

Rt Hon David Gauke MP
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Thursday, 13 April 2017

Dear David,

Domestic successors to European Union structural and investment funds

I am writing to you as Secretary General of Co-operatives UK, the national network representing the UK's co-operative businesses, regarding the development of domestic successors to structural and investment funds and related competencies once the UK leaves the European Union (EU).

In response to the UK's vote to leave the EU Co-operatives UK set out an overarching principle that co-operatives should not be put in a disproportionately worse position by the Brexit process. Now, with Article 50 triggered and policymakers' attention turning towards the Great Repeal Bill and life outside the EU, we believe it is timely to put forward our key positions in relation to this principle.

We have been working with our member co-operatives to identify what specifically needs to be safeguarded for co-operatives during the Brexit process. In identifying our Brexit safeguards we have focused on areas of public policy that will be central to the Brexit process, namely the repatriation of EU law into UK law, and the replacement (or otherwise) of EU policy and competency with UK policy and competency. Within this we have focused on aspects where co-operatives have a distinct interest and have defined what we believe needs to be safeguarded.

EU structural and investment funds are one such area. Some programmes and organisations that make important contributions to the development of the social economy around the UK have relied at least in part on EU funding. For example, we estimate that at least £82.6 million of Regional Development Fund money from 2007-2013 was directed at co-operatives and the social economy. While this represents only a small portion of total spending, it has been a significant source of development funding for the UK's social economy. We also know that the co-operative economy has benefited from European Investment Funds.

The likely form, function and size of whatever replaces EU structural and investment funds is wholly unclear. Whatever replaces EU funding and functionality, the UK may need more bottom-up, co-contributory and collaborative approaches to local economic development.

Co-operatives UK is the network for Britain's thousands of co-operative businesses. We work together to promote, develop and unite member-owned businesses across the economy.

Due to our work in community economic development, Co-operatives UK and others in the co-operative sector are well positioned to offer innovative contributions in this space.

The UK needs strategies focused on people and place, led by and focused on the needs and capacities of communities. We need communities to create and crucially keep more wealth locally. Co-operatives are an essential ingredient here.

In your August 2016 letter to Secretary of State David Davis you wrote that HM Treasury will “*consult closely with stakeholders to review all EU funding schemes in the round.*” It is important that co-operatives are provided with an opportunity to participate fully in this review.

Our requests in relation to structural and investment funds can be summarised as follows:

- Co-operatives should be provided with an opportunity to participate fully in government’s review of structural and investment funds
- Where possible support for co-operatives and social economy should be protected after Brexit

Co-operatives UK would be happy to provide government with further representations and information on this issue if this is deemed useful.

Our requests in relation to structural and investment funds have also been included in a letter to Robin Walker, Parliamentary Under-Secretary of State at the Department for Exiting the European Union.

I look forward to a reply and hope you can provide assistance. I anticipate this is a very busy time, so if it is more expedient please feel free to initiate a response from the relevant officials rather than your ministerial office.

Yours sincerely



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