

John Healey MP
Minister for Local Government
Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU

Date:-8 May 2008

Dear John,

I am writing in connection with the newspaper stories to the effect that Yorkshire (and other regions) will receive far less European Union solidarity fund money for the areas affected by flooding last year than had initially been announced.

If I understand correctly, the grant given by the EU will indeed be paid in full to Britain. The problem arises because the Treasury then chooses to retain a sum equivalent to the net effect of receiving this money on the following year's rebate.

The rebate refunds to Britain roughly two thirds of the difference between EU monies raised in the UK and EU expenditure in the UK. This means that any extra sums spent, such as the solidarity fund grant, reduce the UK's deficit and therefore reduces the size of the rebate by a sum equivalent to two thirds of the extra expenditure in question.

Over the course of any given year, there must be a number of decisions which affect the size of the following year's rebate, some in one direction and some in the other. To retain in advance an amount that will compensate for a reduction in the size of the rebate, simply to help the Treasury's final balance sheet next year, but at the expense of hard hit flood victims is, I think, a regrettable state of affairs. The size of next year's rebate is, like the total tax take in the UK, a matter of macro-economic estimate and will inevitably vary considerably from initial projections. To guard against this at the expense of flood victims is something which, as a representative of one of the affected areas, I strongly regret. Furthermore, I would imagine that the rest of the EU is somewhat surprised to see that the main effect of a solidarity fund grant to help the affected areas of the UK is that it simply ends up as an item to help balance the Treasury's accounts.

I would urge you to look into this as a matter of urgency and to review this decision.

I am copying this letter to Jane Kennedy MP for her information.

Best wishes,

Richard Corbett

Labour Member of the European Parliament for Yorkshire and the Humber