

Finance Committee

FIN(4) 02-13 Paper 1 : 30 January 2013

Session with Rhodri Glyn Thomas AM on his EU Budget Synergies report for the Committee of the Regions

Introduction

1. This paper has been prepared for the Finance Committee (“the Committee”) meeting of 30 January 2013. It provides background information to the work of Rhodri Glyn Thomas AM on his report for the Committee of the Regions on creating greater synergies between EU, national and sub-national budgets.

Committee of the Regions (CoR)

2. The Committee of the Regions (CoR) is the EU's assembly of ‘regional’ and local representatives, and one of two consultative bodies (the other is the European Economic and Social Committee) consulted by the EU Institutions during the EU policy and law-making process. Its membership (344 full members and the same number of alternates) is drawn from regional and local authorities across the EU, organised into 27 ‘national’ (i.e. Member State) delegations.
3. The UK has 24 full members and 24 alternates on the Committee of the Regions. Within this Wales has 2 full members and 2 alternates, with the Welsh nominees presented by the Welsh Government, although formal nomination of all UK representatives is made by the UK Government.
4. Traditionally the Welsh Government has nominated two representatives from the National Assembly for Wales (one full and one alternate) and two from the Welsh Local Government Association (currently Councillor Bob Bright, leader of Newport, and Councillor Chris Holley, former leader of Swansea).

New mandate for 2010-2015

5. Rhodri Glyn Thomas AM was formally appointed to the Committee of the Regions (“CoR”) on 26 January 2010, with a five-year mandate, as alternate member to Christine Chapman AM, who until middle of November 2012 was the National Assembly for Wales full member of the CoR.
6. Rhodri sits on the CoR's Temporary ad Hoc Budget Commission, which was established in 2011 to provide a focal point for the contribution by the CoR to the discussions at EU level on the Multi-annual Financial Framework for 2014-2020.

Rapporteurships

7. The CoR adopts political positions on EU policy and legislative proposals through agreeing reports. Where these are in response to formal Communications or requests

from one of the EU Institutions (usually the European Commission) for they are called 'opinions'. Where these are not in response to a formal Communication/request such reports are described as 'own-initiative' opinions.

8. Rhodri Glyn Thomas in the last six months was nominated by the Temporary Ad Hoc Budget Commission to write two reports:
 - Creating greater synergies between EU, national and sub-national budgets, an own-initiative opinion
 - Synergies between private investment and public funding to support economic growth at local and regional level (including use of European Investment Bank funding), at the request of the Irish Presidency of the EU.
9. Rhodri appointed Gregg Jones, Head of the Assembly's EU Office, as his expert for both these opinions. Gregg previously filled this role for the two reports by Christine Chapman during her period as CoR member. The role is primarily to organise, co-ordinate, and assist with the drafting of the report, and facilitate the work with the CoR services and political groups.

Creating greater synergies between EU, national and sub-national budgets

10. Members of the Committee have been provided with a copy of the draft report prepared by Rhodri Glyn Thomas AM, which will be considered at the plenary session of the Committee of the Regions on 31 January 2013.
11. The report goes through a two-stage adoption process:
 - 'committee stage': adoption of draft report at the Temporary ad Hoc Budget Commission meeting 28 November 2012
 - 'plenary stage': adoption of revised draft report (taking on board amendments agreed at 'committee stage' and subsequently during plenary) at the Committee of the Regions plenary on 31 January 2013
12. For the first stage there was an internal translation deadline for the Committee of the Regions of the end of October, which means the evidence gathering phase to prepare the draft took place during September and October.
13. For the evidence gathering Rhodri attended a number of meetings in Brussels in September and October, as well as meetings and follow up with individuals and organisations in Wales. These included:
 - Meeting with EU Budget Commissioner Janusz Lewandowski, who has the lead role for the European Commission in the negotiations on the Multi-annual Financial Framework (MFF) for 2014-2020
 - Stakeholder consultation event at the Committee of the Regions with representatives from regional offices, EU networks (including Eurocities) etc. based in Brussels
 - Meetings in Brussels Welsh MEPs, DG Economic and Financial Affairs, Gwilym Jones from Agriculture Commissioner's Cabinet, CPMR (EU network), European

Policy Centre, LGA, Committee of the Regions, and the representative offices in Wales House (Welsh Government, WLGA, and Welsh HE)

