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**COM (82)137**

**Vol. 1982/0045**

Historical Archives of the European Commission

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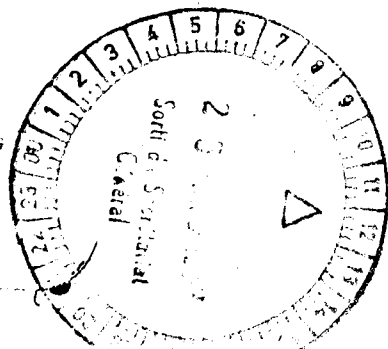
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# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 137 final

Brussels, 23 March 1982



Second report from the Commission to the Council on the implementation of Council Regulation (EEC) No 2744/80 of 27 October 1980 establishing supplementary measures in favour of the United Kingdom

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Introduction

1. The first report on the implementation of the regulation establishing supplementary measures in favour of the United Kingdom, which covered the period from 1 November 1980 to 30 April 1981, was presented orally to three of Parliament's committees: Budgets (12 May 1981), Regional Policy and Regional Planning (13 May 1981), and Budgetary Control (2 October 1981). A document setting out the contents of the oral report was also sent to these committees<sup>(1)</sup>.
2. Pursuant to Article 10 of the Regulation, a second report covering the period from 1 May to 31 October 1981 should have been presented to these same committees in November 1981. However, since no further Decisions were taken during that period, the Commission thought it preferable to wait for the Decisions of the end of 1981 before drawing up this report, which thus covers the period from 1 May to 31 December 1981.

Implementation of the special programmes

3. Under the Decisions adopted in December 1980 and in January and March 1981, 880.62 MioECU were committed for special programmes in seven regions:

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(1) SEC(81) 1140 of 15 July 1981.

Scotland, Wales, North West of England, North of England, South West of England, Yorkshire and Humberside, and Northern Ireland<sup>(1)</sup>.

4. The Commission has three means of establishing that the sub-programmes assisted are correctly implemented:

- the official statement by the Government of the United Kingdom that the amount already paid (90% of 880.62 MioECU = 792.558 MioECU)<sup>(2)</sup> has been exhausted (Article 5(3) of the Regulation);
- verifications and on-the-spot inspections by Commission officials;
- the progress report submitted each year by the United Kingdom to the Commission (Article 6(2) of the Regulation).

4.1. Official statement that the amount paid has been exhausted

It was certified on 24 June 1981 that the 90% payment was exhausted, but after a number of verifications some corrections were made. However, for certain sub-programmes, there were large differences between the amounts of investment planned and the expenditure actually carried out.

4.2. Verifications and on-the-spot inspections

Commission Services made several inspection visits in July, September and November 1981 to monitor the use of the funds granted and the implementation of the special programmes. The inspections concentrated on the roads sub-programme and the advance factories sub-programme under the special programme for Scotland, and the water and sewerage sub-programme and the telecommunications sub-programme under the special programme for North West England. They revealed large discrepancies, for one category of investment, between the expenditure actually incurred and the expenditure originally certified. At the same time, they provided an opportunity to clear up certain points of accounting which will facilitate future inspections.

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(1) See paragraphs 5, 6 and 11, and the Annex to the first report (SEC(81) 1140, p. 2).

(2) See paragraph 12 of the first report (SEC(81) 1140, p. 5).

4.3. Annual report by the United Kingdom

The annual report was sent to the Commission on 16 October 1981. It enabled the figures for actual expenditure to be checked, and provided details about progress made in carrying out investments under the special programmes.

The annual report also contains updated figures on investments and expenditure for the financial year 1981/82. The implementation of the Regulation in 1982 will be based on these figures.

Payment of the balance of 10% for Decisions taken before 30 April 1981

5. On the basis of the official statement by the United Kingdom Government, further information sent by the UK authorities and the findings of verifications and inspections, the 10% balance was paid for 30 sub-programmes covered by the Decisions taken before 30 April 1981. However, the payment of the 10% balance has been suspended for three sub-programmes, pending further information from the UK authorities.

