



Ministry of Housing,  
Communities &  
Local Government



**European Union**

European Regional  
Development Fund

# European Regional Development Fund

England Operational Programme  
2014 to 2020



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## **SECTION 1: Strategy For The Operational Programme's Contribution To The Union Strategy For Smart, Sustainable And Inclusive Growth And The Achievement Of Economic, Social And Territorial Cohesion (Article 24 (1) And Article 87(2) (A) Common Provisions Regulation)**

### **1.1 Strategy for the Operational Programme's contribution to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion**

#### **1.1.1 Description of the Operational Programme's strategy to contribute to the delivery of the Europe 2020 strategy and to the achievement of economic, social and territorial cohesion.**

This strategy is focused firmly on growth, building on England's competitive advantages and addressing key bottlenecks in specific sectors and geographies. It aligns EU funding with England's aspirations for locally driven growth.

The strategy is built around functional economic areas (in the form of Local Enterprise Partnerships) and reflects the main priorities for development across these. It focuses most resources on the core objectives of innovation, SME competitiveness and the low carbon economy but recognises the need for targeted interventions under other objectives where EU funding can unlock barriers that matter strategically to specific areas in England.

Since the inception of the structural funds, the UK, and England in particular, has attached great importance to building strong partnerships as the basis for effective delivery. The 2014-2020 Programme is no different. Indeed, the strategy envisages involving partners to the maximum extent permissible without exposing them to undue financial risks, or undermining the clear separation of duties required in the management of the Programme.

Recognising that some problems are best resolved at very local levels, with the active engagement of communities, the Programme will make use of the opportunities presented by community-led local development to target the most deprived parts of England. And because the major cities in England can become powerful drivers of growth, they will be given special responsibilities to promote sustainable urban development.

European Regional Development Fund (ERDF) represents a very small proportion of public funding available in England to support growth, let alone private finance. The strategy therefore focuses on areas where ERDF can have greatest marginal impact when combined with national investment.

The 2017 modification of the Programme further strengthens this strategic approach by reflecting the new role of intermediate bodies in the implementation of the Programme.

### **Overall objectives**

ERDF is a key funding instrument of EU cohesion policy which aims to promote economic, social and territorial cohesion. ERDF is specifically focussed on

investment to support economic growth and job creation in order to reduce intra and inter regional economic disparities within the EU.

Whilst England is not formally signed up to the goals of Europe's growth strategy, "Europe 2020", its economic strategy is closely aligned with the aims of Europe 2020.

The EU's objectives for smart, sustainable and inclusive growth are also at the heart of England's economic strategy. The United Kingdom Government in *The Plan for Growth*<sup>1</sup> set out the objective to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries. There are four overarching ambitions:

- To create the most competitive tax system in the G20;
- To make the United Kingdom one of the best places in Europe to start, finance and grow a business;
- To encourage investment and exports as a route to a more balanced economy; and
- To create a more educated workforce that is the most flexible in Europe.

ERDF represents a small proportion of total public and private investment in a local area. Even in less prosperous areas which are eligible for higher amounts of funding ERDF investment is a fraction of the overall value. That said, the effects of ERDF investment are significant for some areas. It is also a co-financing mechanism so its use is contingent on drawing other investment. It is also not designed to address institutional constraints on growth. In 2014-2020 ERDF funds will be strategically deployed together with national resources to target market failures that constrain growth. Without ERDF these investments would either not take place or not take place to the same scale and timeframes.

This strategy means that England will be able to use ERDF to align with and shift domestic funding towards new and transformational policy development which might otherwise struggle for funding.

The 2017 modification of the Programme is consistent with these objectives but has been modified, in accordance with Article 30 of Regulation No 1303/2013 (the CPR), for two reasons:

A) To conduct, in accordance with Article 5(6) of Regulation No 215/2014, the revision of milestones and targets where these have been found to be based on incorrect assumptions including amendments resulting from changes in allocations for a number of priorities.

B) To incorporate funding arising from the Commission's recalculation of structural funds allocations on the basis of the most recent statistical data, as provided for in

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<sup>1</sup> HM Government (2011) *The Plan for Growth* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/31584/2011budget\\_growth.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31584/2011budget_growth.pdf)

the original deal on the Multiannual Financial Framework for 2014-2020 and set out in Article 92(3) of the CPR.

Given that these modifications are in the main technical adjustments the managing authority has not undertaken a full review of the England economic environment. Where there is a change to the economic environment which has resulted in a change to the programme in 2017 this change has been set out.

## **The Economic Geography of England**

The approach to territorial development embedded in this strategy reflects the complex economic geography of England. There are substantial differences across the territorial categories but there are also shared challenges. As a result the Operational Programme brings these categories of region - Less Developed, Transition, and More Developed - together in a dynamic, integrated approach to territorial development. In most cases the needs and the activities to address them are similar across the three territorial categories. However where there are issues specific to one category, these will be highlighted. This is the case for transport in the Less Developed area of Cornwall and the Isles of Scilly.

The complexity of the economic geography of England means that there is large variation within areas and the priority given to each thematic objective will vary across areas. Recent research, undertaken by independent consultants<sup>2</sup> as part of the MHCLG ERDF Analytical Programme (2007-2013), points to the positive impact that decentralised approaches can have on local growth by tailoring economic development activity to local circumstances and finding new ways to tackle barriers to growth because they will have better information about local needs and will be able to coordinate private and public investment better.

A central plank of the Government's strategy for growth has been the creation of thirty-nine Local Enterprise Partnerships (thirty-eight at the time of the 2017 Programme modification) based on functional economic areas. These bring together local businesses and local government and other key players such as universities, the voluntary and community sector and social and environmental partners, to take a strategic view on how best to deliver growth and jobs in their economic areas. They are typically not accountable, formally constituted bodies: they are partnerships providing a strategic steer and oversight. Partners in Local Enterprise Partnership territories have played a central role in developing local European Structural and Investment Fund strategies that reveal the economic needs and challenges of specific areas and provide intelligence that helps inform the choice of thematic objective, investment priority and indicative actions within this Programme. These priorities have been developed in response to a high level strategic steer given by the Government, setting out the challenges facing the EU and England at economy level and for each relevant thematic objective.<sup>3</sup>

In addition, a range of specific territorial instruments will be employed to deliver focussed, integrated territorial interventions under certain conditions. Very locally, Community Led Local Development (CLLD) will promote localised partnerships of

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<sup>2</sup> Regeneris Consulting Ltd (2014) *ERDF and Meeting the Priorities of Localism*. (A draft report for DCLG)

<sup>3</sup> UK Government. *Development and delivery of European Structural and Investment Funds strategies: supplementary guidance to local enterprise partnerships*. July 2013

public, private and civil society sectors in Local Action Groups in communities of shared interest who will design and drive spatially specific development. At the city level, urban authorities in the shape of the Core City Regions have been invited to develop innovative, integrated plans that recognise the interconnected nature of economic, environmental, climate, social and demographic challenges.

## **Current Economic Performance and state of economic, social and territorial cohesion in England**

Tackling spatial disparities has been the core objective of EU cohesion policy since its inception. It has sought to reduce differences in the economic performance of regions across the EU. This section provides an overview of evidence on the problem of spatial disparities in economic performance in England and related economic growth objectives. It sets out the context within which ERDF funds will be used.

In the year to September 2014 the UK economy grew by 3 per cent after experiencing one of the deepest recessions seen by any major economy<sup>4</sup> when GDP contracted by 6.2 per cent between the second quarter of 2008 and the second quarter of 2009.<sup>5</sup> Latest economic measures are encouraging and show that the economic recovery is now well established. The Office for Budgetary Responsibility<sup>6</sup> expects GDP growth to rise to 2.6 per cent by 2017.<sup>7</sup>

The labour market has performed well during the crisis and continues to strengthen. For the whole duration of the recent recession unemployment remained lower and employment higher when compared with the much smaller recession of the early nineties and UK employment returned to its pre-crisis peak last year.<sup>8</sup> The employment rate is now close to 73.5 per cent, the pre-recession peak reached in December-February 2005. The ILO (International Labour Organisation) unemployment rate in England is now 6.6 per cent. Unemployment in England was at its lowest at 4.7 per cent in the third quarter of 2005.<sup>9</sup> Underemployment however, (a measure of net additional hours of work desired at current wages, as a percentage of the total hours of labour available) has remained high.<sup>10</sup>

Below this national picture, England has a complex economic geography. Gross Value Added across England, both total and per head, consistently diverge with London and the South East LEP leading and Cornwall and Isles of Scilly LEP trailing on both measures. These disparities are persistent across time.<sup>11</sup> This disparity is reflected in the labour market with some groups at a particular disadvantage

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<sup>4</sup> Office of National Statistics (2014) *Gross Domestic Product*

<sup>5</sup> Office of National Statistics Gross Domestic Product data 2014.

<sup>6</sup> Office for Budget Responsibility, *Economic and Fiscal Outlook: March 2014*, Table 3.3, 2014

<sup>7</sup> GDP figures are not available for England. However as the largest economy in the UK it is expected the English economy strongly influences national level trends. The total Gross Value Added for England made up 85 per cent of total Gross Value Added for the whole of the United Kingdom in 2013.

<sup>8</sup> Resolution Foundation (2014) analysis of ONS Labour Market Statistics, ONS (2014)

<sup>9</sup> Figures from the Department of Work and Pensions

<sup>10</sup> National Institute Economic Review (2013) *Underemployment in the United Kingdom Revisited* <http://ner.sagepub.com/content/224/1/F8.abstract>

<sup>11</sup> GVA is typically used as a measure of the value of goods and services produced in an area. The measure does have several limitations, for example it does not take account of differences in the cost of living. Reporting total GVA by LEP is misleading as LEPs with larger populations appear to have higher GVA. GVA per head is another better way of looking at sub national performance which implicitly captures both productivity and employment effects. However, this measure is heavily skewed by commuter patterns and so exaggerates sub national disparity. Nevertheless both measures together are useful in showing the extent to which economic performance varies across the country



including young people, disabled people, some ethnic minorities and older people.<sup>12</sup> In 2014 the highest employment rate was 79.4 per cent in Herefordshire compared to 65.9 per cent in Liverpool.<sup>13</sup> A broad range of other measures, such as household income and population growth, also capture this variation in economic performance between different areas of the country.<sup>14</sup>

Interestingly, seven of the eight English “core cities” outside London have performed below the national average in terms of per capita output. Recent analysis carried out by Foresight “Future of Cities”<sup>15</sup> team looked at the evolving comparative economic performance of large UK cities between 1981 and 2011 to determine how growth paths have differed across UK cities. The analysis reveals that much of the divergence between the fastest and slowest growing areas happened during the 1980s and 1990s when London experienced exponential growth. Of England’s eight Core Cities,<sup>16</sup> only Bristol has managed to keep pace with London, and only Leeds has managed to keep pace with the UK growth rate as a whole. This points to the need for special measures to promote sustainable urban development in these City Regions, taking up the opportunities provided by Article 7 of the ERDF Regulation.

To be able to tackle spatial disparities in England, ERDF must work alongside other sources of public and private investments and target barriers to growth. Market failure is a key part of the rationale for individual ERDF investments. The strength of each market failure and its implication on growth varies by LEP areas. Drawing on research which looked specifically at the evidence on the effectiveness of interventions typically included in ERDF Programmes undertaken by independent consultants<sup>17</sup> as part of the MHCLG’s ERDF Analytical Programme (2007-2013) the rest of Section 1:

- Sets out the rationale for why public sector intervention is needed under each priority axis;
- Identifies national and local needs and opportunities;
- Sets out how ERDF aligned with national spend can address those needs and opportunities.

Where assistance from the Funds is granted to a large enterprise, the managing authority shall assure itself that the financial contribution from the Funds does not result in a substantial loss of jobs in existing locations within the Union.

## Promoting Research and Innovation

<sup>12</sup> Disparities across different areas in England are illustrated using LEP-level data, as these are the organisational units of delivery for the majority of England’s ESI Funds. However where LEP-level data is not available the geographical unit selected is the best to illustrate the point made in the narrative.

<sup>13</sup> ONS Annual Population Survey, 2014, sourced online at [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

<sup>14</sup> For example DCLG analysis of ONS 2012 mid-year estimates shows that Local Enterprise Partnerships such as London, Swindon and Wiltshire and Greater Manchester have seen population growth rates of 11, 9.09, 6.22 per cent between 2005 and 2012 respectively compared with growth rates of 3.88 per cent in Cornwall and Isles of Scilly, 1.39 per cent in Tees Valley and 0.48 per cent in Cumbria

<sup>15</sup> Martin, R, Gardiner, B, and Tyler, P, (2014) *The Evolving Economic Performance of UK Cities: City Growth Patterns, 1981-2011*; Foresight ‘Future of Cities’ Project: Working Paper

<sup>16</sup> These are Bristol, Birmingham, Nottingham, Sheffield, Manchester, Liverpool, Leeds and Newcastle

<sup>17</sup> Regeneris Consulting Ltd (2014) *ERDF and Meeting the Priorities of Localism*. (A draft report for DCLG)

## ***Current investment in research, technological development and innovation***

The Partnership Agreement provides a summary of the strengths and weaknesses of the UK science and innovation system. The strengths include research excellence, high quality higher education institutions and a business environment receptive to innovation. Weaknesses include a sustained long-term pattern of under-investment in public and private research and development and publicly funded innovation.

In 2012, gross expenditure on research and development in the United Kingdom was 1.72 per cent of GDP, a fall from 1.75 per cent in 2009, and below Germany, France and the Europe 2020 goal of investing 3% of GDP. Although England level statistics are not available, it is sensible to assume the same picture applies to England since 89% of the UK's R&D expenditure took place in England in 2012.<sup>18</sup>

## **Need for investment in research and development infrastructure**

There is wide variation in innovation expenditure across England. The variation is detailed in the England chapter of the Partnership Agreement and illustrated in Figure 46 there. Local Enterprise Partnership territories closest to London dominate research and development and account for almost 41 per cent of the total in the United Kingdom. In 2012 businesses spent £4,086 million on research and development in Local Enterprise Partnership territories in the south east in 2012, compared with £542 million in Local Enterprise Partnership territories in the north east. In England's only Less Developed territory, Cornwall and the Isles of Scilly, investment in research and development lags at 0.19 per cent of GDP. This geographical disparity in gross expenditure on research and development matches the geographical disparity in levels of commercialisation with the number of active businesses claiming research and development tax-credits<sup>19</sup> varying across the country.

This variation, as detailed in the Partnership Agreement, is driven by the concentration of more productive economic activity and knowledge intensive industries in London and surrounding areas; geographical concentration of research intensive universities and industries; programmes such as the EU Framework Programme and national public investment programmes and location of larger sized firms across England. , Future planned investment in infrastructure related to research is going to be extremely spatially clustered towards LEP territories which have performed strongly already (around London and the South East), reinforcing the disparities.<sup>20</sup>

Public sector intervention is needed in research and development infrastructure, where investment is long-term and capital intensive. Any private investor faces a big difference between short-term costs and future benefits. In the case of research and development infrastructure those benefits are uncertain. The public good nature of research and development also means that it is difficult to ascribe intellectual

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<sup>18</sup> Office of National Statistics, UK Gross Domestic Expenditure on Research and Development, 2014

<sup>19</sup> R&D tax credits are a corporation tax relief designed to encourage greater R&D spending. Government estimates that claims are made for around two-thirds of all spending by businesses on R&D.

<sup>20</sup> National Infrastructure Pipeline (2014)

property rights which means the private benefits will be less than the social benefits from the investment.

Evidence shows that innovation infrastructure, together with support and financial and commercial incentives to firms, was found to be important to supporting commercial innovation and business-research engagement.<sup>21</sup> The importance of this investment is highlighted by the Horizon 2020 Programme which will support research infrastructures with about €2.5 billion between 2014 and 2020, the purpose of which is to endow Europe with world-class research infrastructures which are accessible to all researchers in Europe and beyond and fully exploit their potential for scientific advance and innovation.<sup>22</sup>

### ***Innovation in small and medium sized enterprises***

In 2012, in the United Kingdom, most of this funding was provided by the business sector, which funded £17.1 billion. Levels of investment by businesses have been growing steadily since 1985 in real terms, but remain static as a proportion of GDP and are dominated by a relatively small number of sectors: pharmaceutical, computer programming, motor vehicles and parts and the aerospace sectors.

The relationship between size and appetite for innovation is evident across all size bands. According to the 2013 innovation survey, 44.9 per cent of SMEs (with more than 10 and less than 249 employees) were “innovation active” in England, an increase from 37.5 per cent in 2011.<sup>23</sup> This ranged from 43.8 per cent in smaller firms with between 10 and 49 employees and 51.1 per cent in firms with between 100 and 249 employees.<sup>24</sup> The variation in innovation between larger and smaller firms can be illustrated by the value of tax credit claims. The number of research and development tax credit claims made by large companies in 2012/13 was 2025 with a value of £738 million compared with 11,620 claims made by SMEs with a value of £545 million.<sup>25</sup>

The trend seems to suggest that the gap in appetite for innovation between larger and smaller has declined over time. This may be because of advancements in information and communication technology, labour market flexibility and increased demand for bespoke products that have supported small firms’ commercial prospects. However, more can be done to support SMEs to engage in and contribute to innovation which will be particularly important if future growth is going to come from fast growing SMEs (and evidence shows that the fastest growing are those that are driven by innovation).<sup>26</sup>

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<sup>21</sup> Peter Tyler (July 2013) *Economic efficiency and what works in local economic policy*, Regeneris Consulting Ltd on behalf of DCLG

<sup>22</sup> <http://ec.europa.eu/programmes/horizon2020/en>

<sup>23</sup> The UK definition used for ‘innovation active’ follows the definition adopted by Eurostat. The EU-wide definition of innovation active is as follows: Introduction of a new or significantly improved product (goods or service) or process; Engagement in innovation projects not yet complete or abandoned; New and significantly improved forms of organisation, business structures or practices and marketing concepts or strategies. It excludes expenditure and activities linked to innovation.

<sup>24</sup> BIS (2014) United Kingdom Innovation Survey: First findings <https://www.gov.uk/government/publications/first-findings-from-the-uk-innovation-survey-2013>

<sup>25</sup> The R&D scheme uses a different definition of a SME than that often used elsewhere. A SME for R&D purposes has fewer than 500 employees and either an annual turnover not exceeding €100 million or a balance sheet not exceeding €86 million

<sup>26</sup> BIS (2013) *Encouraging a British Invention Revolution: Sir Andrew Witty’s Review of Universities and Growth* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf)

The evidence<sup>27</sup> highlights specific barriers for SMEs to innovate:

- Smaller firms are often unaware of the benefits of innovating and are deterred by the risk and costs associated with this type of investment and uncertainty about its returns: an information failure;
- Access to finance seems to be a particular barrier for SMEs to innovate. The Big Innovation Centre found that 44 per cent of innovative SMEs reported finding it difficult to obtain finance compared to 33 per cent of larger firms. This is generally a function of their inherently riskier nature and the lack of track record in many cases combined with the innate uncertainty of innovation outcomes and the lack of tangible assets as collateral;<sup>28</sup>
- Other barriers to innovate include the internal capacity of SMEs and their lack of access to external networks.

**Ways to support innovation** could be through:

- Investment in research and innovation infrastructure;
- Initiatives targeted at business formation, often in the form of grant, loan or equity for start-ups or to support the development of new products and services for established businesses. Such interventions can help businesses manage the risk and uncertainty involved in the process of developing new products or services for example in eco-innovation and bringing them to market. ERDF investment can reduce the risks for commercial investors, especially for smaller firms where there are barriers to entry to engage in new product development in the face of tight control over patents, and the costs of licensing;
- Business incubators typically offer to firms space, support with training, finance and technology, and opportunities to cluster and benefit from knowledge spill overs and networks. Incubators can address market failures related to information and lack of access to finance, land, and resources. Evaluation evidence for the European Commission on business incubators found that – when the above criteria are met – incubators can have a significant net contribution to encouraging business growth and innovation;<sup>29</sup>
- Exploiting the strengths in the UK's knowledge base.

There is an opportunity for ERDF to be used to exploit these strengths and support interactions between businesses, universities, and other organisations. At present there is wide variation in the levels of collaborative research between research institutions and public institutions and enterprises of different sizes. The Higher Education business and community interaction survey put the value of these interactions between Higher Education and larger enterprises in 2012/13 at £598,992 compared with £139,761 with SMEs from 50,728 contracts. In 2013 the

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<sup>27</sup> Regeneris Consulting Ltd (2014) *Economic efficiency and what works in local economic policy*. (A draft report for DCLG)

<sup>28</sup> Big Innovation Centre (2013) <http://www.biginnovationcentre.com/Assets/Docs/Reports/Disrupted%20Innovation%20-%20Financing%20small%20innovative%20firms%20FINAL.pdf>

<sup>29</sup> CSES (2002) Benchmarking of Business Incubators, a report for the European Commission. <http://www.cses.co.uk/upl/File/Benchmarking-Business-Incubators-main-report-Part-1.pdf>

Innovation Survey shows that 38.1 per cent of all enterprises had cooperation agreements with either government or public research institutions; universities or other higher education institutes or consultants, commercial labs or private research and development institute. Figure 47 in the England Chapter of the Partnership Agreement also shows that this relationship varies across Local Enterprise Partnerships.

The 2017 modification of the Programme is still focussed on responding to these challenges, however, with increased levels of funding. These increases arise as a consequence of the incorporation of funding arising from the Commission's recalculation of structural funds allocations on the basis of the most recent statistical data and the virement of funding from other priority axes as a result of changes in the economic environment and development needs.

### ***Sector focus linked to smart specialisation***

In line with these development needs and opportunities partners in Local Enterprise Partnership territories have adopted the concept of Smart Specialisation in their local European Structural and Investment Funds strategies. Smart specialisation is about a more evidence-based, dynamic and realistic strategy of supporting innovation across spaces. Its primary focus is on encouraging area based competitive advantages and fostering source-in knowledge and technologies rather than duplicating projects across areas.<sup>3031</sup> The focus under smart specialisation is on specific sectors and clusters of innovation within areas that have unique advantages. This could include:

- rejuvenating traditional sectors through higher value-added activities and new market niches;
- modernising by adopting and disseminating new technologies;
- diversifying technologically from existing specialisations into related fields;
- developing new economic activities through radical technological change and breakthrough innovations; and
- exploiting new forms of innovation such as open and user-led innovation, social innovation and service innovation.