- Meeting with former Director General of DG Employment Hywel Ceri Jones, as well as circulation of details of the opinion inviting comments to fellow AMs (cross-party), and discussions with organisations in Wales with experience of participating in EU funding initiatives.
14. The draft report underlines the importance of a strong EU budget, and the value to local and regional bodies that EU funding brings, particularly the shared management funds (Structural Funds, CAP, maritime/fisheries) but also other ‘centrally-managed’ programmes such as research, lifelong learning etc.
 15. The report sets out the important role of sub-state authorities across the EU, from the perspective of ‘devolved competences’ and responsibilities in areas at the core of the Europe 2020 strategy, such as education, economic development, environment and community development.
 16. It emphasises the rationale for more effective synergies between all levels of funding in the context of the ongoing pressure on public finances and economic downturn, and underlines the need to identify and respect a number of core principles in taking this debate forward (such as respect for fiscal autonomy, budgetary accountability, transparency).
 17. It identifies a number of ‘bottlenecks’ that get in the way of achieving greater synergies and suggests some ways in which these could be helped (through multi-annual budgeting at sub-state level, greater transparency about EU funding in state and sub-state budgeting, as well as some technical changes in EU level reporting). One of the problems identified is lack of coherent and comparative data on sub-state budgeting, so the opinion suggests establishing an EU-network of research centres/universities to carry out further work in this area, and Rhodri would like to see a Welsh university at the heart of such a network.
 18. The draft report calls on the European Commission to publish a Green Paper during 2013 to explore further the issues covered, and this was one of the ‘political outputs’ that the Committee of the Regions was keen to pursue through the opinion.
 19. Only six amendments were submitted at the meeting of the Temporary ad Hoc Budget Commission on 28 November where the draft report was considered under the first stage referred to above. There was cross-party support for the report, and positive feedback from all of the groups at the quality of the draft and the range of issues covered, the chair of the Commission describing it as ‘an excellent report’.
 20. On this basis there is likely to be strong support at the plenary on 31 January for the report, which will follow on the agenda a presentation to the Committee of the Regions by the Irish Minister for Europe Lucinda Creighton, who Rhodri met in Belfast at the EC-UK Forum meeting in October.

Synergies between private investment and public funding at local and regional levels – Partnerships for economic growth and prosperity

21. At the Temporary Budget Commission meeting on 28 November Rhodri was appointed to write a second report for the Committee of the Regions, focusing on the potential for synergies between private and public funding in supporting investments at the local and regional level. The opinion is being prepared following a request to the CoR by the Irish EU Presidency, with a particular emphasis on looking at the role of the European Investment Bank (EIB).
22. The indicative timeframe for this second report is:
 - December/January: evidence gathering phase, including meetings in Brussels, Luxembourg and Wales, and a stakeholder consultation at the CoR
 - 4 February: draft report to CoR for translation
 - 6 March: first stage in adoption, consideration of report at Temporary Budget Commission meeting
 - 11-12 April: second stage in adoption, consideration of report at CoR plenary session in Brussels
23. During the evidence phase Rhodri has met with the EIB, European Commission (DG Regional Policy, DG Economic and Financial Affairs, DG Agriculture/Gwilym Jones from the Cabinet), the European Association of Public Banks, a range of EU networks, Welsh Government, Welsh MEPs, WLGA, Welsh HE, plus other stakeholders.
24. The draft report is likely to focus on examples of best practice, as well as examples of what not to do, identify some of the elements that contribute towards successful projects, some of the bottlenecks and challenges involved in matching public objectives with private sector goals. It will look in particular at the role that EIB funding has to play in this, the types of schemes available through the structural funds and other mainstream EU programmes, and how these are being developed further for 2014-2020.
25. A copy of the draft report will be sent to the Committee for information and Rhodri would be happy to provide a further update once the report has been through the formal adoption process in the CoR described above.

Coverage and follow up

26. The Committee of the Regions, Irish EU Presidency and European Parliament are co-organising a high level EU conference to be held in the European Parliament in Brussels at the end of May, and Rhodri will be invited to speak at this conference about his work on the two reports, and the key conclusions.
27. There are likely to be other follow up events and conferences in Brussels and elsewhere in the EU – based on the experience from Christine Chapman’s two CoR opinions, where Rhodri will be asked to speak. This will mean high profile for the National Assembly for Wales and for Welsh issues on the EU agenda.
28. Within Wales Rhodri wrote an article for the Institute of Welsh Affairs (Click On Line web-site) in November, which was published in the build up to the failed ‘EU

extraordinary summit' on the MFF proposals 2014-2020, and there has been further media interest ahead of the plenary session of 31 January.

Presentation of the draft reports in Welsh

29. Rhodri will make history when he presents his report in Welsh at the CoR on 31 January, the first occasion that a CoR opinion will be presented in Welsh at a plenary session in accordance with the signed between the CoR and UK Government in November 2008 (at the initiative of the Welsh Government). Former AM Nerys Evans marked that occasion in 2008 with a speech in Welsh to the CoR plenary held in the European Parliament, and Rhodri will be the first AM (or UK politician) to make use of the agreement in formal plenary business.
30. Rhodri intends to make use of this provision for his second report, when this is presented to the April CoR plenary.

Rhodri Glyn Thomas AM
Committee of the Regions alternate member
18 January 2013