The situation regarding payments in respect of the Decisions taken before 30 April 1981 is as follows:

- Total commitments	880.620 MioECU
- Advances of 90% paid in December 1980 and January and March 1981	792.558 MioECU
- 10% balances	88.062 MioECU
- Paid in July and September 1981	81.749 MioECU
- Balance still outstanding	6.313 MioECU

Non-application of the financial mechanism

6. Since the conditions of the Council Regulation setting up a financial mechanism<sup>(1)</sup> were not fully met

the mechanism was not applied in 1981.

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(1) OJ L 131, 20.5.1976, p. 7; OJ L 284, 29.10.1980, p. 1.

The United Kingdom accordingly reimbursed the advance of 37.475 MioECU it had received in January 1981. Consequently, the entire amount of 469 MioECU initially earmarked for payments under the financial mechanism was allocated to the supplementary measures in favour of the United Kingdom, pursuant to the Council conclusions of 30 May 1980 on the United Kingdom contribution to the financing of the Community budget.

Budgetary amounts available in December 1981

7. In order to comply with the agreement reached on 30 May 1980, the Commission had to commit all the appropriations available for the supplementary measures by the end of 1981. The appropriations amounted to:

- balance on appropriations entered in Chapter 58 of the 1981 Budget:	87.964 MioECU
- transfer of amounts not used under financial mechanism	469.000 MioECU
	<u>556.964 MioECU</u>

Decisions taken in December 1981

8. The Commission had at its disposal for the use of these available appropriations the special road investment programme covering the whole country, which is to improve communications between the regions and between the United Kingdom and the Continent. This is the eighth special programme, for which no assistance had hitherto been granted under the supplementary measures. Additional grants could also be made to the seven regional special programmes that had already received assistance under the supplementary measures (Decisions taken before 30 April 1981).

9. In view of the amounts to be distributed and of the provisions in the Regulation limiting the amount of the Community's contribution to a single sub-programme, and in order to give equal treatment to similar sub-programmes in different regions (except Northern Ireland), the Commission took two Decisions:

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(1) OJ C 158, 27.6.1980, p. 1.

- a Decision amending and supplementing all the earlier decisions, entailing a further commitment of 375.503 MioECU;
- a Decision to commit 181.461 MioECU to the special road investment programme.

With these two Decisions, the entire amount of appropriations available in the 1981 Budget for supplementary measures in respect of 1980 was committed. The texts have been published in the Official Journal of the European Communities<sup>(1)</sup>.

10. Summary Table I attached to this report shows the chronological and regional breakdown of the amounts committed in December 1980 and in January, March and December 1981. Summary Table II shows the breakdown of appropriations between the special programmes and sub-programmes, and the rates of assistance granted.

#### Payments made in December 1981

11. Since the amounts committed in December 1981 relate to expenditure incurred by the UK authorities on investment programmes during the 1980/81 financial year, the investments had been made and the outlay met when the Decisions were taken, as attested in the annual report on implementation submitted to the Commission in October 1981.

The entire amount committed might therefore have been paid. However, for the railways sub-programmes, the Commission considered that the information supplied was not yet complete. It therefore decided to hold back 10% of the amounts allocated to these sub-programmes. Consequently, out of the total of 556.964 MioECU, an amount of 548.276 MioECU was paid in December 1981 and a balance of 15.0 MioECU held over.

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(1) Decisions No. 81/1069/EEC and 81/1070/EEC, OJ L 391 of 31.12.1981, p. 29-42.