Smart specialisation strategies can also be a powerful instrument to help address other objectives such as social, environmental, climate and energy challenges. This provides a framework within which to target public investment towards those activities that can best support innovation and promote economic growth. Details are set out in "Smart Specialisation in England"; a document submitted as a separate but complementary document to the ERDF Operational Programme.

### ***Implications of the development needs and opportunities on the use of ERDF funding:***

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<sup>30</sup> Goddard et. al, Centre for Urban and Regional Development Studies, 2014

<sup>31</sup> Department for Business, Innovation and Skills (2015), *Smart Specialisation in England*,

- In 2012, United Kingdom gross expenditure on research and development was 1.72 per cent of GDP, below the EU 2020 target. This expenditure varies across local areas in England;
- The innovative activity within SMEs is low due to specific market failures. ERDF funding can be used to target these barriers and improve SMEs' access to finance, information and access to external networks including opportunities in supporting the 'green economy';
- The UK's knowledge base has depth and breadth of expertise across over many distinct research areas. There is an opportunity to exploit these strengths and support large and small enterprises to commercialise more research and development.

<p><b>Enhancing access to, and use and quality of, ICT</b></p>
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### ***EU 2020 Digital Agenda***

The EU2020 includes the Digital Agenda for Europe as one of its seven flagship initiatives. It contains a series of measures designed to help Europe's citizens and businesses to get the most out of digital technologies, including through improving the broadband infrastructure, raising eSkills and encouraging investment in information technology. Recognizing the importance of broadband to growth, the Europe 2020 target is to deliver 100 per cent coverage for superfast broadband at 30Mbps and ensure that 50 per cent or more of European households subscribe to ultrafast broadband above 100Mbps by 2020.

### ***Broadband speeds and economic growth***

Access and take up of broadband availability plays an important role in increasing productivity in national economies – through, for example, supporting the creation of start-ups, making it easier for SMEs to outsource processes and information, enabling increased international trade and facilitating collaborative innovation.<sup>32</sup> The adoption of faster broadband by firms stimulates further investment in wider ICT systems and applications and results in more informed decision making and productivity gains. The spill-over effects of broadband investment is discussed in more detail in the Partnership Agreement. Research by the European Commission attributes half of European productivity growth over the last 15 years to information and communication development.<sup>33</sup> A recent study for the Department for Culture, Media and Sport estimated a return of £20 for every £1 of public funding invested in broadband availability and take-up.<sup>34</sup>

<sup>32</sup> SQW (2013) *UK Broadband Impact Study* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/257006/UK\\_Broadband\\_Impact\\_Study\\_-\\_Impact\\_Report\\_-\\_Nov\\_2013\\_-\\_Final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257006/UK_Broadband_Impact_Study_-_Impact_Report_-_Nov_2013_-_Final.pdf)

<sup>33</sup> European Commission (2010) *Europe's Digital Competitiveness Report*

<sup>34</sup> SQW (2013) *UK Broadband Impact Study* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/257006/UK\\_Broadband\\_Impact\\_Study\\_-\\_Impact\\_Report\\_-\\_Nov\\_2013\\_-\\_Final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257006/UK_Broadband_Impact_Study_-_Impact_Report_-_Nov_2013_-_Final.pdf)

## ***Current coverage of broadband and role of public investment***

According to the Department for Culture Media and Sport, in 2014, 78 per cent of premises in England could currently access superfast broadband services, up from 68 per cent in 2012.<sup>35</sup> However, there is wide variation in coverage in different types of areas in England: 25 per cent in rural areas, 78 per cent in semi-urban areas and 88 per cent in urban areas.<sup>36</sup> Data shows that in some areas the proportion of premises that can access superfast broadband fall as low 7.2 per cent (e.g. in Rutland). The average broadband speed also varies falling to less than 2 Mbits/second in some areas in England.

Access and speed is low in these hard to reach and remote areas because the costs of rolling out superfast and ultrafast broadband infrastructure are particularly high and not commercially viable for the private sector. The private sector can only be expected to invest in areas where it can make a positive private return on its investment. These returns do not capture the significant economic, social and environmental benefits from superfast broadband to users.

In these circumstances, public sector intervention is necessary to address this market failure and reduce risks to a level that the private sector will tolerate. The Government envisages investment of this kind taking place only where a strong link to economic growth and clear market failure can be demonstrated and to do so is consistent with State Aid rules. The current funding - to be matched locally - is intended to extend superfast availability to 90 per cent of the UK by 2016 and to 95% by 2017.

The 2017 modification of the Programme amends the Programme's contribution to this agenda in light of the BDUK umbrella State Aid notification, agreed with the Commission in May 2016. This new regulatory environment will see a reduction in the Programme's contribution to this agenda. The UK Government will continue to maintain its commitment to contributing to the EU 2020 goals relating to Broadband access but this will be pursued through domestic and private sector funding.

## ***Current take up and use of broadband and role of public investment***

The take up of broadband in the UK is significantly lower. According to the latest survey of ICT and e-commerce activity only 10.1 per cent of businesses use broadband above 30 Mbps and 5.8 per cent above 100 Mbps.<sup>37</sup> Other data sources discussed in the Partnership Agreement show that take-up is increasing: 25 per cent of all UK premises (which includes households) now have superfast broadband. Specifically on the BT network the number of customers has doubled in the year to May 2014, and 14 per cent of premises passed have now taken up superfast connections. The earliest projects to be funded by Broadband Delivery UK (BDUK) in the Department for Culture, Media and Sport now have take-up above 20 per cent, although delivery is still under way.

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<sup>35</sup> Department of Culture Media and Sport (2014), released at [www.gov.uk](http://www.gov.uk). Ofcom (2013) Infrastructure Report:2013 Update <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/infrastructure-report-2013/>

<sup>36</sup> Ofcom (2013) Infrastructure Report:2013 Update <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/infrastructure-report-2013/>

<sup>37</sup> ONS(2012) E-commerce and ICT activity, 2012

The effective use of ICT is even lower especially by smaller firms. Latest data available show only a small proportion of SMEs are fully exploiting the opportunities ICT offers in relation to, for example, e-commerce, open innovation and market research. Online sales have seen steady growth in recent years, in terms of both the proportion of businesses using websites for sales and the value of website sales. In 2012, 82 per cent of businesses had a website. However, whereas virtually all of the largest businesses (1000 or more employees) had a website (99 per cent), not all of the smallest (10 to 49 employees) businesses in the UK were making use of this medium to generate sales. In 2012 18.5 per cent of all businesses sold over a website. The range varied from 17.1 per cent of the smallest businesses (those with between 10 and 49 employees) and 47.2 per cent of the largest businesses (those with more than 1000 employees). In terms of other use, just over a quarter of businesses used a website to publish catalogues or price lists, while approximately 1 in 5 had an online ordering or reservation system. 26 per cent of the largest businesses were more likely to host a website that offered personalised content for repeat visitors. Only 6 per cent of the smallest businesses offered this option.<sup>38</sup>

The UK Business Digital Index measures SMEs and charitable organisations by their use of and attitude to digital technologies; it states that currently 1.5 million of these organisations in the UK currently have a “high” digital maturity compared to 1.7 million with a “low” digital maturity. Some estimates have shown that £18.8 billion of additional growth could be unlocked by optimising the use of digital technologies for SMEs according to research from Lloyds Bank and Accenture.<sup>39</sup> The value of e-commerce activity supported by SMEs is lower compared with larger firms. In 2012, for businesses with 10-49 employees, the value of e-commerce sales over a website were 19.8 billion compared with 41 billion for those businesses sized between 250-999 and 84.9 billion for those with more than 1000 employees.<sup>40</sup> The Digital Economy and Society Index is a composite index that summarises relevant indicators on Europe’s digital performance and tracks the evolution of EU member states in digital competitiveness. It ranks UK eighth in terms of SMEs’ selling online.<sup>41</sup>

The main reasons why smaller firms may not take up broadband and exploit opportunities related to ICT are:

- Lack of awareness of the benefits of broadband beyond speed
- Perception that costs of broadband are significant.<sup>42</sup>

The Partnership Agreement details current Government actions in England to support take-up and use of broadband including:

- the SME digital capability programme to reach 1.6 million businesses between 2013 and 2018 and equipping them with the tools and skills to effectively

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<sup>38</sup> ONS(2012) E-commerce and ICT activity, 2012

<http://www.ons.gov.uk/ons/rel/rdit2/ict-activity-of-uk-businesses/2012/stb-ecom-2012.html#tab-Business'-use-of-websites>

<sup>39</sup> Lloyds Bank (2014) UK Business Digital Index 2014, <http://resources.lloydsbank.com/economic-research/uk-business-digital-index-2014/>

<sup>40</sup> ONS(2012) E-commerce and ICT activity, 2012

<sup>41</sup> <http://ec.europa.eu/digital-agenda/en/digital-economy-and-society-index-desi>

<sup>42</sup> Superfast Fibre access for Business Market Insight <http://www.openreach.co.uk/orpg/home/products/super-fastfibreachess/downloads/OpenreachSuperfastFibreAccessforBusinessMarketInsightMarch2013.pdf>



trade online in both domestic and international markets and grow their business;

- activity within business growth hubs currently being rolled out such as the Greater Manchester digital business support programme which provides an effective model for other local broadband projects to adopt as business growth hubs are established elsewhere and the Women and Broadband Challenge Fund;
- £1m of funding to provide capacity for local broadband projects to support actions that encourage women-led businesses and potential female entrepreneurs to take advantage of faster broadband to expand or set-up new businesses in areas where the superfast broadband programme is being deployed.

***Implications of the development needs and opportunities on the use of ERDF funding:***

Given the development needs and opportunities discussed above ERDF funding, in line with State Aid rules, may be used to:

- co-invest with private investors and other public funders in superfast broadband infrastructure aligned with the EU2020 digital agenda target to deliver 100 per cent coverage for superfast broadband at 30Mbps;
- support demand stimulation measures to increase awareness of the benefits of superfast and ultra-fast broadband. Aligned with the EU2020 target for 33 per cent of SMEs to make online sales by 2015, ERDF activity could seek to increase the percentage of SMEs selling goods through a website.

<b>Enhancing the Competitiveness of SMEs</b>
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Encouraging entrepreneurship and support for SMEs are key priorities for Europe 2020. While there is no specific Europe 2020 headline target for this thematic objective, there are country specific recommendations for the UK to continue efforts to improve the availability of bank and non-bank financing to SMEs; ensure the effective functioning of the Business Bank and support an increased presence of challenger banks as well as deal with structural bottlenecks related to access to finance for SMEs.

SMEs are important for economic growth. They drive forward growth through engaging in innovation, creating jobs and spurring competition:

- Of the estimated 5.2 million private sector businesses in the United Kingdom at the start of 2014, 4.6 million (88 per cent) were in England.<sup>43</sup> SMEs<sup>44</sup> make up nearly 99.9 per cent of these businesses.

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<sup>43</sup> Business Population Estimates (2013)

<sup>44</sup> Small and medium-sized enterprises (SMEs) are defined by employee size – as businesses with 0 to 249 employees

In the United Kingdom as whole SMEs are responsible for 60.1 per cent of private sector employment (15.2 million jobs) and 48.6 per cent of private sector turnover at the start of 2014. However, SMEs face a number of challenges:

- Productivity in SMEs is low compared with large firms and there is wide sub-national variation. The SME Competitiveness section of the England Chapter in the Partnership Agreement details the level of disparity in terms of gross value added per employee and levels of business start-ups. In 2011 Gross Value Added per employee in England for SMEs was £43,600 (compared with £51,000 for large firms). The average gross value added per employee in England in SMEs ranged from £33,000 to £65,000 across the country in 2011;
- These spatial disparities are also evident in business density and the levels of business-start-ups with 37 per cent of the start-ups in 2013 located in and around areas of London compared with 23 per cent in areas in the north of the country.<sup>45</sup> 45 per cent of high growth businesses in 2011 were found in five LEP territories - London, South East, Leeds City Region, Greater Manchester and Enterprise M3;
- The level of UK early stage entrepreneurship remains below that in the US, but compares favourably to other EU nations. The proportion of adults (18-64) of working age in the process of starting or running a business less than 42 months old in 2013 was 7.5 per cent.<sup>46</sup> This was higher than those in France at 4.6 per cent and Germany at 5.0 per cent, but trails that of the US at 12.7 per cent. Overall it is slightly below average of the innovation driven economies;
- Growth in SMEs is below potential. While a large proportion of SME employers (68 per cent) say they want to grow in the next two to three years, most will not actually show growth in any given year. A segmentation of these employers shows that, overall in 2012, 13 per cent of employers were classified as “growers”, 57 per cent “stable” and 13 per cent “shrinkers”.<sup>47</sup> Separate research shows that nearly a quarter of all new jobs over three years are created by high growth firms, with around 5 per cent of all SMEs with 10 or more employees classified as high growth at a point in time.<sup>48</sup> Figure 51 in the Partnership Agreement shows the variation in the percentage of high growth businesses across LEP areas.<sup>49</sup>

There are various factors that limit an ability of an SME to grow including:

- The internal capacity and capability of a business including their ability to innovate;

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<sup>45</sup> UK Partnership Agreement

<sup>46</sup> Global Entrepreneurship Monitor (2014)

<sup>47</sup> Small Business Survey, 2013

<sup>48</sup> BIS (2013) *SMEs the key enablers of business success and the economic rationale for government intervention* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/266304/bis-13-1320-smes-key-enablers-of-business-success.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266304/bis-13-1320-smes-key-enablers-of-business-success.pdf)

<sup>49</sup> High growth businesses are defined by the OECD as those with at least 10 employees and who have experienced growth at an annual average of 20% over a three year period.

- The external environment including procurement and access to finance.

Access to finance is a particular area of difficulty for SMEs especially in a context where lending to businesses has been constrained.<sup>50</sup> Only 18 per cent of SME employers in 2012 consider themselves strong at accessing finance compared with 25 per cent in 2010.<sup>51</sup> Finance is also a disproportionately important obstacle for high growth firms compared to other businesses.<sup>52</sup> Eighteen per cent of high growth firms consider funding to be the most important barrier to growth that they face, compared to just 13 per cent of other firms. Evidence suggests there has been a decline because of not only reduced supply but also reduced demand and appetite for risk amongst smaller firms.<sup>53</sup> Access to finance is difficult for companies at an early stage of development or companies starting out to access finance when they have little track record of delivery. In these situations lenders and equity investors face increased risk and uncertainty. There may also be a lack of demand for finance from businesses in a particular area which can limit the number of private finance providers operating.<sup>54</sup> The Partnership Agreement details the variation in access to finance for businesses across England including in equity, debt finance and angel investments.

These barriers are more acute for particular groups. Men in the United Kingdom are almost twice as likely to start businesses as women. The rates of female business ownership are particularly low in the United Kingdom. The scale of the United Kingdom enterprise “gap” is illustrated by estimates suggesting that an additional 150,000 businesses would be created if rates of business ownership among women were the same as men, and an additional 900,000 businesses would be created annually if the United Kingdom had the same rates of women’s business ownership as in the US. Ethnic minority groups can also have difficulty with access to finance.<sup>55</sup>

At present the number of SMEs exporting is low. The Small Business Survey in 2012 showed that only 19 per cent of surveyed SMEs were exporting compared with 23 per cent who reported exporting in 2010. A recent study found that 25,000 to 150,000 non-exporting United Kingdom SMEs have the potential to be competitive in export markets.<sup>56</sup>

There are a number of barriers to entering overseas markets which can translate into high upfront costs to business. These barriers include gaining access to contacts, navigating the legal and regulatory environment and coping with local culture and language. In turn, a lack of internal know-how and capabilities (including not knowing

<sup>50</sup> Bank of England (2013) *Trends in Lending*

<http://www.bankofengland.co.uk/publications/Documents/other/monetary/trendsjanuary13.pdf>

<sup>51</sup> Small Business Survey (2014) [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/193555/bis-13-p74-small-business-survey-2012-sme-employers.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/193555/bis-13-p74-small-business-survey-2012-sme-employers.pdf)

<sup>52</sup> High growth businesses are defined by the OECD as those with at least 10 employees and who have experienced growth at an annual average of 20 per cent over a three year period.

<sup>53</sup> BIS (2013) *SMEs the key enablers of business success and the economic rationale for government intervention*.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/266304/bis-13-1320-smes-key-enablers-of-business-success.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266304/bis-13-1320-smes-key-enablers-of-business-success.pdf)

<sup>54</sup> Peter Tyler (July 2013) *Economic efficiency and what works in local economic policy*, Regeneris Consulting Ltd on behalf of DCLG.

<sup>55</sup> Enterprise Research Centre (2013) *Diversity and SMEs* [http://enterpriseresearch.ac.uk/default/assets/File/ERC%20White%20Paper%20No\\_3%20Diversity%20final.pdf](http://enterpriseresearch.ac.uk/default/assets/File/ERC%20White%20Paper%20No_3%20Diversity%20final.pdf)

<sup>56</sup> ONS (2011) Exporters and Importers in Great Britain <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/characteristics-of-exporters-and-importers-gb--2011/sty-exporters-and-importers-in-great-britain.html>

who to approach for information and expertise) and a lack of confidence means businesses may not be able to successfully overcome these barriers.

Awareness of and access to business support can help small businesses overcome the barriers they face. Business support including advice services for entrepreneurship, commercialisation and exports has the potential to address information failures arising from businesses not having access to information on how to enter new markets or improve productivity. This is especially relevant to under-represented groups and/or business start-ups. According to the Small Business Survey currently less than half of United Kingdom SME employers use business support due to difficulties in accessing information or advice; doubts about the benefits of business support, and concerns about the competence and trustworthiness of support providers.<sup>57</sup> Low demand for business support may result in under supply of support services in particular areas.<sup>58</sup>

Supply chains are important way for SMEs to build capacity and reputation and access new markets. Foreign owned SMEs can help strengthen supply chains by bringing in new ideas, skills, new technologies, new management practices, and third country export potential and deliver productivity improvements in supply chains.<sup>59</sup> Evidence shows that supporting the formation and growth of supply chains and clusters is key to achieving the productivity gains needed to boost export competitiveness and comparative advantages in a wide range of sectors. Key to achieving these successful supply chains lie in making strategic interventions to overcome market failures, strengthening networks between businesses and other organisations (helping to cluster), and promoting innovation and increased skills.<sup>60</sup> SME foreign investors however need help in accessing contacts, networks and information and guidance in navigating the legal and regulatory framework in England.<sup>61</sup>

### ***Implications of the development needs and opportunities on the use of ERDF funding***

- The evidence shows a case for public sector intervention to address the market failures in access to finance and information and under supply of support services for SMEs, especially for under-represented groups, high-growth or innovative firms and those that want to enter the international market;
- Total early stage Entrepreneurial Activity (TEA) is an indicator which provides a measure of the level of new enterprise creation in the economy; it covers both individuals in the process of starting a business and those who are running businesses less than three and a half years old. In 2013 in The United Kingdom, the TEA rate was 7.1%; higher than France (4.6) and

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<sup>57</sup> CSES (2002) Benchmarking of Business Incubators, a report for the European Commission. <http://www.cses.co.uk/upl/File/Benchmarking-Business-Incubators-main-report-Part-1.pdf>

<sup>58</sup> Peter Tyler (July 2013) *Economic efficiency and what works in local economic policy*, Regeneris Consulting Ltd on behalf of DCLG.

<sup>59</sup> ONS (2013) Business ownership in the UK 2011

<sup>60</sup> Institute for Public Policy Research (2014) *Gathering Strength: Backing Clusters to Boost Britain's Exports*, [http://www.ippr.org/assets/media/publications/pdf/gathering-strength\\_Dec2014.pdf](http://www.ippr.org/assets/media/publications/pdf/gathering-strength_Dec2014.pdf).

<sup>61</sup> ONS (2013) *Exporters and Importers in Great Britain 2012*

Germany (5%), but lower than the Netherlands (9.3%) and Sweden (8.2%) and down from its rate of 9% in 2012.<sup>62</sup>

The 2017 modification of the Programme is still focussed on responding to these challenges, however, with increased levels of funding. These increases arise as a consequence of the incorporation of funding arising from the Commission's recalculation of structural funds allocations on the basis of the most recent statistical data and the virement of funding from other priority axes as a result of changes in the economic environment and development needs.

## **Supporting the Shift Towards a Low Carbon Economy in All Sectors**

### ***Definition and need for public investment***

A low-carbon economy is one which has a minimal output of greenhouse gas emissions into the environment to mitigate the effects of climate change. Public investment is needed to support shifts towards a low carbon economy because carbon dioxide emissions are a negative externality. This means the environmental costs of emissions are not taken into account in the process of producing or consuming activities that influence carbon dioxide emissions. The market failure creates the need for public investment to mitigate the negative impacts of rising emissions and support activities to reduce their output from production and consumption.

The UK and England has made good progress in tackling the level of greenhouse gases, and against Europe 2020 targets. The Climate Change Act established a legally binding target to reduce UK's greenhouse gas emissions by at least 80 per cent below base year levels by 2050. Greenhouse gas emissions in England are currently 28 per cent lower than 1990 levels.<sup>63</sup>

The carbon ratio which is calculated by dividing carbon dioxide emissions by GDP has fallen steadily declining by around 3 per cent per year from 1980 levels. In 2012 it stood at 36.8. The trend has been attributed to a combination of improvements in energy efficiency, decline in relative importance of energy intensive industries and the increased use of more carbon efficient fuels.<sup>64</sup> However as the England Chapter of the Partnership Agreement (Figure 48) shows there are significant variations in emissions particularly from industrial and commercial sources.

### ***Progress on renewable energy***

The EU 2020 target is to raise the share of EU energy consumption produced from renewable resources to 20 per cent and in the UK to 15 per cent. The UK continues to make good progress towards the 2020 renewables target. In 2012 11.90 per cent

<sup>62</sup> Global Entrepreneurship Research Association (2014), <http://www.gemconsortium.org>.

<sup>63</sup> DECC(2014) Greenhouse Gas Inventories for England, Scotland, Wales and Northern Ireland 1990-2012 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/318096/da\\_ghgi\\_1990\\_2012\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318096/da_ghgi_1990_2012_report.pdf)

<sup>64</sup> DECC (2013) UK Energy in Brief, 2013 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/224130/uk\\_energy\\_in\\_brief\\_2013.PDF](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224130/uk_energy_in_brief_2013.PDF)

proportion of UK energy came from low carbon sources. Two-thirds of this comes from nuclear power with one-third from renewable sources such as wind, hydro and bio-energy.<sup>65</sup> In 2012, we exceeded the amount of renewable energy required by our 2011/12 interim target, reaching 4.2 per cent of total energy. The sectors that have seen increases in energy consumption from renewable and waste sources are households (32.9 per cent of all energy consumption from bioenergy and waste sources in 2012), and industry (27 per cent).

