussions and we are keen to do so in the several anticipated preparatory meetings next year.
17. Two major pieces of legislation, one of **Energy Efficiency** and on **Air Quality** will be focusing the attention over the next year. We will continue working with Councils and our European sister organisations to ensure that the ambitious objectives that are proposed are workable for Local Authorities.
18. On climate change, depending on the results of the Durban conference this week, the Commission will draft a new climate adaptation strategy that COSLA is keen to influence to ensure it is compatible with the ambitious Scottish and UK climate plans while enabling Councils to be eligible for any available targeted EU funding.

In 2012, COSLA will:

- i. continue monitoring and influencing these discussions on the new **Waste** proposals, where possible, directly participating in the review task forces organised by the Commission, as well as in the discussion at the European Parliament.
- ii. report to Councils about the final proposal on Electrical Waste (WEEE) and where appropriate assist through the implementation process that will start immediately after.
- iii. COSLA will work with **Environmental Impact Assessment** practitioners to identify whether this proposal introduces unjustified burdens on Council planning duties, and will campaign accordingly.
- iv. continue lobbying through the early part of 2012 to ensure that local government interest is protected from the more unrealistic parts of the **Energy Efficiency** Directive.
- v. examine whether the scope, targets and timescales of the new **EU water** proposal are deemed proportionate and feasible from a local perspective.

### Transport and Maritime

19. While the issue of EU funding for transport will be of interest of Councils, we will be also campaigning against announced EU plans **to set up minimum EU binding rules on urban mobility, including congestion charging**, as this violated the local authority powers on transport.
20. On marine issues, in addition to funding for coastal communities, we will assess the impact for Scottish councils of the new **EU Atlantic Strategy**, and its potential replication in the **North Sea**. We will work to ensure this enhances local possibilities of engagement, including funding, while respecting local powers on planning and economic development.

In 2012, COSLA will:

- i. Continue working with Scottish, UK Governments as well as EU level to prevent the new **EU congestion charging/access restriction** legislation hamper the freedom by Councils to define their own local mobility arrangements.
- ii. continue working with Councils and our European counterparts to ensure that the **Atlantic and North Sea** initiatives as well the **Blue Growth** proposal allow for a demarcation of responsibilities, serve the interest of the local communities and are consistent with the other proposals of Local Development funded by the EU Regional and Rural funds.

### Institutional Issues

21. COSLA is likely to need to renominate some or all of its members to the Committee of the Regions and the CEMR after the May elections. The roles are crucial in providing the political governance needed to both bodies, and for them to effectively carry out their lobbying and influencing roles on the EU political and policy stage. Equally there is a significant EU Governance agenda that still needs to be fully developed since the EU Lisbon Treaty entered into force:

In 2012, COSLA will:

- i. be keen to work with both the next Scottish Parliament and the Government to define shared arrangement to key into the Scottish leg of the UK Subsidiarity Monitoring arrangement.
- ii. continue campaigning for a framework for pre-legislative consultation be developed by the Commission. On that issue the Code of Good Practice on the Partnership Principle that is being developed by DG REGIO is a useful template that we can exploit in other EU policy areas.
- iii. use the robust Single Outcome Agreement models from Scotland, unique in Europe, to inform an influence the new outcome-based policy delivery method that the Commission is proposing to better deliver EU programmes and funds on the grounds.
- iv. continue engaging with the Territorial Cohesion Contact Points, the UDG and other inter-governmental and UK bodies to ensure that the Reference Framework for Sustainable Cities fits with other EU initiatives being developed separately. After having provided technical advice during its development we will now promote the use of the Reference Framework use as after 2011 test phase the Framework which will now be open to all Scottish Councils.

## **Overview of COSLA EU work in 2011**

### EU funding

22. COSLA has been particularly active here. At an EU Level COSLA has chaired the CEMR task force made up by our sister organisations from other countries. Together we have successfully lobbied the European Commission and MEPs. This led to unprecedented detailed proposals on EU funded local development in the draft legislation tabled in October. We have also put together detailed contributions to the Commission and the House of Lords. Politically Cllr Garvie continued engaging actively at Committee of the Regions COTER Commission. As COSLA Vice President, Cllr McChord represented Scotland at the Cohesion Forum summit in January and chaired a high level discussion organised by COSLA and CEMR at the European Parliament on Local Development attended by senior EU officials, the EU Presidency, senior MEPs and elected representatives.

