

Europe 2020 Review consultation

Purpose

1. Commission is undertaking the mid-term review of the Europe 2020 Strategy , which is the European equivalent of the Scottish Government Economic Strategy and which contains a range of environmental, economic and social targets that the UK and Scotland are to report to. Many of these targets require the contribution of Local Authorities and performance against this strategy will be the basis for future EU legislation affecting Councils.
2. While the consultation lasts until next October COSLA is participating at a range of engagements over the next few weeks.
3. Below colleagues can find a key pointers that emerge from previous political statements agreed within COSLA structures and the background note provided as an annex below. This had been circulated to colleagues for final comments. We expect however that the final version of the COSLA response would merely expand further the below points as they currently stand.

Draft submission points

4. The Convention of Scottish Local Authorities (COSLA), as the representative voice of Scottish Councils at national and international level, welcomes the opportunity to contribute to the mid-term review of the assessment of the Europe 2020 strategy.
5. We find that the main added value of the strategy was the definition of a small number of headline objectives that Member States have collectively signed up to. This has provided a more focused approach compared with its predecessor the Lisbon strategy and has enabled to clearly state social and environmental ambitions together with economic goals.
6. Furthermore as a result of the launch of the strategy all EU policies and funding programmes had to be reoriented into delivering the common objectives of the strategy, thus providing some answer to the question of “*what the EU is for*”.
7. This is most visible in the new EU Budget 2014-2020 and in particular in the European Structural and Investment Funds, which means that all EU fund investments at local and regional level had to report towards the headline 2020 objectives. While this might have reduced the scope for investment for instance in relatively prosperous areas such as Scotland but at the same time the **Common Strategic Framework** that translates Europe2020 into ESFI has encouraged a better coordination between EU funds interventions which is welcome. What we do regret however is that the same logic of integration has not applied to other related EU funds with only belated (and non-binding) efforts to seek synergies such as the recent paper of links between H2020 and ESFI.
8. Concerning the **Flagship Initiatives** these packages of both legislation , funding and guidance that helped translate into practice each of the 2020 targets had a role to play at the time as to help national and local authorities to operationalise these targets. However for the second half of the strategy lifetime it is advisable that the commission narrows its focus s instead on the legislative of funding measures will use to help boost the strategy , and which are the timescales for consultation and adoption.

9. It is worth noting that in addition to the flagships there are other strategies and action plans (for instance the 7th Environmental Action Programme or the 2030 Energy and Climate Framework) thus it is advisable to **consolidate and simplify these action plans** rather than having several overlapping ones.
10. One key particular aspect for local government is that many of the **2020 (and 2030) targets** are frequently the responsibility at least in part of Local Authorities. Furthermore in Member States with Federal or Devolved structure such as the UK a significant amount of the powers to deliver the strategy are in fact in Scottish rather than at UK level. In that regard it is welcome that the Scottish Government has provided its own National Reform Programme highlighting the areas of Scottish action as well as the contribution of Local Authorities.
11. In terms of Scottish engagement it is welcome that the Government has invited for a number of years a range of partners including COSLA to a **hearing exercise** before the NRP is finalised. This is indeed very welcome however given the vast range scope of this strategy and of the related Scottish policies it would be welcome a slightly more structured engagement to facilitate that local government could provide detailed comment on the actual drafts before being finalised. This would be absolutely necessary in the event that the Scottish Government become directly liable to produce its own NRP be that by as result of the mid-term review requiring DA to also prepare their NRP (currently optional) or as a result of constitutional changes emerging from the Referendum.
12. However for any future legislation that the Commission will table to ensure that most targets are met by 2020 a more realistic assessment of the **territorial impacts** of EU proposals is made. It is open to question the common assumption of the Commission that by proposing to increase EU-wide targets, often just after the previous legislation has just been enacted (e.g. Energy efficiency, renewables) this would increase overall performance of everyone. The reality is more complex, most countries lagging behind in energy efficiency targets are unlikely to improve just because there is a new EU legislation asking them to deliver even more ambitious targets. More focus should be put instead in **focusing on supporting the implementation of the existing legislation, particularly those falling behind** rather than supporting targets for targets sake.
13. There is already a growing body of EU legislation setting obligations and targets not just for Member States as a whole but also frequently **including obligations and detailed implementation provisions for Local Authorities**. In addition to the above mentioned on energy and renewables legislation, measures employability, social inclusion, support for business, planning often require the direct contribution of Local Authorities.
14. However while the overall EU targets are aimed to allow flexibility at national level to meet them according to domestic central and local arrangements most EU legislation dealing with Europe2020 include provisions specifically applying to local government without **a proper assessment of the impact at local level (financial, regulatory, administrative)** of implementing these measures.
15. While Local Authorities, and certainly the Scottish ones are keen to have a high degree of ambition to Scottish and EU plans it is necessary that the Commission undertakes a more robust set of consultations and impact assessment of the local impact of draft legislation before tabling it. Indeed there forthcoming review of the Commission guidelines on impact assessment need to identify a more structured way for local government to be able to effectively highlight cost and impact of EU legislation delivering EU2020 targets.
16. Equally there is the need for **better coordination within the Commission itself**. While the narrow set of targets had given a clear focus on what the Commission should do there are still far too many overlapping and competing schemes. As mentioned a Common Strategic Framework was devised for the Regional , Rural, Marine and Social Funds but then very limited coordination was done with investments by the Research (Horizon2020) or Energy and

Transport funds. Equally we can expect that a more joined up approach in tabling legislation is developed as in the past we have found that proposals such as energy efficiency standards or sustainable procurement, state aid (e.g. GBER and Regional State Aid) emerged from within several parts of the commission without necessarily this being done in a consistent way.