Despite the progress significant challenges remain. The UK had the 9th lowest share amongst EU countries of low carbon energy in 2011 with the UK's share of electricity supply from low carbon sources being around half that of the EU average of 26 per cent. In 2012 only 8.2 per cent of electricity in England was generated from renewables, with bio-energy being the largest contributor. This proportion varies widely with a range of 767 GWh and 3,871 GWh generated from renewable sources across England in 2012. This reflects both differences in renewable energy generating capacity (from wind, bio-energy and bio-mass) and levels of investment in this capacity across England. In 2012 there were 314, 944 sites in total generating electricity from renewable resources including solar photovoltaics, in England but varying from 10,376 to 64,574 in different parts of the country.<sup>66</sup>

Progress on these targets will be made principally by implementing national policy. ERDF funding can supplement national level activity and support small scale renewable projects.<sup>67</sup>

### ***Progress on energy efficiency***

The EU target on energy efficiency is for there to be a 20 per cent increase in energy efficiency by 2020. In the UK energy intensity (energy use per unit of value added) declined by 31.8 per cent between 1997 and 2011.<sup>68</sup> The energy ratio calculated by dividing temperature corrected primary energy consumption by GDP at constant prices has declined by around 2 per cent per year.<sup>69</sup> The Index of Domestic energy consumption per household (1990 = 100) was 91 in 2012

If however UK emissions targets are to be met energy efficiency will need to increase across all sectors. There is further potential to increase energy efficiency in England, especially in:

- Promoting socially cost-effective investment in energy efficiency, where there is the potential to save 196TWh in 2020, and equivalent to 22 power stations. If this was realised, final energy consumption in 2020 would be 11 per cent lower than current levels. The UK Government has already put in place a suite of policies to encourage deployment of energy efficiency in non-

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<sup>65</sup> DECC (2013) UK Energy in Brief, 2013 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/224130/uk\\_energy\\_in\\_brief\\_2013.PDF](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224130/uk_energy_in_brief_2013.PDF)

<sup>66</sup> DECC (2014) Sub national Electricity <https://www.gov.uk/government/publications/energy-trends-september-2013-special-feature-articles-renewable-electricity-in-scotland-wales-northern-ireland-and-the-regions-of-england-in-2013>

<sup>67</sup> DECC (2013) UK Energy in Brief, 2013 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/224130/uk\\_energy\\_in\\_brief\\_2013.PDF](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224130/uk_energy_in_brief_2013.PDF)

<sup>68</sup> ONS (2013) UK Environmental Accounts <http://www.ons.gov.uk/ons/rel/environmental/uk-environmental-accounts/2013/stb-ukea-2013.html>

<sup>69</sup> DECC (2013) UK Energy in Brief [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/224130/uk\\_energy\\_in\\_brief\\_2013.PDF](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224130/uk_energy_in_brief_2013.PDF)

domestic sectors – including routes to access finance. It is clear however, that the barriers to deployment of energy efficiency are not simply financial;

- Better, consistent and effective energy efficiency plans of companies and communities with appropriate measures for energy savings. This development need relates to some firms being unaware of the benefits of investing in resource efficiency measures.

### ***Growth opportunity***

Although environmental objectives remain the main focus of this Priority Axis, there is also significant growth potential in the low carbon goods and services sector in England.<sup>70</sup> Existing data on the size of the low carbon environmental goods and services sector<sup>71</sup> show that it had a value of £128.1 billion in 2011/12 having grown by 4.8 per cent and 4.7 per cent in nominal terms in each of the previous two years. The value of this sector for England in 2011/12 was approximately £108.541 billion, and increased to £113.795 billion in 2012/13. The value of this sector varies across activities (with manufacturing accounting for 20 per cent and research and development 5 per cent in 2011/12) and local areas (with four LEP territories, London, South East, Greater Manchester and Leeds City Region accounting for 37 per cent of all sales value).<sup>72</sup>

### ***Implications of the development needs and opportunities on the use of ERDF funding:***

- Carbon dioxide emissions are an externality and the market failure creates the case for public investment to mitigate the negative impacts of rising emissions and support action to reduce their output from production and consumption;
- The main focus of ERDF funding will be on small scale projects that can have maximum impact on increasing the level of local energy renewables;
- ERDF funding can also support innovation in and adoption of low carbon technologies linked to the Strategic Energy Technology Plan (SET) which is an energy technology plan for Europe. Measures to accelerate the development and deployment of cost-effective low carbon technologies relate to planning, implementation, resources and international cooperation in the field of energy technology;<sup>73</sup>

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<sup>70</sup> See for example Green Growth Group (2013) Going for Green Growth: The Case for ambitious and immediate EU low carbon action

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/253029/Green\\_Growth\\_Group\\_Joint\\_Pamphlet.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253029/Green_Growth_Group_Joint_Pamphlet.pdf)

<sup>71</sup> The low carbon environmental goods and services sector is broad and includes activities that may appear under the overlapping headings of Environmental, Eco, Renewables, Sustainable, Clean Tech, Low Carbon or No Carbon. This definition is the result of six years' work with UK National and regional government and UK industry organisations. More detail is provided in Section 2.1 of the publication referred to in footnote 72.

<sup>72</sup> BIS (2013) Low Carbon Environmental Goods and Services:2011-2012 <https://www.gov.uk/government/publications/low-carbon-and-environmental-goods-and-services-2011-to-2012>

<sup>73</sup> More information on SET is available here: [http://ec.europa.eu/energy/technology/set\\_plan/set\\_plan\\_en.htm](http://ec.europa.eu/energy/technology/set_plan/set_plan_en.htm)

- There is a growth opportunity in supporting the shift towards a low carbon economy by investing in research and development in this area and building the market in low carbon environmental technologies, goods and services;
- Low carbon solutions are best developed holistically, with integrated approaches required in areas such as low carbon transport, drawing on multi-modal measures.

The 2017 modification of the Programme is still focussed on responding to these challenges through the general implementation principles set out above. However, since agreeing the England ERDF OP there has been a change in the economic environment in which it is operating. In particular, a number of new and existing funding initiatives have displaced, in part, planned Programme activity under Priority Axis 4, for example, as a result of the £320m domestic heat network programme. These alternatively funded activities will still be making a significant contribution to the EU2020 climate change and energy goals.

The modification seeks to increase the eligible activity under Priority Axis 4 to help absorb the displaced funding but the Managing Authority does not anticipate that it can all be absorbed through these measures. As such the Managing Authority has concluded that the Programme can make a more effective contribution to EU2020 ambitions by redirecting part of the displaced funding towards SME Competitiveness. Following these changes the programme will continue to exceed thematic concentration requirement for this priority axis and the UK as a whole will also continue to meet its priority axis 4 thematic concentration obligations.

### **Promoting Climate Change Adaptation, Risk Prevention and Management**

The most significant and specific climate change challenge faced by the UK economy is greater flood risk due to increased rainfall and sea-level rise as identified in the UK Climate Change Risk Assessment published in 2012. England's high density population and many local economies have significant exposure to increasingly volatile Atlantic weather systems. Figure 54 in the Partnership Agreement shows the variation in flood risk across Local Enterprise Partnership. The Partnership Agreement also includes estimates of flood damages in England which have risen by around 60 per cent over the past 25 years and already exceed £1billion each year in direct costs to communities and business.

#### ***Impact of flood and coastal erosion risk on businesses***

There is growing evidence that investment in flood protection can have a major impact on the economic resilience of an area.<sup>74</sup> Research has suggested that a pound invested in flood management projects can generate between £2 and £4 of net additional local Gross Value Added.<sup>75</sup>

<sup>74</sup> Natural England (2012) *Micro-Economic Evidence for the Benefits of Investment in the Environment* <http://publications.naturalengland.org.uk/publication/32031>

<sup>75</sup> Frontier Economics (2014) *Flood management and the wider economy*, A draft report for Defra .



Flood risk can cause businesses to relocate leading to a loss of investment and reduced economic activity in the area. It can also affect the growth of local economies by restricting the supply of land and undermining the viability of commercial investment. Examples of such affected sites at present include areas in Hull, Greater Birmingham, Greater Lincolnshire and Cornwall. Developing these sites can mean increased businesses in affected areas, higher investment flows and an improvement in the overall economic activity in the area.

Flood and coastal erosion risk can have a disproportionate impact on smaller firms. Qualitative evidence from a study commissioned to see how flood management activity can contribute to economic growth at both the local and national levels shows that flood and coastal erosion has a greater impact on SMEs than on larger businesses.<sup>76</sup> SMEs are most likely also to benefit from sites developments as smaller firms are more dependent on the availability of existing office space.

***Implications of the development needs and opportunities on the use of ERDF funding:***

- ERDF funding aligned with or matched to national and local funding can target flood risk in specific local areas and help to unlock development sites that are important to unlocking growth in local areas. These sites are unlikely to be development-ready without government intervention as any private developer would be unlikely to absorb the negative environmental externality;
- Any funding under this thematic objective will support the objectives for ERDF funding under other priority axes, especially priority axis 3 as SMEs are most dependent on availability of office space that has already been developed. They will also support activities under priority axes 4 and 6 by bringing back land into productive use in a sustainable way such as through the use of “green” and “blue” infrastructure’ is prioritised over hard infrastructure which will also have biodiversity benefits.

The 2017 modification of the Programme is still focussed on responding to these challenges, however, the areas at risk of flooding is not a static picture and the Government keeps the situation under review. The latest review was the National Flood Resilience Review published 8th September 2016. To ensure that the ERDF programme can properly support investments in line with the findings of this review the modified Programme introduces a greater degree of flexibility where investments can be made.

Given the extent of the flooding risk the modification of the Programme also increases levels of funding. These increases arise as a consequence of the incorporation of funding arising from the Commission’s recalculation of structural funds allocations on the basis of the most recent statistical data and the virement of funding from other priority axes as a result of changes in the economic environment and development needs.

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<sup>76</sup> Frontier Economics (2014) *Flood management and the wider economy*, A draft report for Defra.

## Preserving and Protecting the Environment and Promoting Resource Efficiency

### ***Importance of the environment and policy framework***

The natural environment plays a critical role in providing a wide range of goods and services that are vital for both the economy and the wellbeing of the population. Recent work by the Office for National Statistics places a conservative partial value on UK natural capital at £1.6 trillion.<sup>77</sup> The UK National Ecosystem Assessment<sup>78</sup> and other recent valuation exercises also provide an indication of the benefits provided by our natural environment including:

- Benefits through buffering the effects of storms and managing flooding;
- Up to 3.2 billion visits a year, worth an estimated £10 billion to UK habitats;<sup>79</sup>
- Reduction in carbon emissions through woodland and soils (especially peat soils) can act as major carbon sinks; it has been estimated that an oak forest in southern England removes about 15 tCO<sub>2</sub> ha<sup>-1</sup> yr<sup>-1</sup>;<sup>80</sup>
- A diverse range of marine species and habitats that result from the geology of the English seabed which is rich and diverse and is influenced by both colder and warmer waters.

The Natural Environment White Paper outlined a vision for the natural environment of England over the next 50 years. It set out both how we can better understand the value of nature and how we manage it. England's policies are aligned with the relevant EU legislation.

England is signed up to the objectives in the EU Biodiversity Strategy. The Habitats Directive (which complements the Birds Directive) established the Natura 2000 network: this includes Special Protection Areas for birds and Special Areas of Conservation designated for other priority species and habitats, which are managed with special legal protection. The UK Prioritised Action Framework for Natura 2000 serves as a strategic planning tool to help deliver the EU's Biodiversity Strategy to 2020, which has the headline target of Halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss. The national habitat creation baseline for these habitat types as set out in Biodiversity2020 is 6,700ha (the amount we need to restore and recreate). Biodiversity 2020: A strategy for England's wildlife and ecosystem

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<sup>77</sup> ONS (2014) Natural Capital: Initial and Partial Monetary Estimates <http://www.ons.gov.uk/ons/rel/environmental/uk-natural-capital/initial-estimates/index.html>

<sup>78</sup> UK National Ecosystem Assessment (2011). The UK National Ecosystem Assessment: Synthesis of the Key Findings. UNEP-WCMC, Cambridge.

<sup>79</sup> Duke et al. (2012) Opportunities for UK Business that Value and/or Protect Nature's Services; Elaboration of Proposals for Potential Business Opportunities. Attachment 1 to Final Report to the Ecosystem Markets Task Force and Valuing Nature Network. GHK, London.

<sup>80</sup> Read, D.J., Freer-Smith, P.H., Morison, J.I.L., Hanley, N., West, C.C. and Snowdon, P. (eds). 2009. Combating climate change – a role for UK forests. An assessment of the potential of the UK's trees and woodlands to mitigate and adapt to climate change. The synthesis report. The Stationery Office, Edinburgh.

services builds on this and sets out the strategic direction for biodiversity policy for the next decade on land (including rivers and lakes) and at sea.

The Water Framework Directive outlines a transparent, legislative framework for an ecosystem-based approach to the management of human activities which supports the sustainable use of marine goods and services. Each Member State is required to develop a marine strategy for their waters, in coordination with other countries within the same marine region or sub region. For England, Marine Strategies consist of an initial assessment of marine waters; characteristics, targets and indicators of Good Environmental Status (GES); monitoring programmes for measuring progress towards GES and programmes of measures to achieve or maintain GES. In 2012, the UK produced Part One of the Marine Strategy, containing information on the first three elements of the MSFD. In 2014, Part Two which focuses on a coordinated monitoring programme for the ongoing assessment of Good Environmental Status was published. Part Three is in development and will focus on a programme of measures.<sup>81</sup>

England is affected specifically by the Maritime Strategy for the Atlantic sea-basin. The Action Plan for the Strategy has four priorities: research and investment to drive "blue economy" forward, while preserving the environmental and ecological strength including promoting entrepreneurship and innovation; protect, securing and enhance the marine coastal environment; improving accessibility and connectivity and create a socially inclusive and sustainable model of regional development.

### ***Current environmental challenges***

The Partnership Agreement details a number of environmental challenges for England related to biodiversity and water, air and soil quality. These include but are not limited to the following:

- Despite improvements overall the UK is currently below the trajectory for achieving its Biodiversity 2020 targets of 50 per cent of Sites of Special Scientific Interest<sup>82</sup> to be in favourable condition by 2020.<sup>83</sup> Many species are declining in population and across the best-known groups, about a quarter of all species are at historically low levels or significantly threatened;
- The estimated total annual cost of water pollution to river and wetland ecosystems and natural habitats in England and Wales is between £716million and £1,297million;<sup>84</sup>
- Soil degradation has been estimated by the Soil Strategy for England<sup>85</sup> as costing the economy between £150 million and £250 million each year (including through lost production);

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<sup>81</sup> Available here: <https://www.gov.uk/government/publications/marine-strategy-part-one-uk-initial-assessment-and-good-environmental-status>

<sup>82</sup> In England, all Special Areas of Conservation designated under the European Birds and Habitat Directives are also Sites of Special Scientific Interest (SSSI). A SSSI is one of the country's very best wildlife and/or geological sites.

<sup>83</sup> Further details at: <https://docs.google.com/file/d/0B9V3MFss6gRxVi1QY1hQOUpxMmc/edit?usp=sharing&hl=en-GB&forcehl=1&pli=1>

<sup>84</sup> Explanatory Memorandum to The Nitrate Pollution Prevention Regulations 2008 2008 No. 2349

<sup>85</sup> Further details at: <http://www.defra.gov.uk/environment/quality/land/soil/documents/evidence-paper.pdf>

- The challenges exist because environmental costs are externalities that land owners or users do not take into account. This market failure creates the need for public investment to mitigate the negative impacts and support action to reduce their output from production and consumption.

### ***Addressing environmental challenges***

In addressing these environmental challenges through activities that maintain, enhance and prevent the degradation of natural capital assets in ways that help to meet Biodiversity 2020 goals and the legal requirements of the Habitats Directive, Birds Directives and Water Framework Directive there are opportunities to support growth in a local area.

To improve environmental protection, investments in green and blue infrastructure can provide a mechanism to develop more efficient use of this natural and man-made capital in the economy.<sup>86</sup>

These investments provide an opportunity to support businesses, including SMEs, to benefit from new market opportunities in natural goods and services, and from using natural capital more sustainably in their own supply chains. Smaller firms may be unable to benefit from growth opportunities linked to environmental targets without public intervention because of market failure related to lack access to information or lack of access to finance.

### ***Implications of the development needs and opportunities on the use of ERDF funding:***

- The environment is an externality and this market failure creates the case for public investment to mitigate the negative impacts and support action to reduce their output from production and consumption. Investments in multi-functional blue and green infrastructure can add to an area's natural capital (the stock of environmental assets) and support the local economy through their impact on inward investment, visitor spend, environmental cost-saving, mental and physical health improvement, market sales and employment generation.
- Supporting resource efficiency within businesses can deliver environmental benefits at the same time as increasing business performance and profitability. Supporting investments in business knowledge transfer can also support growth and increase business performance and profitability, as well as create growth opportunities via the development of "green" products and services.

The 2017 modification of the Programme is still focussed on responding to these challenges, however, following clarification on the demarcation of investments between ERDF and EAFRD (Countryside Stewardship) it has been concluded that not as much funding is required under this Priority Axis. The approach will still see

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<sup>86</sup> Green and Blue Space (GRaBS) in association with the EU (2010), Adaptation to Climate Change Using green and Blue Infrastructure, [http://www.grabs-eu.org/membersArea/files/Database\\_Final\\_no\\_hyperlinks.pdf](http://www.grabs-eu.org/membersArea/files/Database_Final_no_hyperlinks.pdf)

the two Funds making a significant contribution to this agenda but also ensure that there is no double funding by an applicant.

## **Sustainable Transport in Cornwall and the Isles of Scilly**

### ***Links between transport infrastructure and growth***

OECD research points to the importance of investments in infrastructure, human capital and business environment in supporting local growth.<sup>87</sup> The research also found that among regions in the OECD with below average GDP per head, transport infrastructure can play a key role in driving growth by increasing the competitiveness of SMEs and bringing new businesses to areas.

### ***Transport infrastructure challenges in England***

The England Chapter of the Partnership Agreement (Promoting sustainable transport and removing bottlenecks in key network infrastructures) discusses the significant demand on road networks in the last fifty years compared to low investment in road infrastructure since the 1960s. It also discusses the significant demands on the rail network at present even though investments in rail infrastructure have been better since the 1990s.

These infrastructure challenges are recognised both nationally and internationally. The UK had Country Specific Recommendations in 2014 to “address structural bottlenecks related to infrastructure ... to boost growth in the export of both goods and services” and to “Follow up on the National Infrastructure Plan by ... providing clarity on funding commitments”. ERDF 2007-2013 has been used to provide support for a broad range of transport projects where the overall objective is to reduce travel time and costs and improve access to support economic development.

The areas most affected by this are generally peripheral areas, where lack of or poor transport infrastructure can have social, environmental and economic impacts with reduced productivity, increased fuel consumption, increased risk of social exclusion, reduced attractiveness of particular areas resulting in low inward investment or export levels. Across England, there are a number of areas in which potential for economic development has been and will continue to be adversely impacted by poor transport links to the Trans-European transport network (the TEN-T network).

This is particularly the case in England's only Less Developed Region where the overall resilience of all transport networks for Cornwall and the Isles of Scilly is poor exacerbated by dispersed settlement patterns and scattered and poorly connected labour pools. There is congestion in and around Cornwall's main towns resulting in peak period delays with special difficulties in access to employment.

### ***Implications of the development needs and opportunities on the use of ERDF funding:***

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<sup>87</sup>OECD (2009) Regions Matter: Economic Recovery, Innovation and Sustainable Growth <http://www.oecd.org/gov/regional-policy/regionsmattereconomicrecoveryinnovationandsustainablegrowth.htm>

- A combination of under investment in transport infrastructure (especially roads) compared with growing demand have translated into transport challenges in England;
- These transport challenges constrain growth through reduced productivity, increased fuel consumption, increased risk of social exclusion and reduced attractiveness of particular areas resulting in low inward investment or export levels;
- ERDF funding under this priority axis can complement national programmes and will target bottlenecks in Cornwall and Isles of Scilly as the only less developed region in England. Any funding under this priority axis will support the objectives for ERDF funding under other priority axes especially enhancing SME competitiveness and promoting the low carbon economy.

### **Promoting Social Inclusion, Combating Poverty and Discrimination**

In line with the EU 2020 headline target to lift at least 20m people out of the risk of poverty or social exclusion the Government will use Community Led Local Development (CLLD) to support activity to promote social inclusion and reduce poverty. The use of the CLLD instrument is intended to add value to and complement mainstream Programme provision by facilitating integrated multi-fund investment strategies in support of investment priorities identified by communities themselves in a bottom-up approach.

The Partnership Agreement details the significant deprivation that exists both between and within LEP areas. The 2010 English Indices of Deprivation<sup>88</sup> identifies significant variation in relative deprivation across smaller areas in England. For example:

- Over 5 million people live in the most deprived areas in England in 2008 and 38% of them were income deprived;
- 98% of the most deprived LSOAs are in urban areas but there are also pockets of deprivation across rural areas;
- 56% of Local Authorities contain at least one LSOA amongst the most 10% most deprived in England.

This is particularly acute in some urban areas where the increasing role of London and the English cities as engines for economic growth often masks significant economic disparities and deprivation within their functional economic geographies.

Barriers to growth in such areas typically encompass multiple needs and points of disadvantage. For example a study by the Centre for Analysis on Youth Transitions of two longitudinal studies finds that parental worklessness is linked to a number of

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<sup>88</sup> The Indices of Deprivation 2010 is the collective name for a group of 10 indices which all measure different aspects of deprivation. The most widely used of these is the Index of Multiple Deprivation which is a combination of a number of the other indices to give an overall score for the relative level of multiple deprivation experienced in every neighbourhood in England.

interlinked risk factors such as mother’s age, lack of parents’ qualifications, being a single parent, ethnic minority status, living in social housing, family instability following divorce, separation or new partnership and parents having a long-term limiting illness. Nearly four in five persistently workless families had four or more of the linked risks we identified in the research.<sup>89</sup> Many social housing tenants also report facing more than one barrier as well as lacking skills and qualifications and extensive work experience.<sup>90</sup> Such problems are most effectively tackled through an integrated approach and investment strategy that brings together a range of relevant services and support and which involves local people in its design and implementation.