23. In Scotland we actively engaged with Councils to shape common responses to EU and Scottish consultations and with the Scottish Government to achieve a robust place for local development in the post 2013 Scottish funding programmes. To provide political guidance the Scottish Locally Elected European Representatives (SLEER) group of Councillors met on several occasions and various EU papers were presented to at Leaders and Executive Groups. We have also increased local government's role in the Scottish Government CAP Stakeholders Forum. Several meetings were held with civil servants and one with Cabinet Secretary Alex Neil. It is worth highlighting the day long event organised by COSLA with the support of the four European Consortia last October in Edinburgh so that Council funding managers could discuss at length with our guests from the European Commission and the Scottish Government.
24. It is also worth outlining that Cllr Roger Knox was elected Rapporteur (draftsperson) on Innovation by the Committee of the Regions EDUC Commission, the first that a Scottish CoR member is appointed in many years. COSLA supported and facilitated his engagement and evidence gathering with Scottish, UK, EU officials and MEPs.

### Employment and Public Services

25. COSLA was asked by CEMR to draft the pan European local government response to the Working Time Directive, and work continued on this during 2011. Now we are awaiting the result on the ongoing negotiations between the European Trade Union Congress and Business representatives to reach a compromise in the spring. The CEMR also received and relayed an invitation to provide a Social Procurement expert to present best practice advice in an EU Social Dialogue meeting (the speaker was provided by Edinburgh City Council).
26. On Public procurement COSLA was assisted by member Councils and the Scottish Local Government Procurement Forum in preparing the Scottish local government response to the EU Public Procurement Green Paper. Again another extremely important review of EU rules. We enjoyed the active support of Catherine Stihler MEP who tabled several amendments reflecting COSLA concerns. The Scottish Government also took up some of our views as part of their own response.
27. A second review of the State Aid on Services of General Economic Interest took place this year. COSLA worked with the Scottish Government to respond to plans to limit the room for manoeuvre by public authorities, including Councils.

### Environment & Energy

28. Cllr McCord, has continued his active engagement in the renamed CoR ENVE Commission where he successfully achieved voting successes in opinions on Resource Efficiency, Environmental Funding and Common Fisheries Policy amongst others. Cllr Park at the CoR NAT Commission secured positive results in votes on the Common Agricultural Policy.
29. On climate change, COSLA continued to contribute to the Local Government Action project. As regards sustainable local development we continued our engagement as the Scottish Official supporting body in the EU Covenant of Mayors (essentially an EU version of the Scottish Climate Change declaration). Crucially COSLA was invited by CEMR to provide expert views on the new Reference Framework for Sustainable Cities. This was made possible through the active contributions of the Improvement Service and Glasgow City Council. COSLA has also engaged with the UK Department for Communities and Local Government as the lead UK department. Together with the East of Scotland European Consortium (ESEC) COSLA joined our colleagues from the North Sea to organise a discussion during the EU Open Days in October on the new Supergrid project.
30. Concerning specific legislation, we worked very closely with a number of Local Authorities our attention on the new proposals on EU Air Quality to put together a response to the EU consultation with member councils who were particularly affected by the proposal. We also participated in a

CEMR task force on the same issue. Equally, the ambitious proposals on Energy Efficiency tabled last June resulted in a strong engagement by Councils to react against the most excessive demands on these proposals. In doing so we also actively engaged with the Scottish Government, DECC, the Scottish MEPs and a CEMR Task Force.

### *Transport*

31. The EU Transport White Paper was finally tabled this year, together with the new 'Connecting Europe' EU funding facility. As feared the White Paper contained worrying proposals on EU rules covering urban mobility and congestion charging. As in previous occasions we have worked closely with the Scottish Government to ensure that the UK position was fully informed of this. We continued our lobbying and intelligence sharing with CEMR.