17. Equally at the moment there is a myriad of local sustainability/energy schemes or policies: Covenant of Mayors, Manageneergy, Build-up, Smart Cities and Communities, IEE, Reference Framework for Sustainable Cities, Green Capital. For Local Authorities the dispersion of resources makes it difficult to assess and access these opportunities. This affects smaller municipalities with less capacity even more. We therefore urge the Commission to consider future proposals to implement the 2020 strategy to be more consolidated so that local authorities have it easier to engage. 2020 proposals in a more consolidated 2030 proposals alongside a consolidated EU sustainable energy support scheme package that than improve municipalities' abilities to access these funds.

Background

18. Europe 2020 is the EU ten year strategy aiming to provide smart sustainable and inclusive growth. Pretty much akin in scope and format to the Scottish Government Economic Strategy and the National Performance Framework it requires that by the end of the decade all 28 Member States meet five headline targets. These cover employment; research and development; climate/energy; education; social inclusion and poverty reduction.
19. The strategy is not a mere high level document as over the last four years its provisions and targets have permeated all areas of EU policy and have served the template for dozens of European Legislation affecting Councils. The strategy is delivered via "Flagship Initiatives" that are essentially packages of measures that contain both hard and soft law as well as incentives for Member States to contribute to delivering these targets. In the same vein EU Budget 2014-2020 and its specific funding programmes including the Regional and Rural funds has been shaped in a way that they can directly contribute to the Europe2020 targets.
20. It is worth noting that the Strategy not only addresses the challenges of the current economic situation but its main focus is to tackle the overall imbalances of the European economic and its environmental and social fabric.
21. All Member States including the UK have signed up for the overall objectives and are required to report each spring in the so-called National Reform Programmes. In turn the Commission issues each year "Country Specific Recommendations" for reform to each country. Given that some of the targets of the strategy such as social inclusion relate to powers that are beyond the EU areas of competence most of the measures to deliver the strategy are domestic ones, sometimes spread across several governance level. This is why the Scottish Government produce its own National Reform Programme (NRP) and in so doing invites a range of organisations including COSLA to contribute as reflected in the 2014 NRP and previous ones.
22. The consultation ahead of the mid-term review of the Europe2020 strategy has just been launched. As discussed below UK and particularly Scottish performance against the targets is broadly positive. However as the mid-term review of this strategy will also provide a template for the Commission to identify new EU legislation it is proposed that COSLA responds to this consultation with the below broad policy lines.
23. These headline points, based on earlier policy positions agreed by the Executive Group aim to enable an early engagement with Scottish and UK Governments as they prepare their own responses but equally to serve as input in the discussions we are going to have in Brussels together with our colleagues from other countries with EU officials in the coming weeks. Notwithstanding these headline points we will also work with Council colleagues in the coming months in examining more specific issues that might require to be raised as well so we might come back to Members for further political guidance as appropriate.

Detail

24. These are the Europe 2020 targets and the corresponding Scottish performance:
25. *75 % of the EU population aged 20-64 should be employed by 2020.* The latest Scottish data show a 75.5% rate thus already meeting the 2020 target. (EU wide rate is 68.4%)
 26. *Raising the combined public and private levels in research and development to 3 % of GDP.* The latest Scottish data shows a rate of 1.58%. (EU latest average is 2,06%)
 27. *Reducing greenhouse gas emissions by 20 % compared to 1990 levels* (or by 30 % if conditions are right); In Scotland total greenhouse gas emissions fell of 25.7 % from 1990 levels by 2011 (latest EU data is 18%)
 28. *Increasing the share of renewable energy sources in final energy consumption to 20 %;* 46.5 % of Scotland's electricity needs came from renewables in 2013 (provisional data). (latest EU data is 14.4%)
 29. *A 20 % increase in energy efficiency.* The Climate Change (Scotland) Act has a target of 12 % reduction in final energy consumption against a 2005-2007 baseline. Consumption in 2011 was 9.2 % lower than this baseline . (latest EU data shows a 8% reduction)
 30. Improving education levels, in particular by:
 - a. *Aiming to reduce the problem of early school leavers by reducing the rate of early school leavers to 10 %* from the current 15 %; Scotland was 12.6% in 2012; (EU is 12.7%)
 - b. *Increasing the share of the population aged 30-34 having completed tertiary or equivalent education to at least 40 % by 2020.* The share of the population aged 30-34 having completed tertiary education in Scotland was 52.9 % in 2012. (EU is 35.7%)
 31. *"The number of Europeans living below the national poverty line should be reduced by 25 %, lifting over 20 million people out of poverty."* This is an overall target that is not directly translated to the UK. Having that in mind the proportion of income received by those in the poorer 30 percent of population has remained at around 13 % and 14 % for several years. The National Performance Framework also finds 13.8 % of the Scottish population were in relative poverty in 2011. Across the EU the people at risk of poverty has grown to 114 million to 124m.
 32. The Scottish National Reform Programme also highlights in quite some detail the contributions of Scottish Local Government to some of the above targets in particular via Community Planning, Business Gateway Plus, Youth Employment Strategy, Early Years, Affordable Housing, Broadband Extension among others.
 33. The UK has not been given a specific target in terms of the contribution to most of the above targets, however the NRP report UK-wide progress towards meeting them. The Commission has issued specific recommendations for the UK that revolve around reducing the existing budget deficit, increasing housing supply, improving the rental market, address youth unemployment, expanding apprenticeships , simplifying the qualification system , increase 18-24 year olds skills, increase bank an non ban loans to SNs and increase transport and energy infrastructure investments. While these specific recommendations will mostly concern domestic policies they are also the template which the spending proposals on EU funds allocated to the UK/Scotland will be judged against.