***Implications of the development needs and opportunities on the use of ERDF funding:***

- The England ERDF Programme will therefore spatially concentrate investment in order to address persistent disparities in economic performance across Less Developed, Transition and More Developed areas within communities experiencing high levels of deprivation and multiple challenges;
- It will seek to specifically focus on building long term capacity in targeted communities and mobilise local resources from the bottom up in a bid to overcome barriers to growth and employment.

The 2017 modification of the Programme is still focussed on responding to these challenges, however, with reduced levels of funding. Following the national selection panel for ERDF/ESF CLLD in October 2016 stage 1 of the CLLD process was concluded. Following the conclusion of stage 1 it is now clear that the current ERDF allocation is too high in relation to the identified development needs. Given that no further CLLD calls are planned in the current programme period the funding allocation to this priority axis has been adjusted accordingly.

1.1.2 A justification for the choice of thematic objectives and corresponding investment priorities having regard to the partnership agreement, based on an identification of regional and, where appropriate, national needs including the need to address the challenges identified in relevant country-specific recommendations adopted in accordance with Article 121(2) TFEU and the relevant Council recommendations adopted in accordance with Article 148(4) TFEU, taking into account the ex-ante evaluation.

**Table 1: Justification for the selection of thematic objectives and investment priorities**

Selected thematic objective	Selected investment priority	Justification for selection
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<sup>89</sup> Centre for Analysis and Youth Transitions (2011). Intergenerational transmission of worklessness: Evidence from the Millennium Cohort and the Longitudinal Study of Young People in England. DfE: London

<sup>90</sup> DWP (2008) Social housing and worklessness: qualitative research findings. Research Report No 521. London, DWP.

<p>TO1: Strengthening research, technological development &amp; innovation</p>	<p>1a - enhancing research and innovation (R&amp;I) infrastructure and capacities to develop R&amp;I excellence, and promoting centres of competence, in particular those of European interest</p>	<ul style="list-style-type: none"> <li>• England needs to increase expenditure on R&amp; D which is currently below 3 per cent of GDP and spread unevenly across local areas.</li> <li>• The Smart Specialisation strategy identifies a need for types of infrastructure, including business incubators.</li> <li>• There is a need for public investment in research infrastructures which will not be delivered by the private sector due to high upfront costs and uncertain future returns.</li> <li>• Open access research and innovation infrastructure will provide businesses with access to high value capital, equipment and infrastructure beyond the affordability of individual businesses and thus help support the commercialisation of research.</li> <li>• Future planned domestic investment in infrastructure related to research is going to be extremely spatially clustered towards LEP territories which have performed strongly already. ERDF will enable a wider geographical spread of investments, while remaining consistent</li> </ul>
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		with smart specialisation.
	1b - Promoting business investment in R&I; developing links and synergies between enterprises, research and development centres and the Higher Education sector; promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	<ul style="list-style-type: none"> <li>• Business expenditure on R&amp; D in the UK in 2012 was 1.09% of GDP, below the EU28 average of 1.30%.</li> <li>• There are opportunities linked to the strength of the UK knowledge base especially to encourage greater levels of commercialisation.</li> <li>• In line with Smart Specialisation the focus will be on specific sectors and clusters of innovation linked to an area's natural advantage.</li> </ul>
TO2: Enhancing access to, and use and quality of, ICT	2a - extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	<ul style="list-style-type: none"> <li>• England is short of the Europe 2020 target to deliver 100 per cent coverage for superfast broadband at 30Mbps.</li> <li>• In England the current funding is intended to extend superfast availability to 90 per cent of the UK by 2016 and to 95% by 2017.</li> </ul>

		<ul style="list-style-type: none"> <li>• In some areas the costs of superfast broadband infrastructure are high and not commercially viable for the private sector. To increase coverage to 100 per cent there is a need to use public sector funding, in line with State Aid rules, where the private sector will not invest because it assesses the risks as too high.</li> </ul>
	2b - developing ICT products and services, e-commerce, and enhancing demand for ICT	<ul style="list-style-type: none"> <li>• Measures to promote greater take-up will enhance the investments to improve access to superfast and ultrafast broadband.</li> <li>• There are opportunities linked to ICT. At present however, only 10.1 per cent of businesses take up access to broadband above 30 Mbps and only 5.8 per cent above 100 Mbps.</li> <li>• There is a need to target market failures that prevent SMEs from fully exploiting opportunities offered by ICT. These include a perception that costs of broadband are significant and a lack of awareness of the benefits of broadband beyond speed.</li> </ul>
TO3: Enhancing the Competitiveness of SMEs	3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms,	<ul style="list-style-type: none"> <li>• UK country specific recommendations for 2014 highlight bottlenecks in respect of access to finance and require UK to continue</li> </ul>

	including through business incubators	<p>to improve the availability of bank and non-bank lending to SMEs. The level of UK early stage entrepreneurship is higher than comparable EU countries but lags behind the US.</p> <ul style="list-style-type: none"> <li>• The barriers are particularly acute for some groups for example men are almost twice as likely to start businesses as women.</li> <li>• There is a need to target barriers around lack of information especially for business start-ups and lack of finance especially for companies at an early stage of development.</li> </ul>
	3c - supporting the creation and the extension of advanced capacities for product and service development	<ul style="list-style-type: none"> <li>• UK country specific recommendations for 2014 highlight bottlenecks in respect of access to finance and require UK to continue to improve the availability of bank and non-bank lending to SMEs.</li> <li>• SMEs drive innovation and growth in the economy.</li> <li>• Lenders and equity investors are reluctant to support potentially innovative investments because of the increased risk and uncertainty.</li> </ul>

	<p>3d - supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes</p>	<ul style="list-style-type: none"> <li>• UK country specific recommendations for 2014 highlight bottlenecks in respect of access to finance and require UK to continue to improve the availability of bank and non-bank lending to SMEs.</li> <li>• There is wide variation in SME competitiveness - only 12 per cent could be classified as 'growers' and only 19 per cent were exporting in 2012.</li> <li>• There is a need to improve SME access to finance. Only 18 per cent of high growth SMEs in 2012 considered themselves secure in access to funding.</li> <li>• At present less than half of UK SMEs access business support.</li> <li>• There is an opportunity to use supply chains to build SME capacity and reputation and improve access new markets.</li> </ul>
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TO4: Supporting the shift towards a low carbon economy in all sectors	4a - promoting the production and distribution of energy derived from renewable sources	<ul style="list-style-type: none"> <li>• The UK has the 9th lowest share amongst EU countries of low carbon energy in 2011. The UK's share of electricity supply from low carbon sources is half that of the EU average of 26 per cent.</li> <li>• ERDF can supplement national level activity and support small scale renewable projects to tackle this environmental externality.</li> </ul>
	4b - promoting energy efficiency and renewable energy use in enterprises	<ul style="list-style-type: none"> <li>• Europe 2020 targets to get 20% of energy from renewables and 20% reduction in energy consumption by improving energy efficiency</li> <li>• There is potential to save 196TWh in 2020 through cost-effective investment in energy efficiency, which if realised would mean final energy consumption in 2020 was 11% lower than current levels.</li> <li>• There is a need to promote energy efficiency in businesses by addressing enterprises lack of information about the benefits of investing in resource efficiency measures.</li> </ul>
	4c - supporting energy efficiency, smart energy management and	<ul style="list-style-type: none"> <li>• Europe 2020 target to 20% reduction in energy consumption by</li> </ul>

	<p>renewable energy use in public infrastructure, including in public buildings, and in the housing sector</p>	<p>improving energy efficiency.</p> <ul style="list-style-type: none"> <li>• There is a need to address information failures because of which there is a general unawareness of the benefits of investing in resource efficiency measures.</li> </ul>
	<p>4e - promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures</p>	<ul style="list-style-type: none"> <li>• Low carbon issues are best tackled holistically through integrated plans.</li> <li>• Tough air quality targets require greater use of more sustainable forms of transport.</li> <li>• There is a need to target the environmental externality that requires public sector intervention to minimise carbon emissions in production and consumption.</li> <li>• This can be done through promoting better and consistent use of energy plans of companies and communities.</li> </ul>
	<p>4f - Promoting research and innovation in, and adoption of, low-carbon technologies</p>	<ul style="list-style-type: none"> <li>• There are growth and employment opportunities linked to the low carbon technology and energy, both from the £100 billion investment in UK energy infrastructure needed by 2020 and capturing an increased share of the world market for low carbon</li> </ul>

		<p>and environmental goods and services, worth £3.4tn in 2011/12.</p> <ul style="list-style-type: none"> <li>• To develop a globally competitive sector England needs to promote investment in this area.</li> <li>• The long payback period and large capital investments required can hinder investment in low carbon technologies.</li> <li>• Public investment to part fund research, development and demonstration can reduce financial risk, enhance the credibility of projects and increase the confidence of private sector investors.</li> </ul>
<p>TO5: Promoting climate change adaptation, risk prevention and management</p>	<p>5b - promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems</p>	<ul style="list-style-type: none"> <li>• The UK Climate Change Risk Assessment 2012 identifies greater flood risk as the most significant climate change faced by the UK economy.</li> <li>• Flood and coastal erosion risk can have a disproportionate impact on smaller firms.</li> <li>• There is an opportunity to use ERDF aligned with or matched to national and local funding to lower risk of flooding which will generate economic activity in undeveloped areas of land with high risk of flooding or</li> </ul>

		developed areas of land with high level of displacement of businesses and business investment linked to the risk of flooding.
TO6: Preserving and protecting the environment and promoting resource efficiency	6d - Protecting and restoring biodiversity and soil and promoting ecosystems, including through Natura 2000 and green infrastructure	<ul style="list-style-type: none"> <li>• The UK is currently below the trajectory for achieving its Biodiversity 2020 targets of 50 per cent of Sites of Special Scientific Interest to be in favourable condition by 2020</li> <li>• There is an opportunity to improve environment protection through investments in green and blue infrastructure to develop more efficient use of natural and man-made capital in the country.</li> </ul>
	6f - promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution.	<ul style="list-style-type: none"> <li>• There are significant costs in England associated with water pollution and soil degradation.</li> <li>• These environmental costs are externalities that land owners or users do not take into account which creates a need for public investment.</li> <li>• The relative novelty of environmental technologies means that the return to private sector investors remains uncertain constraining access to finance in the area.</li> </ul>



		<ul style="list-style-type: none"> <li>• These benefits can also provide an opportunity to support businesses including small and medium-sized enterprises, through driving innovation, improving resilience and enhancing competitiveness.</li> </ul>
<p>TO7: Promoting sustainable transport and removing bottlenecks in key network infrastructures</p>	<p>7a - supporting a multimodal Single European Transport Area by investing in the Trans European Transport Networks</p>	<ul style="list-style-type: none"> <li>• Transport is a partial public good and delivers social benefits, addresses environmental externalities, can improve productivity and can also reduce costs to business in securing inputs or delivering to markets especially in peripheral areas.</li> <li>• By virtue of its peripherality, business growth in Cornwall and Isles of Scilly is slowed by high transport costs.</li> <li>• Poor transport links in Cornwall and Isles of Scilly to the TEN-T network restrict trade opportunities and hamper travel for visitors.</li> <li>• There is congestion resulting in peak period delays with special difficulties in access to employment.</li> </ul>

	<p>7c - developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility</p>	<ul style="list-style-type: none"> <li>• Investment in environmentally friendly forms of transport will underpin investments in the A30 road and London to Penzance rail line and help create a “green corridor”.</li> <li>• Multimodal hubs will underpin investments in the TEN-T network and ensure the benefits reach out to wider parts of Cornwall, while reducing carbon emissions.</li> </ul>
<p>TO8: Promoting sustainable and quality employment and supporting labour mobility</p>	<p>8b - Supporting employment-friendly growth through the development of endogenous potential as part of a territorial strategy for specific areas, including the conversion of declining industrial regions and enhancement of accessibility to, and development of, specific natural and cultural resources</p>	<ul style="list-style-type: none"> <li>• Regions affected by COVID-19 have experienced adverse impacts on their local economies. Local authorities and other relevant bodies will need support if they are to deliver their local recovery action plans most effectively.</li> <li>• Interventions to improve the business environment, for example by lifting business confidence or adapting or enhancing local infrastructure, will improve the rate of business survival and enable the pace of economic recovery and employment growth to be increased.</li> </ul>

<p>TO9: Promoting social inclusion and combating poverty and any discrimination</p>	<p>9d - Undertaking investment in the context of community led local development strategies</p>	<ul style="list-style-type: none"> <li>• There is significant spatial disparity across England both within and between administrative boundaries. The Index of Multiple Deprivation, identifies the incidence of the 20 per cent most deprived Lower Super Output Areas. In 2010 areas with the most deprived included Black Country, Liverpool and Tees Valley.</li> <li>• Community-Led Local Development provides a powerful mechanism to empower local communities and engage them in the development of their own solutions to problems of lack of growth in local areas.</li> </ul>
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## Section 1.2: Justification of the financial allocation

**Justification for the financial allocation (Union support) to each thematic objective and, where appropriate, investment priority, in accordance with the thematic concentration requirements, taking into account the ex ante evaluation.**

The allocation to thematic objectives reflects a combination of a top-down approach, responding to the overarching needs and challenges at an England level identified in section 1.1, and a bottom-up approach, drawn from detailed consultations of local partners.

The Government announced in April 2013 the allocations of ERDF and ESF for England.<sup>91</sup> These Funds, combined with £177 million European Agricultural Funds for Rural Development announced in December 2013, make up the “European Structural and Investment Funds Growth Programme for England”. The Growth Programme targets around €6.9 billion across England’s 39 Local Enterprise Partnership territorial units over 7 years in line with identified development needs and opportunities. ERDF contributes around €3.6 billion of that total.

The Government published detailed guidance in July 2013 that set out at a high level the challenges and opportunities for the English economy, including for each relevant thematic objective, and that drew from the Europe 2020 strategy and the Common Strategic Framework annexed to the then draft Common Provisions Regulation.<sup>92</sup>

In response, local partners in Local Enterprise Partnership territories have developed localised strategies within the Government’s intervention logic framework and in relation to the challenges set out by the Government. This approach enables the high level strategy prepared by Government that flowed from the Europe 2020 strategy to be tailored to specific local needs and challenges. It means that allocations to thematic objectives will be consistent with both national and local priorities.

Thematic objectives one, three and four will together absorb 90.9% of total ERDF spend (including Technical Assistance) in 2014-2020. This is consistent with the specific requirements for thematic concentration, responds to the scale of development needs and growth opportunities and reflects the importance of these thematic objectives to the strategy underpinning the Operational Programme. Furthermore, they are consistent with the specific territorial challenges identified at a more local level in the strategies prepared by Local Enterprise Partnerships and local partners.

Funding in other selected thematic objectives is limited but it can have a strong marginal impact when combined with existing government public investment in the area making those investments viable.

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<sup>91</sup> HM Government (2013) *Written statement to Parliament, European Regional Development Fund and European Social Fund: allocations 2014 to 2020* <https://www.gov.uk/government/speeches/european-regional-development-fund-and-european-social-fund-allocations-2014-to-2020>

<sup>92</sup> HM Government. *Developing and delivering European Structural and Investment Funds strategies: supplementary guidance to local enterprise partnerships*. July 2013

The allocation to thematic objective one (23.0%) reflects:

- Although the 2020 target for research is 3% at EU level, many parts of England fall well below this figure;
- England has an excellent research base, supported by significant national resources, and therefore the main priority is to help SMEs commercialise this, hence more resource is allocated to thematic objective three.

The allocation to thematic objective two (3.2%) reflects:

- The need for targeted investment in some parts of England to ensure that the ambitious goals in the Digital Agenda are met.

The largest allocation (43.2%) will be to thematic objective three. This reflects:

- The importance of SMEs for economic growth in all parts of England, responsible for 59.3 per cent of private sector employment and 48.1 per cent of private sector turnover at the start of 2013;
- The challenge of low productivity in small and medium sized enterprises compared with large firms and the wide sub-national variation;
- The need to improve access to finance for SMEs, as highlighted by the Country Specific Recommendations for 2014 addressed to the UK;
- The aspiration in England to increase the support from ERDF for financial instruments, compared to the 2007-13 programming period;
- Action under this thematic objective can support all types of SMEs, including innovative and research-intensive ones.

The allocation to thematic objective four (21.5%) reflects:

- Although the UK continues to make good progress towards the 2020 renewables target, significant challenges remain;
- The UK had the 9th lowest share amongst EU countries of low carbon energy in 2011 with the UK's share of electricity supply from low carbon sources being around half that of the EU average of 26 per cent;
- If UK emissions targets are to be met energy efficiency will need to increase across all sectors. There is further potential to increase energy efficiency in England, especially in industrial and domestic sectors;
- There is significant growth potential in the low carbon goods and services sector in England;
- The need to meet specific requirements for thematic concentration in the ERDF Regulation.

The allocation to thematic objective five (2.3%) reflects:

- The need for improved protection for businesses in specific parts of England susceptible to flooding where ERDF can be used to add value to and unlock significant national funding.

The allocation to thematic objective six (2.5%) reflects:

- The need for improved green and blue infrastructure in parts of England as a holistic approach to protecting the environment while offering significant social and economic benefits as well.

The allocation to thematic objective seven (1.7%) reflects:

- The significant economic benefits to Cornwall and Isles of Scilly from two projects to remove key blockages and improve connection to the TEN-T network, with supporting investments to help create a green corridor.

The allocation to thematic objective eight (1.6%) reflects:

- The need for wide ranging investment to enable regions adversely affected by COVID-19 impacts to deliver their local recovery action plans;
- The need for interventions to improve the rate of business survival and to support employment-friendly economic growth during the post COVID-19 recovery period.

The allocation to thematic objective nine reflects (1.7%):

- the need to develop community led solutions to economic problems in the most deprived areas in England, where mainstream provision from the Programme will not get the same level of community engagement.

### **Technical Assistance**

The Technical Assistance budget represents 4% of the overall ERDF. The allocation will ensure the ERDF Programme is delivered in a compliant way in accordance with applicable law.

## Section 2: Priority Axes

### **PRIORITY AXIS 1: Promoting Research and Innovation**

#### **2.A.2 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, or more than one thematic objective or more than one Fund (Article 96 (1) Common Provisions Regulation)**

The priority axis covers all categories of region because innovation and the flow of ideas do not stop at geographical boundaries. There are needs and challenges common to all parts of England.

”Smart Specialisation in England” recognises that geographies and patterns of innovation are complex and variable and that more needs to be done to ensure that firms and research institutions are not hindered by artificial or administrative geographies. The catchment area of leading universities, for example, is wide, and catapult centres, including those in Tees Valley and South Yorkshire, both transition regions, serve companies across the country.

Across England, there is significant variation in levels of overall investment in research and development but these do not match exactly against the breakdown of regions according to the categorisation of more developed, less developed and transition. Areas well ahead of the 3% target set for the European Union as a whole include not only London, the East, and the South East but also some parts of the North West. The disparity of activity across firms of different sizes across England is as much a function of the sectoral distribution across the economy as wider geographical factors.

The types of actions needed to address England’s challenges in terms of converting excellent research into innovation and economic outcomes are the same across the country, regardless of the category of region. The objective of improving how small and medium sized enterprises commercialise research and how they collaborate with research institutions will be taken forward through activities such as knowledge exchange, business engagement, networking and investment support in all parts of England, with the choice of sectors and technologies reflecting the approach of smart specialisation.

Finally a single Priority Axis that covers all territorial categories - less developed, more developed and transition - will facilitate collaborations across borders that are needed to build the necessary scale and impact, thus making the most effective investments in this Priority Axis.

Investments will be made in every Local Enterprise Partnership territory but the relative distribution of funding to Local Enterprise Partnership territories means there

will be a significant targeting of resources to those places which trail furthest behind the 3% target for the European Union.

**2.A.4 INVESTMENT PRIORITY 1a** : enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest

### 2.A.5 Specific objectives corresponding to the investment priority and expected results

**SPECIFIC OBJECTIVE 1.1:** increase investment in research and innovation infrastructure that catalyses collaboration with the research community especially in sectors identified through smart specialisation

Infrastructure is a means to an end. The purpose of support under this investment priority will be to build or enhance infrastructure that in due course will contribute to the greater commercialisation of products, services and processes. This requires that the infrastructure is used directly by enterprises (on an open access basis) or that there is effective cooperation between researchers and the private sector. Enhanced infrastructure and capacities will also underpin activity under the other investment priority selected within this priority axis. The result to be measured will be cooperation between enterprises and research institutes. This can be measured through the UK Innovation Survey that takes place every two years. The target value is to show an increase on the proportion in 2013 but it is not possible to quantify this increase. There has been a change in SIC codes from 2011 onwards. This makes it difficult to make forward projections based on only two data points (2011, 2013).

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund)**

ID	Indicator	Measurement unit	Cat of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Freq of reporting
1.1	Proportion of enterprises having cooperation agreements with research institutes	Percentage		22.9	2013	Increase	ONS – UK Innovation Survey	Biennial

### 2.A.6 Action to be supported under the investment priority



**2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.**

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- Specialist infrastructure/facilities/centres linked to smart specialisation including enhancements to science parks and to improve access to these facilities through digital and physical links;
- Investment in the development and upgrading of innovation space, with capability to serve as a platform or host for innovation and innovative relationships;
- Improved incubation space to enable research and development and innovation;
- Shared use research laboratories and facilities, particularly targeted at the Eight Great technologies as set out in “Smart Specialisation in England”;
- Development of enterprise, innovation and technology hubs and centres of excellence, in line with the approach set out in “Smart Specialisation in England”;
- Development and upgrading of appropriate test facilities and deployment infrastructure.

In all cases, actions will include provision of appropriate equipment and staff resources.

Activity under this specific objective will also underpin activity under the other specific objectives within this priority axis, by enabling investment in infrastructure, facilities and equipment. This will contribute to the wider goal of improving the commercialisation of new products, services and processes by small and medium enterprises;

Investments will be made in every Local Enterprise Partnership territory but the relative distribution of funding to Local Enterprise Partnership territories means there will be a significant targeting of resources to those places which trail behind the 3% target for the European Union.