Summary statement of payments made in 1980 and 1981

12. Payments made:

- December 1980:	174.150 MioECU
- January 1981:	110.430 MioECU
- March 1981:	507.978 MioECU
- July 1981:	51.199 MioECU
- September 1981:	30.550 MioECU
- December 1981:	548.276 MioECU
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Total payments made in 1980 and 1981:	1 422.583 MioECU
Total commitments:	1 437.584 MioECU
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Balance held over	15.001 MioECU

The ad hoc Committee

13. The Committee met on 10 December 1981. It considered the annual report on the implementation of the investment programmes and unanimously approved the Decision amending and supplementing the earlier Decisions. However, no opinion was delivered on the draft Decision on the grant of assistance to the special road investment programme, since a qualified majority for or against could not be obtained.

Application for advances in 1981

14. In October 1981, as at the end of 1980, the United Kingdom asked for expedited implementation of the supplementary measures pursuant to Article 5 of the Regulation. Following this request, the Commission proposed that the Council should authorise an advance of 150 MioECU to the United Kingdom. The Council did not take any decision. The Commission could not therefore take a decision on this advance. The Commission will be asking the budgetary authority to carry over the corresponding appropriation to the 1982 budget.

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ANNEX  
Table I

Supplementary measures in favour of the United Kingdom

Financial contributions allocated in 1980 and 1981 in respect of payments  
by the United Kingdom authorities for the financial year 1 April 1980 to 31 March 1981

MioECU

	Wales	North West	North	Scotland	South West	Yorkshire & Humberside	Northern Ireland	Road Investment	Total
Dec. 1980	92.100	101.400	-	-	-	-	-	-	193.500
Jan. 1981	58.400	64.300	-	-	-	-	-	-	122.700
March 1981	-	-	106.490	159.540	28.140	144.580	125.670	-	564.420
Dec. 1981	56.698	77.544	39.136	73.459	13.173	75.213	40.280	181.461	556.964
<b>Total</b>	207.198	243.244	145.626	232.999	41.313	219.793	165.950	181.461	1 437.584

Commitments made in 1980 and 1981\*: breakdown by sub-programmes

MioECU

Sub-programmes	North of England	North West of England	South West of England	Yorkshire & Humberside	Scotland	Wales	% of public expenditure	Northern Ireland	% of public expend. (N.Irel.)	Road Investment	Total
Roads	30.350 (16.55)	48.692 (28.36)	-	17.199 (9.38)	66.955 (42.44)	73.484 (43.87)	50 (30)	46.463 (31.12)	60 (40)	-	283.143 (171.72)
Railways	17.658 (20.42)	30.499 (21.40)	6.714 (3.31)	35.961 (24.83)	44.238 (32.01)	12.842 (10.70)	50 (30)	2.097 (1.40)	60 (40)	-	150.009 (114.07)
Water and sewerage	36.917 (34.76)	43.876 (27.83)	9.767 (10.48)	41.552 (39.18)	-	16.533 (16.58)	30	19.939 (18.98)	40	-	168.584 (147.81)
Advance factories	-	1.569 (1.43)	-	-	13.133 (11.29)	22.294 (25.32)	20	4.672 (4.64)	20	-	41.668 (42.68)
Land reclamation	-	-	-	-	6.585 (6.59)	-	20	0.441 (0.37)	20	-	7.026 (6.96)
Telecommunications	60.701 (34.76)	118.608 (86.68)	24.832 (14.35)	125.081 (71.19)	102.088 (67.21)	82.045 (54.03)	50 (30)	59.597 (36.05)	60 (40)	-	572.952 (364.27)
Housing	-	-	-	-	-	-	-	32.741 (33.11)	20	-	32.741 (33.11)
Special road investment programme	-	-	-	-	-	-	59.22	-	-	181.461	181.461
<b>Total</b>	<b>145.626 (106.49)</b>	<b>243.244 (165.70)</b>	<b>41.313 (28.14)</b>	<b>219.793 (144.58)</b>	<b>232.999 (159.54)</b>	<b>207.198 (150.50)</b>		<b>165.950 (125.67)</b>		<b>181.461</b>	<b>1 437.58 (880.62)</b>

New commitments in December 1981:

556.964

\* The figures in brackets show commitments made in December 1980 and January and March 1981. These are included in the total commitments shown.