### *Institutional Issues*

32. COSLA actively engaged with the outgoing and incoming European Committee of the Scottish Parliament to brief MSPs about COSLA European Priorities. A key issue is the need to amend the Scottish Parliament Subsidiarity Scrutiny system agreed before the summer to ensure the engagement of Local Government and our Members of the Committee of the Regions. COSLA's Vice Presidents Cllr McChord and Cllr Murray met Fiona Hyslop MSP in November on our proposals for further engagement on EU dossiers with government during this parliamentary term.
33. As regards to the CEMR we actively participated in its ongoing review process, including Cllr Murray sending several detailed proposals to significantly change CEMR internal working structures to improve its lobbying work. We actively engaged with like minded CEMR members to ensure this matter was fully aired before the Policy Committee meeting on 13 December. Concerning local government's United Nations affiliated advisory body the UCLG (United Cities and Local Government) Cllr Watters participated in its annual meeting where a review of the organisation was discussed. Cllr Carola Gunnarsson, Vice President of our Swedish sister organisation and CEMR spokesperson, participated in the COSLA spring Convention of 2011.
34. The Congress of the Council of Europe, where Cllr McCabe and Cllr Oswald are Scottish Members, saw the creation of new bodies this year including the Governance Committee on which our representatives are members. In addition to the session in March attended by Cllr McCabe, both Councillors participated in the UK Delegation meeting held at the Scottish Parliament last January.
35. Finally so as to facilitate access to our work the Brussels team have set up a dedicated section on COSLA EU work in COSLA's revamped website, in addition to a twitter account @COSLAEurope, to keep interested stakeholders updated our priorities.

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**December 2011**

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**(see table of priorities overleaf)**

<b>COSLA EU Priorities 2012</b> New dossiers in <b>bold</b>	<b>Tentative COSLA prioritisation 2012</b>
<b>EU INSTITUTIONS AND PUBLIC SERVICES</b>	
EC proposals on public services (SGI, SSGI, SGEIs) – <b>SGI Protocol &amp; Quality Framework</b>	High
Monitoring ECJ case-law in Public Services	Watching brief
<b>Concessions</b> , PPP	<b>Medium</b>
Inter-authority co-operation – Shared Services	High
New EU Treaty and implications for local authorities – Subsidiarity Protocol – <b>pre legislative consultation</b>	High
EU2020 flagship initiatives	<b>Medium</b>
Regional and <b>state aids reform</b>	Medium
<b>Review EU Procurement Directives</b>	<b>Medium</b>
EU Budget Review	High
<b>ENVIRONMENT DOSSIERS</b>	
White Paper on Climate Change Adaptation & Post 2012 International Negotiations , <b>Air Quality</b>	High
EU Green and Sustainable Public Procurement proposals	Medium
<b>Resource efficiency (Energy Strategies, energy efficiency, water)</b> and renewable proposals	<b>Medium</b>
Proposals to reduce vehicle emissions	Watching Brief
Recast of existing emissions <b>and sustainable environment</b> (noise and habitat) Directives	Watching Brief
Waste (WEEE Directive Review, Biowaste, – <b>Waste legislation review</b> )	<b>High</b>
<b>TERRITORIAL COHESION</b>	
Reform of the Cohesion Policy (Territorial Cohesion, <b>Legal Regulations, Local Development, Partnership Principle, Common Strategic Frameworks</b> , Financial Engineering, <b>Macro-Regions</b> )	High
Future EU Transport Policy ( <b>Congestion Charging</b> , White Paper, Connecting Europe)	<b>Medium</b>
<b>RURAL &amp; MARITIME AFFAIRS</b>	
<b>Local Development</b> in Rural Communities (CAP Rural Development)	<b>Medium</b>
<b>Maritime Policy</b> proposals and <b>Local Development</b> in fishing communities	<b>Medium</b>
<b>EMPLOYMENT &amp; SOCIAL AFFAIRS</b>	
Meeting the needs of the elderly – demographic change – Health Inequalities – <b>social inclusion</b>	Medium
Health Care issues	Watching brief
Migration and Mobility proposals	Watching brief