**2.A.6.2 The Guiding principles for the selection of operations**

Projects selected for investment in this Priority Axis will fit with “Smart Specialisation in England”, the strategy document submitted to the European Commission to meet the applicable ex ante conditionality. This is a strategy developed at the national level in close partnership with businesses within the context of the Industrial Strategy and a wide range of national and local experts have been involved in its preparation. It is based on an extensive evidence base and features a limited number of sectoral

priorities and Eight Great Technologies (as Key Enabling Technologies). Locally specific or niche specialisms may be funded provided they are supported by a strong evidence base, do not unnecessarily duplicate similar activity elsewhere, and a justification that the proposed level of intervention will have sufficient scale to deliver the impact needed.

Local partners have embedded Smart Specialisation in their ESI Funds Strategies. They have focussed on specific actions in support of innovation. Some Local Enterprise Partnership territories have developed their own Smart Specialisation using the method set out in the Joint Research Centre's (JRC) RIS3 guide and these provide a positive contribution to the national Strategy. Other Local Enterprise Partnership territories have used a similar planned and staged approach to the development of their ESI Funds Strategies in a manner that is proportionate to the likely scale of investment.

Investments in incubators and incubation space will be targeted sectorally and geographically, draw funding from financial instruments where appropriate, and take account of both the European Court of Auditors' report on incubators (ECA Special report 07/2014) and the "Smart Specialisation in England" strategy. In addition to the selection criteria to be approved in due course by the PMC, particular attention will be paid to:

- **Staff qualifications** - the suitability of staff members responsible for providing business incubation services. It is recognised that lack of specific expertise might be addressed by additional ERDF co-funded projects;
- **Incubation services** - the scope and relevance of the incubation services which would be offered, and in particular of incubation programmes;
- **Financial sustainability** - applicants will be expected to provide detailed information about the scope of business support and its expected costs or results. They will also be expected to provide information about their strategies for covering any shortfall in operating expenditure and guaranteeing the continued provision of incubation services;
- **Expected project impact** - the expected benefits for the local economy.

London's integrated territorial investment will draw from this Priority Axis. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this priority axis. They too will have responsibility for tasks relating to the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban

Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this priority axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### 2.A.6.3 The Planned use of financial instruments (where appropriate)

Subject to the completion of ex ante assessments, in accordance with Article 37 of the Common Provisions Regulation, the Managing Authority is proposing to use financial instruments to help deliver this investment priority. These will build on the experience gained in the implementation of financial instruments under the 2007-2013 programmes.

Such financial instruments might include capital investment to support innovative financing solutions for equipment and competence centres with a focus on the commercialisation of research. They might also provide equity, loan, mixed investment and guarantees (where appropriate) to technology start-ups and spin-outs and other innovative companies.

### 2.A.6.4 The planned use of major projects (where appropriate)

### 2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
C 25	Number of researchers working in improved research facilities	Full-time equivalents	ERDF				876	Monitoring data	Annual
P2	Public or commercial buildings	Square	ERDF				31,514	Monitoring data	Annual

	built or renovated	met res							
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**2.A.4 INVESTMENT PRIORITY 1b** : - promoting business investment in R&I;  
- developing links and synergies between enterprises, research and development centres and the Higher Education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation;  
-and supporting technological and applied research, pilot lines, early product validation actions, advance manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies.

**2.A.5 Specific objectives corresponding to the investment priority and expected results**

**SPECIFIC OBJECTIVE 1.2:** Increase investment in research and innovation by small and medium enterprises in sectors and technologies identified through smart specialisation.

Two results will be sought. The first is to increase the proportion of small and medium enterprises that are innovation active. This can be measured through the UK Innovation Survey that takes place every two years. The target value is to show an increase on the proportion in 2013 but it is not possible to quantify this increase. There has been a change in SIC codes from 2011 onwards. This makes it difficult to make forward projections based on only two data points (2011, 2013).

The second is to increase the number of businesses actively innovating to bring new products or new processes to the market. This will be measured using a proxy based on claims for research and development tax credits. This will be in terms of both number and value of claims. Again, the target will be to show an increase on the baseline values.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund) (Article 96.2(b)(ii))**

ID	Indicator	Measurement unit	Cat of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Freq of reporting
1.2	Proportion of small and medium sized enterprises that are	Percentage		48.91	2013	Increase	ONS – UK Innovation Survey	Biennial

	innovation active							
1.3	research and development tax credit by number of claims under the SME scheme	Enterprises		13,140	2012/13	Increase in UK	HMRC	Annual
1.4	research and development tax credit by value of claims under the SME scheme	GBP		600 million	2012/13	Increase in UK	HMRC	Annual

**SPECIFIC OBJECTIVE 1.3:** Increase the number of small and medium sized enterprises engaged in knowledge exchange, collaborative and contract research and innovation with research institutions, public institutions or large enterprises in order to help them bring new products and processes to market.

The goal is to increase the number of small and medium sized enterprises who collaborate with large enterprises, universities, research centres other public institutions. There is no direct measure but the Higher Education Funding Council for England does collect data on the value of services provided by Higher Education Institutions to small and medium enterprises. This covers consultancy, contract research, continuing professional development, facilities and equipment related or intellectual property services. This provides an adequate proxy. The aim will be to show an increase over the course of the Programme. As a benchmark the value for larger businesses is £583m.

Because of a break in data and changes in rules during the time series, the suggested target value is to show an increase. To ensure that the average is not raised as a consequence of the same total value being shared between fewer small and medium sized enterprises, there will also be an indicator on the number of interactions between Higher Education institutions and small and medium sized enterprises.

**Table 3: Programme Specific Result Indicators for European Regional Development Fund (by specific Objective) (Article 96.2(b)(ii))**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
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1.5	Value of services provided to small and medium enterprises by higher education institutions	GBP		139,761,000	2012/13	Increase	Higher Education funding council for England -  Higher Education business and community interaction survey	Annual
1.6	Number of contracts or interactions with small and medium enterprises	Number		50,728	2012/13	Increase in England	Higher Education funding council for England -  Higher Education business and community interaction survey	Annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

The private sector plays a strong role in investing in research and development and accounts for the overwhelming majority of total innovation spend in the UK. Despite this, small and medium sized enterprises are not participating proportionately; according to the Innovation Survey, only 21.6 per cent of enterprises (with more than 10 employees) were engaged in either product or process innovation. This ranged from 20.5 per cent in smaller firms with between 10 and 49 employees and 29.8 per cent in larger firms (with between 100 and 249 employees). So barriers exist for small and medium sized enterprises in their capacity and propensity to innovate and invest in internal capacity.

Particular barriers include a lack of awareness of the benefits of investing in innovation, its cost and uncertainty about the value that will accrue to the company. These developments needs are compounded by a lack of access to appropriate finance, with nearly half of innovation-active small and medium sized enterprises experiencing difficulties obtaining finance.

Combined, these developments needs present structural barriers which the European Regional Development Fund can assist in addressing through targeted investment across all three categories of territory.

There is scope to better build on the knowledge base by stimulating more productive interactions between small and medium sized businesses and universities, research centres, large companies and other organisations. Access to external networks also has a strong positive effect on firm's potential absorptive capacity especially the assimilation of external knowledge.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- Support for smart specialisation collaborative and contract research and development including initiatives stimulating and facilitating productive innovation partnerships;
- Support for the commercialisation of new products and business processes and initiatives, particularly targeted to aid innovation in the Eight Great technologies as set out in “Smart Specialisation in England”;
- Collaborative and contract research and development programmes;
- Applied research programmes, particularly targeted at sectors and technologies set out in smart specialisation in England;
- Innovation vouchers for small and medium sized enterprises;
- Innovation support programmes for product design and development and systems integration;
- Initiatives simulating the demand for new or improved services, processes and products including business-led and public procurement programmes;
- Schemes providing practical, financial and material support for the innovation process within businesses;
- Schemes stimulating and enabling graduate start-up and spin out from universities, colleges and research institutions;
- Technology support programmes and demonstrator projects and programmes for current and future technologies;
- Knowledge transfer programmes, particularly linked to priority growth sectors and the technologies set out in Smart Specialisation in England;
- Support to engage more businesses in knowledge transfer and innovation, develop links to wider Higher Education institutions and research institutions and demonstrate the benefits of working with knowledge base partners;

- Support for innovation ecosystems including business-led networks and open innovation ecosystems that reduce the complexity of interaction within and between organisations;
- Activities promoting a smart specialisation approach and initiatives that develop the supportive environment for innovation in SMEs including the promotion of networks and industry groups in key sectors;
- Grants, loans and equity stakes to support businesses to develop prototypes and prove concepts to assist tech start-ups with early stage development work and the exploitation of intellectual property;
- Grants, loans and equity stakes to promote the use of social innovation to bring new products and processes to the market.

The focus of activity under this priority axis is improving commercialisation of new or enhanced products or services by small and medium enterprises, whether through increased investment or better collaborations, but this requires the involvement of a much wider group including larger firms in cooperation with their supply chains and other small and medium enterprises, Higher Education institutions, public sector institutions and research centres, Catapult Centres and other centres of excellence.

Projects under this investment priority, including pilot or demonstrator activity, may include capital spend where this is integral to their delivery. This may include enhancements to premises or new build, equipment and facilities. Where new premises are to be built, then there must be clear evidence that demand is not met by existing supply.

Investments will be made in every Local Enterprise Partnership territory but the relative distribution of funding to Local Enterprise Partnership territories means there will be a significant targeting of resources to those places which trail behind the 3% target for the European Union.

#### **2.A.6.2 The Guiding principles for the selection of operations**

Projects selected for investment in this Priority Axis will fit with Smart Specialisation in England; the strategy document submitted to the European Commission to meet the applicable ex ante conditionality. This is a strategy developed at the national level in close partnership with businesses within the context of the Industrial Strategy and a wide range of national and local experts have been involved in its preparation. It is based on an extensive evidence base and features a limited number of sectoral priorities and Eight Great Technologies (as Key Enabling Technologies). Locally specific or niche specialisms may be funded provided they are supported by a strong evidence base, do not unnecessarily duplicate similar activity elsewhere, and a justification of the proposed level of intervention will have sufficient scale to deliver the impact needed.

Local partners have embedded Smart Specialisation in their European Structural and Investment Funds Strategies. They have focussed on specific actions in support of innovation. Some Local Enterprise Partnership territories have developed their own Smart Specialisation using the method set out in the Joint Research Centre's (JRC)



RIS3 guide and these provide a positive contribution to the national Strategy. Other Local Enterprise Partnership territories have used a similar planned and staged approach to the development of their ESI Funds Strategies in a manner that is proportionate to the likely scale of investment.

Expert advice will be sought as appropriate to assist with the prioritisation of investments in line with the governance arrangements for the Smart Specialisation in England. The Managing Authority will make use of this technical and expert advice to ensure support is targeted appropriately, ideas are credible, realistic and do not duplicate existing research or innovation.

London's integrated territorial investment will draw from this priority axis. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this priority axis. They too will have responsibility for tasks relating to the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this priority axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### **2.A.6.3 The Planned use of financial instruments (where appropriate)**

Subject to the completion of ex ante assessments, in accordance with Article 37 of the Common Provisions Regulation, the Managing Authority is proposing to use financial instruments to help deliver this investment priority. This will build on the experience gained under the 2007-2013 Programmes.

The financial instruments might include capital investment to support innovation through technology transfer, applied research, technology development and demonstration facilities. They may also provide equity, loan, mixed investment and guarantees (where appropriate) to technology start-ups and spin-outs and other innovative companies, including providing funding for proof of concept.

Financial instruments may provide support for social enterprises and similar organisations to take forward social innovation activities.

#### 2.A.6.4 The Planned use of major projects (where appropriate)

No major projects are foreseen under the investment priority at the beginning of the programme period. Should such projects arise during the course of the Programme period, these will be notified in accordance with Article 102 Common Provisions Regulation.

#### 2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	ERDF			20,729	Monitoring data	Quarterly	
C2	Number of enterprises receiving grants	Enterprises	ERDF			13,819	Monitoring data	Quarterly	
C3	Number of enterprises receiving financial support other than grants	Enterprises	ERDF			706	Monitoring data	Quarterly	
C4	Number of enterprises receiving non-financial support	Enterprises	ERDF			6,204	Monitoring data	Quarterly	
C5	Number of new Enterprises supported	Enterprises	ERDF			1,766	Monitoring data	Quarterly	

C6	Private investment matching public support to enterprises (grants)	EUR	ERDF				174,878,894	Monitoring data	Annual
C7	Private investment matching public support to enterprises (non-grants)	EUR	ERDF				28,650,820	Monitoring data	Annual
C8	Employment increase in supported enterprises	Full-time equivalents	ERDF				12,313	Monitoring data	Annual
C26	Number of enterprises cooperating with research entities	Enterprises	ERDF				11,258	Monitoring data	Annual
C28	Number of enterprises supported to introduce new to the market products	Enterprises	ERDF				1,243	Monitoring data	Annual
C29	Number of enterprises supported to introduce new to the firm products	Enterprises	ERDF				3,140	Monitoring data	Annual
P2	Public or commercial buildings built or renovated	Square metres	ERDF				8,917	Monitoring date	Annual

## 2.A.8 Performance framework (Article 97 (2) (b) (v))

**Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)**

ID	Indicator Type	Indicator or key implementation step	Measurement unit	Fund	Category of region	Milestone for 2018			Final target (2023)			Source of data	Explanation of relevance of indicator where appropriate
						M	W	T	M	W	T		
C1	Output	Number of Enterprises receiving support	Enterprises	European Regional Development Fund	Less developed			0			559	Monitoring data	The focus of the priority axis is small and medium enterprises. The indicator captures at least 50% of the spend
C1	Output	Number of Enterprises receiving support	Enterprises	European Regional Development Fund	Transition			0			5,941	Monitoring data	The focus of the priority axis is small and medium enterprise. The indicator captures at least 50% of the spend
C1	Output	Number of Enterprises receiving support	Enterprises	European Regional Development Fund	More developed			0			14,229	Monitoring data	The focus of the priority axis is small and medium enterprise. The indicator captures

												at least 50% of the spend	
I1	Implementation	Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number	European Regional Development Fund	Less developed			61			61	Monitoring data	Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted.
I1	Implementation	Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number	European Regional Development Fund	Transition			625			625	Monitoring data	Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted.

I1	Implementation	Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number	European Regional Development Fund	More developed		1,554		1,554	Monitoring data	Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted.
F1	Financial	Expenditure	Euros	European Regional Development Fund	Less developed		17,857,860		113,875,263	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority
F1	Financial	Expenditure	Euros	European Regional Development Fund	Transition		58,331,594		388,358,977	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and

												certified by that authority	
F1	Financial	Expenditure	Euros	European Regional Development Fund	More developed			150,229,827			962,418,868	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority

**Additional qualitative information on the establishment of the performance framework**

Targets have been developed drawing on information provided in the European Structural and Investment Funds strategies prepared by Local Enterprise Partnership territories and on historic data of performance and lessons learnt in the 2007-13 operational programmes for England.

## 2.A.9 Categories of intervention

**Table 7: Dimension 1 – intervention field**

Fund	Category of region	Code	Amount
ERDF	More developed	056 – investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities	61,747,631
ERDF	More developed	058 – research and innovation infrastructure (public)	34,494,256
ERDF	More developed	059 - research and innovation infrastructure (private, including science parks)	34,494,256
ERDF	More developed	060 – research and innovation activities in public research centres and centres of competence including networking	34,494,256
ERDF	More developed	061 - research and innovation activities in private research centres including networking	34,494,256
ERDF	More developed	062 – technology transfer and university-enterprise cooperation primarily benefiting SMEs	61,747,631
ERDF	More developed	063 – cluster support and business networks primarily benefiting SMEs	61,747,631
ERDF	More developed	064 – Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)	61,747,631
ERDF	More developed	065 – Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change	34,494,256
ERDF	More developed	067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	61,747,631

Fund	Category of region	Code	Amount
ERDF	Transition	056 – investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities	30,808,993
ERDF	Transition	058 – research and innovation infrastructure (public)	15,794,083
ERDF	Transition	059 - research and innovation infrastructure (private, including science parks)	15,794,083
ERDF	Transition	060 – research and innovation activities in public research centres and centres of competence including networking	15,794,083



ERDF	Transition	061 - research and innovation activities in private research centres including networking	15,794,083
ERDF	Transition	062 – technology transfer and university-enterprise cooperation primarily benefiting SMEs	30,808,993
ERDF	Transition	063 – cluster support and business networks primarily benefiting SMEs	30,808,993
ERDF	Transition	064 – Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)	30,808,993
ERDF	Transition	065 – Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change	15,794,083
ERDF	Transition	067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	30,808,993

Fund	Category of region	Code	Amount
ERDF	Less developed	056 – investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities	13,236,783
ERDF	Less developed	058 – research and innovation infrastructure (public)	6,618,391
ERDF	Less developed	059 - research and innovation infrastructure (private, including science parks)	6,618,391
ERDF	Less developed	060 – research and innovation activities in public research centres and centres of competence including networking	6,618,391
ERDF	Less developed	061 - research and innovation activities in private research centres including networking	4,574,476
ERDF	Less developed	062 – technology transfer and university-enterprise cooperation primarily benefiting SMEs	11,192,868
ERDF	Less developed	063 – cluster support and business networks primarily benefiting SMEs	11,192,868
ERDF	Less developed	064 – Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)	11,192,868
ERDF	Less developed	065 – Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change	6,618,391
ERDF	Less developed	067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	13,236,783

**Table 8: Dimension 2 – form of finance**

Fund	Category of region	Code	Amount
ERDF	More developed	01 – Non-repayable grant	453,460,431
ERDF	More developed	03 – Support through financial instruments: venture and equity capital or equivalent	14,330,471
ERDF	More developed	04 – Support through financial instruments: loan or equivalent	13,418,531

Fund	Category of region	Code	Amount
ERDF	Transition	01 – Non-repayable grant	197,600,346
ERDF	Transition	03 – Support through financial instruments: venture and equity capital or equivalent	16,536,206
ERDF	Transition	04 – Support through financial instruments: loan or equivalent	18,878,835

Fund	Category of region	Code	Amount
ERDF	Less developed	01 – Non-repayable grant	64,136,210
ERDF	Less developed	03 – Support through financial instruments: venture and equity capital or equivalent	14,124,000
ERDF	Less developed	04 – Support through financial instruments: loan or equivalent	12,840,000

**Table 9: Dimension 3 – Territory type**

Fund	Category of region	Code	Amount
ERDF	More developed	07 – Not applicable	481,209,434

Fund	Category of region	Code	Amount
ERDF	Transition	07 – Not applicable	233,015,386

Fund	Category of region	Code	Amount
ERDF	Less developed	07 – not applicable	91,100,210

**Table 10: Dimension 4 – territorial delivery mechanism**

Fund	Category of region	Code	Amount
ERDF	More developed	01 Integrated Territorial Investment Urban	36,204,415
ERDF	More developed	07 – not applicable	445,005,019

Fund	Category of region	Code	Amount
ERDF	Transition	01-Integrated Territorial Investment Urban	10,027,769
ERDF	Transition	07 – Not applicable	222,987,617

Fund	Category of region	Code	Amount
ERDF	Less developed	03 – ITI (other)	91,100,210

<b>PRIORITY AXIS 10: Supporting the implementation of Local Economic CV-19 Recovery Action Plans</b>
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**2.A.2 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, thematic objective or Fund**

COVID-19 is a severe public health emergency and is expected to cause a significant contraction in the economy of England. The priority axis covers all categories of region because neither the COVID-19 virus nor the expected economic contraction stop at geographical boundaries. Whilst not all areas have been equally affected by COVID-19, it has created needs and challenges common to all parts of England.

Infections of employees, suppliers and customers has affected enterprises of all kinds, been experienced across all sectors of business activity and reached all regions. The scale of those impacts requires a co-ordinated response across all aspects of economic activity and this is best facilitated by use of a single priority axis which can be applied in a coherent way to all three categories of region: Less Developed, More Developed and Transition.

Some regions have a higher vulnerability to COVID-19 impacts due to high concentrations of employment in the business sectors most adversely affected and/or due to low levels of inherent economic or personal health resilience. Accordingly, the impact on local economies in Less Developed and Transition Categories of Region is likely to be greater than in More Developed regions, however, the character and level of impact and the actions needed to address those impacts will differ across areas depending on their particular economic and demographic metrics. In view of these differences, bespoke local strategies and action plans will be required to address local impacts and needs most effectively. An approach which is both pan-regional and which is flexible enough to accommodate a variety of actions will enable the most effective response to tackling the widespread adverse impacts on economic growth, public health, business survival and employment.

Managing Authority investment choices will ensure that European Regional Development Fund resources are targeted at the most acute specific economic, health, business and employment challenges across affected regions at the most appropriate spatial level.

<b>2.A.4 Investment priority 8b</b> : Supporting employment-friendly growth through the development of endogenous potential as part of a territorial strategy for specific areas, including the conversion of declining industrial regions and enhancement of accessibility to, and development of, specific natural and cultural resources
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## 2.A.5 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

**Specific objective 10.1:** Minimise enterprise deaths through the implementation of local economic COVID-19 recovery action plans.

The support provided through this specific objective will help a variety of types of areas respond to the COVID-19 economic crisis. Support will be provided to assist funding recipients to implement local, regional or national economic or territorial strategies or recovery/action plans.

As a result of COVID-19 the OBR forecasts a projected fall in UK GDP by an unprecedented 12.8 percent in 2020, resulting from a projected 35 percent decline in Q2 2020 followed by a sharp recovery in Q3 2020. The Bank of England forecasts an even deeper fall in GDP of 14 percent in 2020. However, the Bank predicts strong growth of 15 percent in 2021. Therefore, current projections, which include assumptions about how and when social distancing measures will be lifted, indicate that the recession in the UK is likely to be deep but short.

Actions to provide support in this climate will require both narrowly-targeted support and given the scale of the economic crisis also broader interventions that ensure the environments in which clusters of enterprises are trading, either on a sectoral or geographical basis, have benefitted from targeted actions to improve the rate of business survival and to support employment, public health and economic growth.

Interventions are aimed at improving the business environment in which enterprises trade and in doing so increase the rate of enterprise survival and minimise the rate of enterprise deaths, through initiatives which enable delivery of objectives within local action and recovery plans (or equivalent plans or strategies). Those interventions must take a flexible approach in determining what constitutes a 'business environment'. Examples of interventions might include support to assist high streets & retail areas, esplanades & coastal areas and regional clusters of linked businesses (for example creative industries or high technology hubs)

Performance will be measured by tracking the impact of investments on the number of enterprise deaths per calendar year. The aspiration is for the number of enterprise deaths per calendar year to remain stable despite the challenging trading environment presented by the COVID-19 crisis.

The baseline has been taken as the number of enterprise deaths taken in 2019 prior to the impact of the COVID-19 crisis.

**Table 3: Programme Specific Result Indicators for European Regional Development Fund (by specific Objective)**

ID	Indicator	Measurement unit	Category of region	Baseline value	Baseline year	Target value	Source of data	Frequency of reporting

			(where relevant)			(2023)		
11.1	Number of enterprises deaths per year	Number		27,765	2018	27,765	ONS Business Demography Statistical Bulletin	Annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority the European Regional Development Fund will assist local authorities and other relevant bodies to implement local recovery action plans (or plans or strategies with equivalent impacts). It is anticipated that implementation of such plans will enable support to be delivered which may include:

- Support to develop an action plan for how local authorities or other relevant bodies may begin to safely reopen their local economies;
- Communications and public information activity to ensure that reopening of local economies can be managed successfully and safely;
- Business-facing awareness raising activities to ensure that reopening of local economies can be managed successfully and safely;
- Public realm changes to ensure that reopening of local economies can be managed successfully and safely;
- Support to enable local infrastructure adaption or re-purposing to re-position the infrastructure to better aid future economic recovery;
- Support for the enhancement of buildings and infrastructure (including transport links and green/open spaces) to hasten the pace of economic and employment growth during the recovery period; and
- Support for local centres which can act as a hub to enable support to be delivered by local authorities or other relevant bodies, where enterprises are facing threats to their ability to retain staff and to their survival as a business.

Actions would look to build business confidence, improve the rate of business survival, help local economies re-start, improve infrastructure so that can act as a catalyst to recovery and re-balance local economies to improve resilience and opportunity for future employment growth.

### **2.A.6.2 The Guiding principles for the selection of operations**

- Support provided under this Investment Priority must be linked to the impacts of COVID-19.
- All applicable law should be complied with. Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted, taking into account any temporary state aid frameworks or similar in effect at the time.
- All investments under this Investment Priority will be in support of local, regional or national economic or territorial strategies or recovery/action plans directed wholly or partly to addressing the impacts of COVID-19.
- The limited funding available and the high level of interest envisaged under this Investment Priority means that only a limited number of schemes can be supported. Therefore it is essential that the Managing Authority, local authorities and other relevant stakeholders from both the public and private sectors work together to identify and prioritise investments. This prioritisation should ensure investments are focused on the most appropriate interventions to provide best value for money.
- All applications under this Priority Axis must demonstrate that they do not conflict with or duplicate other HM Government initiatives or funding programmes, do not undermine national economic or strategic priorities and do not duplicate existing ERDF-funded or other public-funded support schemes.
- All applications under this Priority Axis must demonstrate that they would satisfy ERDF eligibility and compliance requirements, taking into account any temporary flexibilities in force at the time when support was granted (whether such flexibilities are pursuant to the Coronavirus Response Investment Initiative, Coronavirus Response Investment Initiative Plus or another communication or regulation).

### **2.A.6.3 The Planned use of financial instruments (where appropriate)**

Financial instruments will not be used to deliver this Investment Priority.

### **2.A.6.4 The Planned use of major projects (where appropriate)**

No major projects are envisaged under this Investment Priority.

### **2.A.2.5 Output indicators by investment priority and, where appropriate by category of region**

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
PCV33	Number of entities supported in combating or counteracting the effects of the COVID-19 pandemic	Number	European Regional Development Fund				250	Project Summative Assessment Data Monitoring	Annual



## 2.A.8 Performance framework (Article 96 (2) (b) (v))

**Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)**

Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)

ID	Indicator Type	Indicator or key implementation step	Measurement unit	Fund	Category of region	Milestone for 2018			Final target (2023)			Source of data	Explanation of relevance of indicator where appropriate
						M	W	T	M	W	T		
PCV33	Output	Number of entities supported in combating or counteracting the effects of the COVID-19 pandemic	Number	European Regional Development Fund	less developed						2	Project Summative Assessment Data Monitoring	The target for 2023 relates to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority. There is no milestone for 2018 as Priority Axis 10 was created in 2020.
F1	Financial	Expenditure	Euros	European Regional Development Fund	Less developed						620,756	Monitoring data	

PCV33	Output	Number of entities supported in combating or counteracting the effects of the COVID-19 pandemic	Number	European Regional Development Fund	Transition						47	Project Summative Assessment Data Monitoring	The target for 2023 relates to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority. There is no milestone for 2018 as Priority Axis 10 was created in 2020.
F1	Financial	Expenditure	Euros	European Regional Development Fund	Transition						10,857,594	Monitoring data	
PCV33	Output	Number of entities supported in combating or counteracting the effects of the COVID-19 pandemic	Number	European Regional Development Fund	More developed						201	Project Summative Assessment Data Monitoring	The target for 2023 relates to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority. There is no milestone for 2018 as Priority Axis 10 was created in 2020.

F1	Financial	Expenditure	Euros	European Regional Development Fund	More developed						46,082,698	Monitoring data	
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**Additional qualitative information on the establishment of the performance framework**

Targets have been developed drawing on Certifying Authority data on expenditure. Only a nominal target has been set for the 'Number of CV-19 Action Plans Implemented': the ERDF funding will be used to support the implementation of as many such plans as is feasible or as are warranted and as the quantum of funding allows.

## 2.A.9 Categories of intervention (Article 96 (2) (b) (vi))

**Table 7: Dimension 1 – intervention field**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	088 - Risk prevention and management of non-climate related natural risks (i.e. earthquakes) and risks linked to human activities (e.g. technological accidents), including awareness raising, civil protection and disaster management systems and infrastructures	46,082,698

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	088 - Risk prevention and management of non-climate related natural risks (i.e. earthquakes) and risks linked to human activities (e.g. technological accidents), including awareness raising, civil protection and disaster management systems and infrastructures	10,857,594

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	088 - Risk prevention and management of non-climate related natural risks (i.e. earthquakes) and risks linked to human activities (e.g. technological accidents), including awareness raising, civil protection and disaster management systems and infrastructures	620,756

**Table 8: Dimension 2 – form of finance**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	01 - Non-repayable grant	46,082,698

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	01 - Non-repayable grant	10,857,594

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	01 - Non-repayable grant	620,756

**Table 9: Dimension 3 – Territory type**

for	Category of region	Code	Amount
European Regional Development Fund	More developed	01 - Large Urban areas (densely populated >50 000 population)	46,048,211
European Regional Development Fund	More developed	02 - Small Urban areas (intermediate density >5 000 population)	34,487.00

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	01 - Large Urban areas (densely populated >50 000 population)	10,816,546
European Regional Development Fund	Transition	02 - Small Urban areas (intermediate density >5 000 population)	41,048

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	01 - Large Urban areas (densely populated >50 000 population)	586,247
European Regional Development Fund	Less developed	03 - Rural areas (thinly populated)	34,509

**Table 10: Dimension 4 – territorial delivery mechanism**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	07 - Not applicable	46,082,698

Fund	Category of region	Code	Amount
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European Regional Development Fund	Transition	07 - Not applicable	10,857,594
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Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	03 ITI - (other)	620,756

**2.A.5 Summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries (where appropriate) (by priority axis)**

No use of technical assistance is envisaged under this Priority Axis.

## **PRIORITY AXIS 2: Enhancing Access to, and use and Quality Of, ICT**

### **2.A.2 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, thematic objective or Fund**

Whilst the degree of access to Broadband varies between local areas, there is a need across many areas of England for improved superfast broadband connections for SMEs; SMEs across England report this as a principal barrier to growth. The challenges in England are mirrored in England's only Less Developed area, Cornwall and the Isles of Scilly, in relation to broadband provision in rural and isolated communities and effective utilisation of existing infrastructure which is particularly problematic in relation to broadband speeds.

Even though the extent of superfast broadband coverage is increasing, there are still many SMEs which do not have access. Superfast broadband access offers the potential for significant benefits for growth, as set out in the UK Broadband Impact Study. Commercial roll-out of superfast broadband networks in England has now largely completed and most of the remaining areas will not get coverage without – State Aid compliant public intervention. Given the growth benefits of further broadband coverage, this is a high priority for funding from the European Regional Development Fund. Extending coverage will also help reduce disparities between regions, and will be of particular benefit to the more peripheral areas.

A single Priority Axis for Enhancing access to, and use and quality of, ICT will cover all three categories of region: Less Developed, More Developed, and Transition. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs across England and enable inter-regional connectivity and SME growth in relation to the provision of improved ICT connections, improved take up and support to exploit existing infrastructure for SMEs through the European Regional Development Fund. Managing Authority investment choices will ensure that European Regional Development Fund is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

**2.A.4 Investment priority 2a** : Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy

### **2.A.5 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))**

**Specific objective 2.1:** Increase the coverage of superfast Broadband in areas where the market is failing, particularly where this is creating a barrier to SME growth, in line with State Aid rules.

The Digital Agenda for Europe includes the following goals:

- The entire EU to be covered by broadband above 30 Mbps by 2020;
- 50 % of the EU to subscribe to broadband above 100 Mbps by 2020.

This investment priority will support achievement of the first of these goals by extending coverage of superfast (capable of delivering speeds of more than 30 Mbps). The BDUK umbrella State Aid notification, agreed with the Commission in May 2016, only allows for intervention in areas which do not have speeds over 30Mbps (also known as NG White areas).

Broadband projects currently in delivery will provide superfast coverage for 90 per cent of premises in England by 2016. However, even when these projects are complete, no Local Authority areas of England will have complete superfast broadband coverage and some will still have coverage of less than 90 per cent.

There will therefore still be a shortfall against the Digital Agenda goals; regions will not all have the same levels of connectivity; and at the local level there will still be many areas with no superfast coverage at all. As a result, the areas left out will be at a competitive disadvantage with the rest of the country. This means further investment is required to reach the Digital Agenda goals.

This will be addressed through further State Aid compliant domestic funding schemes complemented where appropriate with ERDF.

The support provided through this specific objective will improve ICT connections, so they are no longer a barrier to growth for businesses and will help them to improve their productivity, growth and create jobs, in turn increasing the percentage of businesses which use superfast broadband. The resulting economic benefits are described in the UK Broadband Impact Study.<sup>93</sup> The aim of the result is to increase coverage and enable more SMEs in particular to access superfast broadband.

**Table 3: Programme Specific Result Indicators for European Regional Development Fund (by specific Objective)**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
2.1	Coverage of superfast (>30Mbps) broadband across England	Percentage		90	2016	100	OFCOM	Annual
2.2	Percentage of businesses which have taken up broadband with	Percentage		15.9	2012	50	ICT and e commerce activity (ONS)	Annual

<sup>93</sup> SQW – UK Broadband Impact Study – November 2013 <https://www.gov.uk/government/publications/uk-broadband-impact-study--2>



	speeds of at least 30Mbps							
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## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority the types of actions that the European Regional Development Fund may support include:

- Providing financial support for projects to extend availability of superfast broadband networks;

Activities funded by ERDF will target SMEs to support local and regional economic growth. These investments will be in line with State Aid rules.

For all projects proposing to use public funding, the Local Authority (or other project proposer) is required to undertake an Open Market Review to identify currently planned coverage within an area, followed by a consultation of at least one month on the proposed project plans. Any areas where there are credible plans for coverage within the next three years should be excluded from the proposed coverage area. This process will prevent double funding for coverage, including avoiding any overlap between projects funded through ERDF and those seeking EAFRD funding.

The usual approach used in England to providing funding to projects is based on a gap funding model, where the public subsidy provided is only to the level which is required to make the investment viable to the private sector. This has been used by the Government's Superfast Broadband Programme and also by the Superfast Cornwall project. Under this approach, the public funding provides a subsidy to make the investment viable to the supplier, who also provides its own investment funding. The public funding should be to the level necessary to make the investment cost-effective to the supplier, but no further. Compared to other funding models, this approach has the benefit of reducing the public cost and transferring risk to the private sector, as the supplier will only generate returns on its investment once it has installed the network and established a customer base. The Government will also be willing to support projects which use other funding models. Other potential models which could be used have been described in the European Commission's Guide to Broadband Investment.<sup>94</sup>

The Government takes a technology neutral approach to provision of broadband networks. This means that any technologies can be used to deliver solutions, provided they meet the performance standards that are set.

<sup>94</sup> [http://ec.europa.eu/regional\\_policy/sources/docgener/presenta/broadband2011/broadband2011\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/presenta/broadband2011/broadband2011_en.pdf).

Superfast broadband projects seeking to use Government funding (including those using ERDF as a source of funding) are assessed against the following requirements before funding is confirmed;

- Proposed contract is fit for purpose (including ensuring that the points below are satisfied);
- The Grant Agreement for project funding is compliant with standard template and aligned to draft contract;
- Robust project management arrangements are in place;
- Sufficient funding is in place to pay for committed milestones;
- There is an appropriate allocation of risk between the public and private sectors;
- Project demonstrates that it is consistent with EU State aid rules;
- State aid obligations are reflected in the draft contract;
- Draft contract includes key payment delivery milestones;
- The supplier that has provided the most economically advantageous tender in a procurement process has been identified using robust evaluation criteria;
- The outcome of the project offers value for money for public spend;
- Appropriate audit arrangements in place;
- Contract management capability and capacity is available and funded;
- Key delivery risks identified and being managed;
- Correct financial treatment and controls are applied.

#### **2.A.6.2 The Guiding principles for the selection of operations**

All applicable law should be complied with. Any public support under this Programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted. This includes demonstrating compliance with the requirements for access at the wholesale and retail levels and for providing public information on the coverage achieved.

Measures to support superfast broadband networks will also be assessed in relation to the following criteria to maximise the regional economic impact:

- Additional broadband coverage targets Next Generation Access superfast “white” areas where there are no other credible plans for coverage within at least three years;
- Proposed aid is the minimum required for the investment to go ahead;

- Project demonstrates value for money for the public investment;
- Number of SMEs to be covered in relation to the level of ERDF funding;
- Number of SMEs expected to take up superfast services as a result of the measure;
- Potential impact on jobs and/or regional Gross Value Added;
- No alternative means of providing coverage have been identified.

This will be assessed by the Managing Authority before award of funding.

State aid compliance will be assessed by the State aid National Competency Centre in the Department for Culture, Media and Sport under the provisions of the National Broadband Scheme for the UK.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this priority axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### **2.A.6.3 The Planned use of financial instruments (where appropriate)**

The option of using financial instruments will be kept under review and if opportunities arise, and are compliant with State Aid rules, this will be considered as an alternative to the gap funding model which is the current usual approach to providing project funding. The possibility of using funding through the Connecting Europe Facility will also be considered in this context.

### **2.A.6.4 The Planned use of major projects (where appropriate)**

No major projects are planned

### **2.A.2.5 Output indicators by investment priority and, where appropriate by category of region**

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		

C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund				2,798	Monitoring data	Quarterly
C5	Number of new enterprises supported	Enterprises	European Regional Development Fund				604	Monitoring data	Quarterly
P3	Additional businesses with broadband access of at least 30Mbps	Enterprises	European Regional Development Fund				11,326	Monitoring data	Quarterly

**2.A.4 Investment priority 2b:** Developing ICT products and services, e-commerce, and enhancing demand for ICT

## 2.A.5 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

**Specific objective 2.2:** Increase the number of small and medium sized enterprises making productive use of digital technologies.

Exploitation of ICT is key to increasing SME competitiveness and productivity growth and to enabling research and innovation. However, while the majority of UK businesses with 10 or more employees have a website (79% in 2010), approximately 85% do not use a website for selling their goods or services.<sup>95</sup> For small firms it is estimated that a 10% productivity increase is achieved from internet usage, as SMEs with significant internet usage grow and export twice as fast as others.<sup>96</sup> In fact, evidence shows that the impact of broadband on productivity is highest for enterprises with between 1 and 9 employees and increasing the proportion of SMEs exploiting ICT opportunities will increase growth potential in SMEs.

At present only a small proportion of SMEs are fully exploiting the opportunities ICT offers in areas such as e-commerce, open innovation, and market research.

Lack of awareness of the advantages in using ICT and how to exploit them, constrain business exploitation of the opportunities ICT presents.

Research from Lloyds Bank<sup>97</sup> has looked at benchmarking the digital maturity of SMEs in the UK. From a survey in 2014 of its customers it found that:

<sup>95</sup> Table: [ONS data on adoption of E-commerce and ICT Activity by size of business \(%\), 2010.](#)

<sup>96</sup> Internet Matters - McKinsey May 2011

<sup>97</sup> <http://businesshelp.lloydsbankbusiness.com/research/uk-business-digital-index-2014/>

- Almost 1.5 million SMEs across the UK have a high degree of digital maturity, meaning they invest significantly in digital infrastructure, training and use advanced digital security techniques;
- Over 1.9 million have a medium level of digital maturity and almost 1.7 million have a very low level of digital maturity i.e. they do not use the internet at all;

While digital technologies, tools and skills are being exploited by small businesses nearly all could be doing more to realise the full potential benefits.

The support provided through this specific objective will help SMEs to be able to understand and use ICT products and services appropriate for their business. It will complement action under the other investment priority in this axis as well as action under Priority Axes 1 and 3.

Performance will be monitored by considering a result indicator focused on proportion of sales derived from e-commerce activity.

**Table 3: Programme Specific Result Indicators for European Regional Development Fund (by specific Objective) (Article 96.2(b)(ii))**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
2.3	Ranking for selling online by SMEs in EU Digital Scoreboard	Number		8	2015	Increase UK ranking by one place	The Digital Economy and Society Index, European Digital Scoreboard	Annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

England has invested heavily in broadband networks during the 2007-13 programming period and as outlined under investment priority 2a and specific objective 2:1, will continue to use ERDF to make investments in broadband infrastructure in specific parts of the country in order to ensure achievement of the targets in the Digital Agenda for Europe. However, it is important not only that there is enhanced access but that companies make use of it and take up the opportunities provided.

Under this investment priority, actions that the European Regional Development Fund may support, in line with State Aid rules, include:

- Support for SMEs to update or introduce new ICT business models which will drive business performance;
- Provision of coaching, advice, consultancy, mentoring and support for SMEs to access new markets through improved ICT connections;
- Provision of coaching, advice, consultancy, mentoring and support for SMEs to develop ICT skills strategies;
- Provision of coaching, advice, consultancy, mentoring and support for SMEs to implement productivity improvements from use of ICT;
- Demand-side voucher schemes;
- Demonstration and pilot projects, showcasing how SMEs can stimulate innovation through smart use of ICT;
- Support for diffusion of results from demonstration and pilot projects;
- Support for the integration of small and medium sized enterprises in digital supply chains through the smart use of ICT.

Activities will target SMEs, including Social Enterprises.

#### **2.A.6.2 The Guiding principles for the selection of operations**

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority and, where appropriate, the Intermediate Body, will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations.

Support for SMEs should take account of the prevailing national government strategy and existing national provision. Projects should be complementary and additional to existing national provision and not duplicate or conflict with them.

London's integrated territorial investment may draw from this investment priority. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding

principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this priority axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### 2.A.6.3 The Planned use of financial instruments (where appropriate)

On the basis of the assessment of needs and challenges set out in this Operational Programme, financial instruments are not planned at this stage to be used to support this investment priority but this will be kept under review and if it is subsequently deemed appropriate, a formal ex ante assessment will be conducted.

### 2.A.6.4 The Planned use of major projects (where appropriate)

No major projects are planned

### 2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund			11,123	Monitoring data	Quarterly	
C5	Number of new enterprises supported	Enterprises	European Regional Development Fund			7,794	Monitoring data	Quarterly	
C29	Number of enterprises supported to	Enterprises	European Regional Development Fund			1,780	Monitoring data	Quarterly	

	introduce new to the firm products								
P4	Additional businesses taking up broadband with speeds of at least 30Mbps	Enterprises	European Regional Development Fund				5,663	Monitoring data	Quarterly



## 2.A.8 Performance framework (Article 96 (2) (b) (v))

**Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)**

Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)

ID	Indicator Type	Indicator or key implementation step	Measurement unit	Fund	Category of region	Milestone for 2018			Final target (2023)			Source of data	Explanation of relevance of indicator where appropriate
						M	W	T	M	W	T		
P3	Output	Additional businesses with broadband access of at least 30Mbps	Enterprises	European Regional Development Fund	less developed			0			2,102	Monitoring data	The output measures activity the first of the investment priorities used which will account for more than 50 per cent of the spend
F1	Financial	Expenditure	Euros	European Regional Development Fund	Less developed			3,731,835			23,797,010	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority

17	Indicator	Additional businesses with broadband access of at least 30Mbps that has been achieved by partially or fully completed operations	Enterprises	European Regional Development Fund	Less developed			185			185	Monitoring data	Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted.
C1	Output	Productive investment: Number of enterprises receiving support	Enterprises	European Regional Development Fund	Transition			0			1,909	Monitoring data	The output measures activity the first of the investment priorities used which will account for more than 50 per cent of the spend
I1	Indicator	Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number	European Regional Development Fund	Transition			209			209	Monitoring data	The output measures activity from the first of the investment priorities used which will account for more than 50 per cent of the spend

F1	Financial	Expenditure	Euros	European Regional Development Fund	Transition			5,574,377			35,657,164	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority
F1	Financial	Expenditure	Euros	European Regional Development Fund	More developed			22,104,167			140,952,940	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority
C1	Output	Productive investment: Number of enterprises receiving support	Enterprises	European Regional Development Fund	More developed			0			8,699	Monitoring data	The output measures activity the first of the investment priorities used which will account for more than 50 per cent of the spend

11	Indicator	Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number	European Regional Development Fund	More developed			955			955	Monitoring data	The output measures activity the first of the investment priorities used which will account for more than 50 per cent of the spend
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### Additional qualitative information on the establishment of the performance framework

Targets have been reviewed and updated in light of the BDUK umbrella State Aid notification, agreed with the Commission in May 2016. The notification has impacted on the programme in 3 ways:

- The notification does not allow for public support for ultrafast broadband investments i.e. those which aim to achieve broadband speeds above 100 Mbps; and
- Changes to the way premises are targeted. Previously delivering authorities were allowed to target premises by postcode but the new notification specifies they must target at premise level. All projects will have completed an Open Market Review[1] (OMR) to identify the state aid compliant area (referred to as white). In some cases the new state aid notification has reduced the number of state aid eligible premises. For example, Devon and Somerset has seen a reduction in premises in scope by 34%. The business premises subset (which is the focus of ERDF) of premises will be similarly impacted by this reduction.
- The reduction in “white areas” has been further reduced because previous investment, (under the State aid notification SA 36671) has resulted in higher than expected take-up rates of superfast broadband. In line with the state aid notification, this means BT (the main private sector provider of broadband infrastructure) will now return up to £129m to the public purse to help rollout superfast speeds even further [2]. This further limits the state aid compliant areas requiring public intervention.

The overall impact of these changes is that the level of expenditure required in the programme for supporting broadband infrastructure investments in transition and more developed regions has decreased. In the case of the transition and more developed regions a greater proportion of the funding now sits under Investment Priority 2b. As such the key indicator under this investment priority will be used for the performance framework i.e. Number of enterprises receiving support (C1).

The performance framework financial and non-financial targets for the affected categories of region have been amended accordingly.

[1] [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/379335/State\\_aid\\_-\\_Guidance\\_-\\_Open\\_Market\\_Review\\_\\_OMR\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/379335/State_aid_-_Guidance_-_Open_Market_Review__OMR_.pdf)

[2] <https://www.gov.uk/government/news/additional-129-million-boost-for-nationwide-broadband-rollout>

## 2.A.9 Categories of intervention (Article 96 (2) (b) (vi))

**Table 7: Dimension 1 – intervention field**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	046 – High-speed broadband network (access/local loop >= 30 Mbps)	23,828,493
European Regional Development Fund	More developed	082 ICT services and applications for SMEs (including e-commerce, e-Business and networked business processes, living labs, web entrepreneurs and ICT start-ups)	46,647,977

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	046 – High-speed broadband network (access/local loop >= 30 Mbps)	8,557,719
European Regional Development Fund	Transition	082 ICT services and applications for SMEs (including e-commerce, e-Business and networked business processes, living labs, web entrepreneurs and ICT start-ups)	12,836,579

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	046 – High-speed broadband network (access/local loop >= 30 Mbps)	12,153,163
European Regional Development Fund	Less developed	082 - ICT services and applications for SMEs (including e-commerce, e-Business and networked business processes, living labs, web entrepreneurs and ICT start-ups)	6,884,445

**Table 8: Dimension 2 – form of finance**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	01 - Non-repayable grant	70,476,470

Fund	Category of region	Code	Amount
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European Regional Development Fund	Transition	01 - Non-repayable grant	21,394,298
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Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	01 - Non-repayable grant	19,037,608

**Table 9: Dimension 3 – Territory type**

for	Category of region	Code	Amount
European Regional Development Fund	More developed	07 - Not applicable	70,476,470

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	07 - Not applicable	21,394,298

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	07 - Not applicable	19,037,608

**Table 10: Dimension 4 – territorial delivery mechanism**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	01 - Integrated Territorial Investment Urban	20,660,376
European Regional Development Fund	More developed	07 - Not applicable	49,816,094

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	07 - Not applicable	21,394,298

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	03 ITI - (other)	19,037,608

**2.A.5 Summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries (where appropriate) (by priority axis)**

Not appropriate



## **PRIORITY AXIS 3: Enhancing the Competitiveness of SMEs**

### **2.A.2 Justification for the establishment of a priority axis covering more than one category of region, thematic objective or Fund**

The primary aim of this Priority Axis is to improve the competitiveness of SMEs by increasing the capacity and capability of SMEs and promoting entrepreneurship. The priority axis will support the Government's commitment to support SMEs and in doing so strengthen the pipeline of high growth business across England.<sup>98</sup>

Whilst there is disparity in productivity levels and start up rates across England, there is as much variation within categories of region, as between categories of region. Moreover, SMEs across England report the same principal barriers to growth. England's only Less Developed territory, Cornwall and the Isles of Scilly, reflects this position, with specific sectors such as the agricultural sector, experiencing low levels of productivity but with an economy that also has strong levels of entrepreneurship reflected in positive business start-up and survival rates. For these reasons, the decision has been taken to establish one Priority Axis for Enhancing the Competitiveness of SMEs to cover all three categories of region: Less Developed, More Developed and Transition. A single Priority Axis will provide a simpler more coherent approach to the provision of European Regional Development Fund-backed business support and finance within England. Partner investment choices will ensure that European Regional Development Fund is targeted at the challenges of highest priority and potential across specific territories at the most appropriate spatial level.

**2.A.4 Investment priority 3a -Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.**

### **2.A.5 Specific objectives corresponding to the investment priority and expected results**

**Specific objective:** 3.1 Increase entrepreneurship, particularly in areas with low levels of enterprise activity and amongst under-represented groups.

Action under this investment priority will foster a more entrepreneurial society, reducing barriers to starting up a business, and supporting early stage entrepreneurs. In this way, this investment priority will address the specific objective which is to increase entrepreneurship in England.

There are disparities in rates of business start-ups, in some territories and amongst some groups. For instance, 37% of start-ups in 2013 were located in London and the South East, with only 23% within Local Enterprise Partnership territories in the North of England. Some groups are particularly under-represented in enterprise relative to their share of the overall population; for instance only 18% of enterprises

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<sup>98</sup> High Growth businesses are defined as those with at least 10 employees and who have experienced growth at an annual average of 20% over a three year period.

are majority female led; and whilst minority ethnic groups make up 14% of the population of England, only 6.2% of enterprises are minority ethnic group led.<sup>99</sup>

Performance will be measured against the Total early stage Entrepreneurial Activity (TEA) rate. This indicator provides a measure of the level of new enterprise creation in the economy; it covers both individuals in the process of starting a business and those who are running businesses less than three and a half years old. Excluding a jump in 2012, there has been a steady increase in the TEA for England. The UK and England are third highest in the G7, behind US and Canada but still just below average for the innovation driven economies as defined by the World Economic Forum’s Global Competitiveness Report. By using this grouping it is possible to compare economies across similar development levels and geographic locations.

In 2013 in England, the TEA rate it was 7.5% and the average across the innovation driven economies was 7.9%. The goal will be to show, by the end of the Programme, a higher increase in the TEA rate in England than for the average across innovation driven economies.

**Table 3: Programme Specific Result Indicators by specific objective (for European Regional Development Fund) (Article 96.2(b)(ii))**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
3.1	Total early stage Entrepreneurial Activity, represented by the proportion of adults of working age (18-64) in the process of starting a business or running a business less than 42 months old	Percentage		7.1	2013	Increase in the UK TEA rate to be higher than the average for innovation driven economies	Global Entrepreneurship Monitor	Annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by the European Regional Development Fund may include:

<sup>99</sup> According to 2013 BPE estimates with Small Business Survey data

- Targeted engagement, outreach and mentoring to strengthen entrepreneurial and enterprise culture;
- Provision of advice and support for entrepreneurship and self-employment in particular amongst under-represented groups by developing entrepreneurial skills and attitudes with a focus on increasing the number of business start-ups;
- Provision of advice and support for new business start-ups to survive and grow;
- Support to address market failures in the provision of start-up finance, e.g. seed finance, start-up loans;
- Outreach, coaching, mentoring, networking and consultancy support to promote business start-up, survival and growth;
- Grants to support productive investment;
- Provision of non-grant finance to support start-ups or entrepreneurs where there is a clearly evidenced market failure, for example:
  - Early stage growth, Equity, quasi-Equity, Loan or Mezzanine funds;
  - Microloan funds delivered by Community Development Finance Institutions; and
  - Proof of Concept funds.
- Provision of land and premises for employment sites including incubator space, managed workspace, or grow-on space.

Operations will support individuals with ambitions to start up a business, and SMEs in the early stage of operation. These include social enterprises and those wishing to set up social enterprises.

#### **2.A.6.2 The Guiding principles for the selection of operations**

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations.

Support for SMEs, including for finance, should take account of the prevailing national government strategy and existing national provision. Access to finance is currently a cross-cutting theme of the Government's Industrial Strategy. Projects should be complementary and additional to existing national provision and not duplicate or conflict with them.

For provision of incubator space, managed workspace or grow-on space, there will need to be evidence of demand that is not met by existing supply.

Support for incubator space will be provided only where it is combined with an effective programme of business support tailored to the growth needs of the target occupants.

Furthermore, investments in business incubators will be targeted geographically and sectorally to avoid duplication and overlapping provision, in line with the approach of smart specialisation. They will draw funding from financial instruments where appropriate, and take account of both the European Court of Auditors report on incubators (ECA Special report 07/2014) and the England Smart Specialisation strategy. In addition to the selection criteria to be approved in due course by the PMC, particular attention will be paid to:

- **Staff qualifications** - the suitability of staff members responsible for providing business incubation services. It is recognised that lack of specific expertise might be addressed by additional ERDF co-funded projects;
- **Incubation services** - the scope and relevance of the incubation services which would be offered, and in particular of incubation programmes;
- **Financial sustainability.** Applicants will be expected to provide detailed information about the scope of business support and its expected costs or results. They will also be expected to provide information about their strategies for covering any shortfall in operating expenditure and guaranteeing the continued provision of incubation services;
- **Expected project impact** - the expected benefits for the local economy.

Projects may be particularly targeted at groups with lower than average enterprise rates, such as women, and certain minority ethnic groups.

All applicable law should be complied with. Any public support under this Programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

London's integrated territorial investment will draw from this Priority Axis. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this priority axis. They too will have responsibility for the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this priority axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### **2.A.6.3 The Planned use of financial instruments (where appropriate)**

Financial instruments to help deliver this investment priority will focus primarily on supporting entrepreneurs and start-ups and will draw largely on experiences during 2007-13 programmes to provide equity, loan, mixed investment and guarantees (where appropriate) to Small and Medium size Enterprises. Financial Instruments may also be considered for support to social enterprises.

Subject to the outcome of the ex ante assessment and consideration of Article 38 Common Provisions Regulation, in the 2014-20 Programme, the Managing Authority will seek to build upon the experience from the 2007-2013 programmes. Financial instruments will be considered for investment in business incubators

### **2.A.6.4 The Planned use of major projects (where appropriate)**

No major projects are foreseen at the beginning of the programming period.

### **2.A.6.5 Output indicators by investment priority and, where appropriate by category of region**

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund			18,886	Monitoring data	Quarterly	

C2	Number of enterprises receiving grants	Enterprises	European Regional Development Fund				12,591	Monitoring data	Quarterly
C3	Number of enterprises receiving financial support other than grants	enterprises	European Regional Development Fund				1,390	Monitoring data	Quarterly
C4	Productive investment: Number of enterprises receiving non-financial support	Enterprises	European Regional Development Fund				4,906	Monitoring data	Quarterly
C5	Productive investment: Number of new enterprises supported	Enterprises	European Regional Development Fund				15,109	Monitoring data	Quarterly
C6	Private investment matching public support to enterprises (grants)	EUR	European Regional Development Fund				54,260,475	Monitoring data	Quarterly
C7	Private investment matching public support to enterprises (non-grants)	EUR	European Regional Development Fund				55,624,111	Monitoring data	Quarterly
C8	Employment increase in supported enterprises	Full time equivalents	European Regional Development Fund				7,852	Monitoring data	Annual
C28	Number of enterprises supported to introduce new to the market products	Enterprises	European Regional Development Fund				1,511	Monitoring data	Annual
P2	Public or commercial buildings built or renovated	Square metres	European Regional Development Fund				2,336	Monitoring	Annual

P11	Number of potential entrepreneurs assisted to be enterprise ready	Persons	European Regional Development Fund				60,436	Monitoring data	Quarterly
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**2. A.4 Investment priority 3c - Supporting the creation and the extension of advanced capacities for products, services and development**

**2.A.5 Specific objectives corresponding to the investment priority and expected results**

**Specific objective: 3.2 Increase growth capacity of SMEs**

The support provided through this investment priority will help SMEs to develop their capacity. This will look at productivity drivers, including the technological and business infrastructure and finance that will be required to ensure that those SMEs with the potential to grow can do so. This will include strengthening supply chains to take better advantage of globalisation by attracting high growth and innovative SMEs where they can introduce new high value added products or services. The objective is to improve their productivity and help them grow and create jobs.

Productivity in small and medium sized enterprises in England lags behind productivity in large enterprises. In 2011 small and medium sized enterprise GVA per employee in England was £43,600; and for large enterprises this was £51,000. There were also wide regional disparities across England with average SME GVA per employee ranging from £33,000 in the North East to £65,000 in London. Variation can also be seen across sectors, with SMEs in manufacturing on average 41.6% less productive than larger firms.

Capacity concerns explain some of this. For example there are access to finance issues, including relatively low level of capital investment<sup>100</sup>, and weaknesses within the supply chain. All of these mean that small and medium sized enterprises in England are not meeting their productivity potential.

Performance will be measured by tracking the number of jobs in the small and medium sized enterprises supported, and by tracking impact on the productivity of small and medium sized enterprises. The relationship between productivity and jobs is not a simple one but it is proposed to consider both as it will enable a more comprehensive look at what enterprise activity is happening.

SME jobs will be tracked against the baseline for 2011 in selected sectors where ERDF can be expected to have most impact. Figures on the numbers of those

<sup>100</sup> In 2012, the UK had the third lowest level of investment as a proportion of GDP in the OECD, BIS Economic Paper No. 19. (October 2012)

working in SMEs are available for 2009-2011. There was a significant drop in 2010 which makes it difficult to use this data to determine future trends.

Productivity of small and medium sized enterprises will be measured through the metric of GVA per employee.

Baseline figures in 2011 were as follows: GVA per employee for small and medium sized enterprises in England was £43,600; and for large enterprise this was £51,000. This represents a gap of £7,400 or 15%.

**Table 3: Programme Specific Result Indicators by specific objective (for European Regional Development Fund)**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
3.2	Number of small and medium sized enterprises	Full time equivalents	England	15,163,000	2014	Increase in line with job creation in the UK economy	Business Population Estimates	Annual
3.3	Gap in productivity between SMEs and large companies productivity measured in terms of gross value added per employee	Percentage	England	0.7	2014	Reduce in percentage terms the productivity gap between large and small business.	Eurostat-Annual enterprise statistics by size class for special aggregates of activities	Annual

## 2.A.6 Action to be supported under the investment priority

**2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.**

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- Provision of advice to develop new business models or higher quality products, processes or services;
- Advice and support for businesses to implement productivity improvements including through the provision of resource efficiency advice;
- Advice to improve business processes and workforce development;



- Advice and support for supply chain interventions to strengthen and grow the domestic supplier base;
- Attracting new foreign direct investment into England through, for example, promotion of business collaborations (SME to Prime/Original Equipment Manufacturers, SME to SME), supply chain initiatives, sectoral and research and innovation propositions linked to smart specialisation and “soft landings;<sup>101</sup>”.
- Ensuring SMEs have access to sufficient levels of finance to implement their growth plans, including appropriate capital investment for premises and equipment to help build capacity;
- Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaborative projects;
- Grant finance for business to invest for product, process and service improvements;
- Provision of non-grant finance where there is a clearly evidenced market failure, for example:
  - co-investment funds, e.g. for angel investment, venture capital or debt finance;
  - Early stage growth, Equity, quasi-Equity, Loan, guarantees or Mezzanine funds, seed capital;
  - Guarantee funds or interest rate subsidies;
  - Microloan funds delivered by Community Development Finance Institutions;
  - Proof of concept funds.
- Provision of independent access to finance advice;
- Provision of land and premises for employment sites, including incubation space, managed workspace, or grow-on space.

Activities will target domestic and foreign-owned Small and Medium Sized Enterprises, including social enterprises.

### **2.A.6.2 The Guiding principles for the selection of operations**

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As

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<sup>101</sup> The terminology is widely used in FDI contexts. “Soft landings” are outlined here - <http://www.know-hub.eu/knowledge-base/videos/soft-landing-scheme.html>

required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations. Support for SMEs, including for finance, should take account of the prevailing national government strategy and existing national provision. Access to finance is currently a cross-cutting theme of the Government's Industrial Strategy. Projects should be complementary and additional to existing national provision and not duplicate or conflict with them.

For provision of incubator space, managed workspace or grow-on space, there will need to be evidence of demand that is not met by existing supply.

Support for incubator space will be provided only where it is combined with an effective programme of business support tailored to the growth needs of the target occupants.

Investments in business incubators will be targeted geographically and sectorally to avoid duplication and overlapping provision, in line with the approach of smart specialisation. They will draw funding from financial instruments where appropriate, and take account of both the European Court of Auditors report on incubators (ECA Special report 07/2014) and the England Smart Specialisation strategy. In addition to the selection criteria to be approved in due course by the PMC, particular attention will be paid to:

- **Staff qualifications** - the suitability of staff members responsible for providing business incubation services. It is recognised that lack of specific expertise might be addressed by additional ERDF co-funded projects;
- **Incubation services** - the scope and relevance of the incubation services which would be offered, and in particular of incubation programmes;
- **Financial sustainability** - Applicants will be expected to provide detailed information about the scope of business support and its expected costs or results. They will also be expected to provide information about their strategies for covering any shortfall in operating expenditure and guaranteeing the continued provision of incubation services;
- **Expected project impact** - the expected benefits for the local economy.

All applicable law should be complied with. Any public support under this Programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

London's integrated territorial investment will draw from this Priority Axis. As the Greater London Authority will be designated as an intermediate body, it will have

responsibility for the selection of operations. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this priority axis. They too will have responsibility for the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this priority axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### **2.A.6.3 The planned use of financial instruments (where appropriate)**

The current intention is to develop financial instruments to improve access to finance by providing equity, loan, mixed investment and guarantees (where appropriate) to Small and Medium size Enterprises. Subject to the outcome of the ex ante assessment and consideration of Article 38, in the 2014-20 Programme, the Managing Authority will seek to build upon the experience from the 2007-2013 programmes. Financial instruments may also be considered for support to social enterprises.

The Managing Authority will also look to draw on the experience gained establishing JESSICA structures under the 2007-2013 Programme where there are a number of such Financial Instruments now running successfully across England. Although these will target the creation or refurbishment of urban infrastructure through urban regeneration and low carbon projects, this has in past included premises for SME.

Finally, the Managing Authority will explore the development of local impact funds to promote investment into social enterprises through loans to Social Sector Organisations. These will be informed by the outcome of a pilot project being undertaken in 2014 through the 2007-2013 Programme. However, it is envisaged that they could provide a mix of investment in Social Sector Organisations together with a programme of tailored business and investment readiness support to ensure that Social Sector Organisations are able to take on and manage repayable finance, and thereby achieve sustainable social and economic outcomes for their areas. Each fund could be a revolving mix of loan, equity and grant finance, managed by a private sector fund manager.

It is envisaged that a local impact fund could enable:

- Start up, incubation, scale up and growth of Social Sector Organisations in deprived areas;
- Capacity Building support for individuals, teams and organisations.

#### 2.A.6.4 The Planned use of major projects

No major projects under this investment priority are foreseen at the start of the programming period.

#### 2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund				47,216	Monitoring data	Quarterly
C2	Number of enterprises receiving grants	Enterprises	European Regional Development Fund				31,477	Monitoring data	Quarterly
C3	Number of enterprises receiving financial support other than grants	Enterprises	European Regional Development Fund				3,475	Monitoring data	Quarterly
C4	Number of enterprises receiving non-financial support	Enterprises	European Regional Development Fund				12,264	Monitoring data	Quarterly
C5	Number of new enterprises supported	Enterprises	European Regional Development Fund				15,011	Monitoring data	Quarterly

C6	Private investment matching public support to enterprises (grants)	EUR	European Regional Development Fund				135,651,188	Monitoring data	Quarterly
C7	Private investment matching public support to enterprises (non-grants)	EUR	European Regional Development Fund				465,677,153	Monitoring data	Quarterly
C8	Employment increase in supported enterprises	Full time equivalents	European Regional Development Fund				19,631	Monitoring data	Quarterly
C29	Number of enterprises supported to introduce new to the firm products	Enterprises	European Regional Development Fund				7,554	Monitoring data	Quarterly
P2	Public or commercial buildings built or renovated	Square metres	European Regional Development Fund				5,840	Monitoring data	Annual
P13	Number of enterprises receiving Information, diagnostic and brokerage support	Enterprises	European Regional Development Fund				4,693	Monitoring data	Quarterly

**2.A.4 Investment priority 3d - Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes**

**2.A.5 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))**

**Specific objective: 3.3 Increase growth capability of SMEs**

The support provided through this specific objective will help businesses to develop their internal capability in order to improve their productivity, grow and create jobs.

Existing Small and Medium Sized Enterprises face a number of barriers which restrict their ability to achieve their growth ambitions. These include:

- information and coordination failures which limit awareness, access and take-up of business support;
- high-up front costs and perceived difficulties in navigating legal, regulatory and cultural environments which constrain the number of SMEs entering new export markets; and
- Known market failures in the disproportionate costs of establishing and costing risks given the relatively small amounts of capital involved.

Actions to develop capacity of SMEs work alongside actions to develop capability of SMEs. Both will lead to an increase in jobs created in SMEs and in SME productivity. Therefore, as under Investment Priority 3c, result indicators will be measured by tracking the impact on the number of SME jobs and on SME productivity.

Performance will be measured by tracking the impact on the number of SME jobs and on SME productivity.

In terms of baseline figures in 2011, Gross Value Added per employee in England was £43,600 for SMEs and for large enterprises was £51,000.

**Table 3: Programme Specific Result Indicators for European Regional Development Fund (by specific Objective) (Article 96.2(b)(ii))**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
3.4	Number of small and medium sized jobs created	Full time equivalents	England	713,000	2014	2000000 jobs created in the UK over the period of the programme	Business Register of Employment Survey	Annual
3.5	Gap in productivity between SMEs and large companies productivity measured in terms of gross value added per employee	GPB	England	475	2014	Reduction in gap	Eurostat – Annual enterprise statistics by size class for special aggregates of activities.	Annual

## **2.A.6 Action to be supported under the investment priority**

### **2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.**

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- Provision of efficient local referral routes to ensure that SMEs are able to identify and access the most appropriate and tailored support for their specific growth needs;
- Support SMEs to develop focused growth strategies and update or introduce new business models which will drive business performance;
- Attracting new business investments to England, including through, for example, cluster and sector initiatives, collaborations with trade associations and inward missions;
- Advice and support for SMEs to enter, establish and expand in new domestic and international markets;
- Advice and support for businesses to become investment ready;
- Provision of advice, consultancy, mentoring and peer-to-peer support to indigenous businesses and inward investors (SMEs from outside the EU who will move to England);
- Leadership and management coaching where connected to the development and implementation of a business growth plan;
- Support events, trade fairs and missions to enable SMEs to enter, establish and expand in new domestic and international markets;
- Targeted grant schemes to support productive investment;
- Provision of advice and consultancy on access to finance.

Activities will target domestic and foreign-owned Small and Medium Sized Enterprises, including Social Enterprises.

### **2.A.6.2 The guiding principles for the selection of operations**

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations. Support for SMEs including for finance should take account of the prevailing national government strategy and existing national provision. Access to finance is currently a cross-cutting theme of the Government's Industrial Strategy. Projects should be complementary and additional to existing national provision and not duplicate or conflict with them.

All applicable law should be complied with. Any public support under this Programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

London's integrated territorial investment will draw from this priority axis. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this priority axis. They too will have responsibility for the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, , as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this priority axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### **2.A.6.3 The Planned use of financial instruments (where appropriate)**

Activity under this investment priority will focus primarily on addressing the barriers that business face in identifying, accessing and understanding the different types of finance that is available.

Subject to the outcome of the ex ante assessment and consideration of Article 38, in the 2014-20 Programme, the Managing Authority will seek to build upon the experience from the 2007-2013 programmes.



The current intention is to develop financial instruments to improve access to finance by providing equity, loan, mixed investment and guarantees (where appropriate) to Small and Medium size Enterprises. Financial instruments may also be considered for support to social enterprises.

#### 2.A.6.4 The Planned use of major projects (where appropriate)

No major projects are envisaged under this investment priority.

#### 2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund				28,329	Monitoring data	Quarterly
C2	Number of enterprises receiving grants	Enterprises	European Regional Development Fund				18,886	Monitoring data	Quarterly
C3	Number of enterprises receiving financial support other than grants	Enterprises	European Regional Development Fund				2,084	Monitoring data	Quarterly
C4	Number of enterprises receiving non-financial support	Enterprises	European Regional Development Fund				7,359	Monitoring data	Quarterly
C5	Number of new enterprises supported	Enterprises	European Regional Development Fund				9,007	Monitoring data	Quarterly
C6	Private investment matching public support to enterprises (grants)	EUR	European Regional Development Fund				81,390,713	Monitoring data	Quarterly

C7	Private investment matching public support to enterprises (non-grants)	EUR	European Regional Development Fund				83,436,167	Monitoring data	Quarterly
C8	Employment increase in supported enterprises	Full time equivalents	European Regional Development Fund				11,777	Monitoring data	Quarterly
C29	Number of enterprises supported to introduce new to the firm products	Enterprises	European Regional Development Fund				4,533	Monitoring data	Quarterly
P2	Public or commercial buildings built or renovated	Square metres	European Regional Development Fund				3,504	Monitoring data	Annual
P13	Number of enterprises receiving information, diagnostic and brokerage support	Enterprises	European Regional Development Fund				2,816	Monitoring data	Quarterly

## 2.A.8 Performance framework (Article 96 (2) (b) (v))

**Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)**

ID	Indicator Type	Indicator or key implementation step	Measurement unit	Fund	Category of region	Milestone for 2018			Final target (2023)			Source of data	Explanation of relevance of indicator where appropriate
						M	W	T	M	W	T		
C1	Output	Number of Enterprises receiving support	Enterprises	European Regional Development Fund	Less developed			0			2,120	Monitoring data	The focus of the priority axis is small and medium enterprise The indicator captures over 50% activity spend under the priority axis
C1	Output	Number of Enterprises receiving support	Enterprises	European Regional Development Fund	Transition			0			40,632	Monitoring data	The focus of the priority axis is small and medium enterprise The indicator captures over 50% activity spend in the priority axis

C1	Output	Number of Enterprises receiving support	Enterprises	European Regional Development Fund	More developed			0		51,679	Monitoring data	The focus of the priority axis is small and medium enterprise The indicator captures over 50% activity spend in the priority axis
I1	Implementation	number of enterprises receiving support that has been achieved by partially or fully completed operations	Enterprises	European Regional Development Fund	Less developed			232		232	Monitoring data	Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted.
I1	Implementation	number of enterprises receiving support that has been achieved by partially or fully	Enterprises	European Regional Development Fund	Transition			4,461		4,461	Monitoring data	Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by

		completed operations										2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted.
I1	Implementation	number of enterprises receiving support that has been achieved by partially or fully completed operations	Enterprises	European Regional Development Fund	More developed			5,673		5,673	Monitoring data	Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted.
F1	Financial	Expenditure	Euros	European Regional Development Fund	Less developed			33,779,094		215,401,132	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting

												system of the certifying authority and certified by that authority	
F1	Financial	Expenditure	Euros	European Regional Development Fund	Transition			135,917,108			866,710,605	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority
F1	Financial	Expenditure	Euros	European Regional Development Fund	More developed			258,073,380			1,645,671,678	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority

Targets have been developed drawing on information provided in the ESIF strategies prepared by Local Enterprise Partnerships and on historic data of performance and lessons learnt in the 2007-13 operational programmes for England.

As part of the operational programme modification virement additional funding has been moved into this priority axis. The performance framework financial and non-financial targets for the affected categories of region have been amended accordingly.

## 2.A.9 Categories of intervention

**Table 7: Dimension 1 – intervention field**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	001 – General productive investment in SMEs	292,211,287
European Regional Development Fund	More developed	056 – Investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities	62,858,166
European Regional Development Fund	More developed	063 – Cluster support and business networks primarily benefiting SMEs	125,716,332
European Regional Development Fund	More developed	066 – Advance support service for SMEs and groups of SMEs (including management, marketing and design services)	62,858,166
European Regional Development Fund	More developed	067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	203,762,089
European Regional Development Fund	More developed	072 – Business infrastructure for SMEs (including industrial parks and sites)	62,858,166
European Regional Development Fund	More developed	073 - Support for social enterprises (SMEs)	12,571,633

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	001 – General productive investment in SMEs	256,551,268
European Regional Development Fund	Transition	056 – Investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities	31,975,133
European Regional Development Fund	Transition	063 – Cluster support and business networks primarily benefiting SMEs	63,950,267
European Regional Development Fund	Transition	066 – Advance support service for SMEs and groups of SMEs (including management, marketing and design services)	31,975,133
European Regional Development Fund	Transition	067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	97,204,405



European Regional Development Fund	Transition	072 – Business infrastructure for SMEs (including industrial parks and sites)	31,975,133
European Regional Development Fund	Transition	073 - Support for social enterprises (SMEs)	6,395,024

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	001 – General productive investment in SMEs	61,473,503
European Regional Development Fund	Less developed	056 – Investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities	11,733,517
European Regional Development Fund	Less developed	063 – Cluster support and business networks primarily benefiting SMEs	23,467,034
European Regional Development Fund	Less developed	066 – Advance support service for SMEs and groups of SMEs (including management, marketing and design services)	11,733,517
European Regional Development Fund	Less developed	067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	48,752,239
European Regional Development Fund	Less developed	072 – Business infrastructure for SMEs (including industrial parks and sites)	11,733,517
European Regional Development Fund	Less developed	073 - Support for social enterprises (SMEs)	3,427,578

**Table 8: Dimension 2 – form of finance**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	01 – Non-repayable grant	338,279,969
European Regional Development Fund	More developed	03 – Support through financial instruments: venture and equity capital	270,052,418
European Regional Development Fund	More developed	04 – Support through financial instruments: loan	176,846,904
European Regional Development Fund	More developed	05 – Support through financial instruments - guarantee	18,828,274

European Regional Development Fund	More developed	06 - Support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support	18,828,274
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Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	01 – Non-repayable grant	321,936,333
European Regional Development Fund	Transition	03 – Support through financial instruments: venture and equity capital	113,731,023
European Regional Development Fund	Transition	04 – Support through financial instruments: loan	66,739,433
European Regional Development Fund	Transition	05 – Support through financial instruments - guarantee	8,809,787
European Regional Development Fund	Transition	06 - Support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support	8,809,787

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	01 – Non-repayable grant	123,894,828
European Regional Development Fund	Less developed	03 – Support through financial instruments: venture and equity capital	31,949,177
European Regional Development Fund	Less developed	04 – Support through financial instruments: loan	15,974,588
European Regional Development Fund	Less developed	05 – Support through financial instruments - guarantee	251,156
European Regional Development Fund	Less developed	06 - Support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support	251,156

**Table 9: Dimension 3 – Territory type**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	07 - Not applicable	822,835,839

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	07 - Not applicable	520,026,363

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	07 - Not applicable	172,320,905

**Table 10: Dimension 4 – territorial delivery mechanism**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	01 - Integrated Territorial Investment Urban	129,391,743
European Regional Development Fund	More developed	07 - Not applicable	693,444,096

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	01 - Integrated Territorial Investment Urban	2,558,010
European Regional Development Fund	Transition	07 - Not applicable	517,468,353

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	04 - ITI (other)	172,320,905

**2.A.5 Summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the Programmes and beneficiaries (where appropriate) (by priority axis)**

In relation to financial instruments, technical assistance may be used for the ex ante assessment and for start-up costs not covered by management costs and fees.

## **PRIORITY AXIS 4: Supporting the Shift Towards A Low Carbon Economy In All Sectors**

### **2.A.2 Justification for the establishment of a priority axis covering more than one category of region, thematic objective or Fund (where applicable)**

The challenge to move England's economy towards a low carbon model by reducing the levels of Green House Gas (GHG) emissions, increasing the share of renewable energy, and enhancing the energy efficiency of homes, businesses and transport is one which impinges on all territories across the country.

There are differences across England in terms of the amount of energy generated from renewable sources, with a range of 767 GWh and 3,871 GWh in 2012<sup>102</sup> but this does not map neatly against the three category of regions. Instead, it reflects other geographical factors, for example coastal locations, as well as levels of generating capacity (from wind, bio-energy and bio-mass) and investment across England. Likewise, carbon emissions reflect industrial activity and transport use and are highest in the South East and North-West and lowest in the North-East, South West and East Midlands.

Whilst the position is not the same in all areas, the key development needs and opportunities that will be prioritised for European Regional Development Fund are shared across all categories of region: market opportunities in the low carbon goods sector, the need to develop holistic whole-place carbon reduction plans, localised renewable energy/micro generation and scope to develop products and services to improve energy efficiency in domestic and non-domestic buildings and within Small and Medium Sized Enterprises apply across all territories.

Therefore a single Priority Axis for supporting the shift towards a low carbon economy in all sectors will cover all three categories of region: Less Developed, More Developed and Transition. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs and opportunities across England. The interaction between national strategies, such as the Renewable Energy Roadmap, and local ESIF strategies that draw on knowledge of local conditions and opportunities will ensure that European Regional Development Fund is targeted at specific challenges and potential across different territories at the most appropriate spatial level.

### **2.A.4 Investment priority 4a : Promoting the production and distribution of energy derived from renewable sources**

### **2.A.5 Specific objectives corresponding to the investment priority and expected results**

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<sup>102</sup> DECC (2013) Sub national renewable electricity

<https://www.gov.uk/government/publications/energy-trends-september-2013-special-feature-articles-renewableelectricity-in-scotland-wales-northern-ireland-and-the-regions-of-england-in-2>

**Specific objective:** 4.1 - to increase the number of small scale renewable energy schemes in England

The UK has the 9th lowest share amongst EU countries of low carbon energy in 2011 with the UK's share of supply being around half that of the EU average of 26 per cent. The EU 2020 target is to raise the share of EU energy consumption produced from renewable resources to 20 per cent and in the UK to 15%.

There are three ways of measuring renewable energy across all sectors.

- The amount of electricity generated from renewable sources in England in 2013 was 32,417GWh.<sup>103</sup> Most came from wind or bioenergy. Improvements in these figures are likely to be affected more by big infrastructure projects funded by sources other than ERDF;
- It is also possible to measure installed capacity, and break down the figures to NUTS1 level. The total for 2013 is 11,137.7 MWe. This will capture all types of renewable energy across England, and improvements can be achieved by new sites as well as improving capacity at existing sites. It also allows for supply chain work that will lead to increased capacity. However, this has been included in the common set of output indicators and so cannot be used as a result indicator;
- Finally, the number of sites generating electricity from renewable sources was 394,681 in 2013<sup>104</sup>, but this is heavily distorted by solar photovoltaics, which we would not want to exclude as an activity as there may be parts of the England where this is the most effective way of increasing the generation of renewable energy. We therefore propose two measures; to increase the number of sites, both including and excluding solar photovoltaics. A quantified target will be set only for the number excluding solar photovoltaics, where the impact of ERDF could be more readily distinguished.

To introduce a territorial dimension, activity should take place with the context of a low carbon strategy. The strategy will be required to show an increase by the end of the programming period. However this will not form part of the result indicator below. Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4e.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund)**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
4.1	Number of sites generating electricity from	Number		4,095	2013	20-40 additional sites in England	Regional renewable statistics (BEIS)	Annual

<sup>103</sup> all figures cited are from DUKES

<sup>104</sup> Renewable electricity in Scotland, Wales, Northern Ireland and the regions of England in 2013.

renewable sources (excluding PV)								
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## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

There are limits to the impact that the European Regional Development Fund can make to national renewable energy obligation which will be significantly met through alternative public/private sector investment in renewable energy infrastructure. The European Regional Development Fund is best targeted at approaches which stimulate micro-energy installations, off-grid energy productions, renewable heat networks and ground source and air source heat pumps, in order to address deficits in specific territories as well as development opportunities in places and sectors. However, there is also scope for activity within whole place low carbon plans. Furthermore, support from ERDF can build supply chains or provide small-scale infrastructure necessary to unlock bigger renewable energy projects.

The UK's Renewable Energy Action Plan<sup>105</sup> provides a framework for investment and the type of measures that might be implemented with support from ERDF.

Under this investment priority, indicative actions to be supported by European Regional Development Fund may include:

- Measures to support increased production of renewable fuels and energy, in particular wind energy, solar and biomass;
- Support to build capability and capacity for supply chains in renewable energy;
- Demonstration and deployment of renewable energy technologies;
- Measures to support the wider deployment of renewable heat, including micro-generation, geothermal, renewable heat networks or district heating, ground source and air source heat pumps, and biomass systems with associated heat off-take and heat distribution networks along with recycling processing reprocessing and remanufacturing facilities; and
- Anaerobic digestion plants and other biomass or landfill gas schemes.

### 2.A.6.2 The Guiding principles for the selection of operations

<sup>105</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/47871/25-nat-ren-energy-action-plan.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/47871/25-nat-ren-energy-action-plan.pdf)

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations. The Renewable Energy Directives (2003/30/EC and 2009/28 EC) define energy from renewable sources as “energy from renewable non-fossil sources, namely wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases”.

Biomass projects, including anaerobic digestion, should take into account sustainability criteria, including the emission of air pollutants. This means in particular that:

- Biomass fuel should meet a lifecycle greenhouse gas (GHG) emissions target of 34.8g CO<sub>2</sub> equivalent per MJ of heat, or 60% GHG savings against the EU fossil fuel average;
- Biomass fuel should meet land criteria, which will differ for different types of biomass:
  - For woodfuel: the criteria are outlined in the UK Timber Standard for Heat and Electricity:  
<https://www.gov.uk/government/publications/timber-standard-for-heat-electricity>
  - For other types of biomass: land criteria will correspond to the Renewable Energy Directive (RED) for transport biofuels and bioliquids. Energy crops which have been assessed as meeting the requirements of the Energy Crops Scheme or equivalent will be deemed to meet land criteria.

Any use of biomass for the generation of energy should be accompanied by emissions standards and abatement measures, especially for particular matters.

The Government’s Renewable Energy Roadmap, published in 2011, provides an overarching framework for investments.

In selecting operations, account should be taken of whether projects are already generating and therefore receiving feed-in tariffs or other forms of revenue

London’s integrated territorial investment will draw from this Priority Axis. As the Greater London Authority will be designated as an intermediate body, it will have



responsibility for the selection of operations. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this priority axis. They too will have responsibility for tasks relating to the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this Priority Axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### **2.A.6.3 Planned use of financial instruments (where appropriate)**

Financial instruments may be used to support activity under this investment priority, subject to the outcome of an ex ante assessment. These will also draw from experiences gained in the implementation of financial instruments under the 2007-2013 programmes.

### **2.A.6.4 Planned use of major projects (where appropriate)**

No major projects are planned.

### **2.A.6.5 Output indicators by investment priority and, where appropriate by category of region**

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the ESF and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund			939	Monitoring data	Quarterly	

C5	Number of new enterprises supported	Enterprises	European Regional Development Fund				188	Monitoring data	Quarterly
C30	Additional capacity of renewable energy production	MW	European Regional Development Fund				121	Monitoring data	Annual
C34	Estimated annual decrease of GHG	Tonnes of CO <sub>2</sub> eq	European Regional Development Fund				74,525	Monitoring data	Annual

#### **2.A.4 Investment priority 4b: Promoting energy efficiency and renewable energy use in enterprises**

#### **2.A.5 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))**

**Specific objective: 4.2** Increase energy efficiency in particular in SMEs, including through the implementation of low carbon technologies

Energy intensity (energy use per unit of value added) has declined by 31.8 per cent between 2011 and 1997. If however UK emissions targets are to be met energy efficiency will need to increase across all sectors. There is a potential for growth in this area to increase non-domestic energy efficiency in England, especially in promoting socially cost-effective investment in energy efficiency, where there is the potential to save 196 TWh in 2020, equivalent to 22 power stations. If this was realised, final energy consumption in 2020 would be 11% lower than current levels.

Generally, companies lack consistent and effective energy efficiency plans and understanding of appropriate measures and energy savings. Small and Medium Sized Enterprises are particularly adversely affected in this respect and are either unaware of resource efficiency technologies or business processes or lack the know-how about approaches to adopt and embed new methods.

This presents an opportunity to use the European Regional Development Fund to support improvements in the energy efficiency of companies, including the buildings they use.

The indicator proposed is to reduce the percentage of SMEs that have no methods to measure energy efficiency. This would be based on a survey by the power company, npower.<sup>106</sup> One consequence of ERDF investment in the actions set

<sup>106</sup> [http://www.npower.com/idc/groups/wcms\\_content/@wcms/@busi/documents/digitalassets/nbei8pdf.pdf](http://www.npower.com/idc/groups/wcms_content/@wcms/@busi/documents/digitalassets/nbei8pdf.pdf)

down in the priority axis would be that there would need to be a way of measuring the impact.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund) (Article 96.2(b)(ii))**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
4.2	SMEs that have no methods to measure energy efficiency	Percentage		23	2013	0	nPower	annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

The main target group is SMEs.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- Enhanced advice, support, information and action to promote innovation in businesses and how they operate, in order to deliver best practice in energy management. This will include innovation in energy efficiency and energy cost reduction to improve businesses' competitiveness and resilience;
- Support to businesses to undertake 'green' diagnostics or audits of energy efficiency and potential for renewable generation and energy use, which will be followed by provision of energy efficiency information and guidance, tailored energy action plans and of support to implement them;
- Support to SMEs to improve carbon resource efficiency by providing full diagnostics of carbon emissions;
- Investing in energy efficiency measures, processes and renewable generation capacity to improve a business' or building's environmental performance or its resilience to the impacts of climate change;
- Investing in measures to stimulate cost-effective deep renovations of buildings, including staged deep renovations;

- Supporting an increase in energy efficiency in enterprises including an emphasis on “whole place” especially through improving industrial processes, designing out waste, recovery of “waste” heat energy and CHP;
- Supporting increased SME access to national and local government procured contracts for energy efficient goods and services;
- Developing low carbon innovation in relation to energy efficiency within enterprises, including through technologies and engagement practices;
- Building retrofit and energy efficiency measures, especially whole building solutions to exemplify, and support the commercialisation of, next phase technologies which are near to market and low carbon construction techniques to improve the energy efficiency of buildings.

### **2.A.6.2 Guiding principles for the selection of operations**

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations. London’s integrated territorial investment will draw from this priority axis.

As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this priority axis. They too will have responsibility for tasks relating to the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this Priority Axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

### **2.A.6.3 Planned use of financial instruments (where appropriate)**

Subject to the evidence of need being ascertained through an ex ante assessment, there will be a strong focus on use of financial instruments to support this investment priority, although grants will still necessarily play a role where there is no market incentive for energy efficiency measures.

The Managing Authority will draw on the experience gained in the implementation of financial instruments under the 2007-2013 Programme. Investments may target the creation/refurbishment of urban infrastructure through urban regeneration and low carbon projects.

**2.A.6.4 Planned use of major projects (where appropriate)** No major projects are planned

**2.A.6.5 Output indicators by investment priority and, where appropriate by category of region)**

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund			11,248.00	Monitoring data		
C34	Estimated GHG reductions	Tonnes of CO <sub>2</sub> eq	European Regional Development Fund			60,975	Monitoring data		

**2.A.4 Investment priority 4c** : Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector

**2.A.5 Specific objectives corresponding to the investment priority and expected results**

**Specific objective:** 4.3 Increase energy efficiency in homes and public buildings, including through the implementation of low carbon technologies

There is a potential for growth in this area to increase energy efficiency in households in England, especially in growing household investment in heat saving measures.

According to the English Housing Survey in 2012, 34% of dwellings had 200mm or more of loft insulation, up from just 3% of dwellings in 1996. Over the same period,

the proportion of homes with cavity wall insulation increased from 14% to 40% and the proportion of homes with full double glazing increased from 30% to 79%. Where European Regional Development Fund can make a particular difference is not simply through innovation-based technologies, and demonstrator activities to develop radical, ultra-efficient energy efficiency, i.e. new technologies, but also for programs that include existing measures, and more importantly, for pilots of new business models and methods for financing energy efficiency improvements. These will also stimulate economic growth in business activity, particularly through Small and Medium Sized Enterprise supply chains.

The chosen result indicator is Domestic energy consumption per household. The target will be to seek a reduction in this. The contribution of ERDF will be assessed through evaluation.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund)**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
4.4	Index of domestic energy consumption per household (1990 =100)	Number		105.2	2012	Average reduction of 2 points each year in UK, taking account of service demand	BEIS Energy consumption in the UK	Annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- Provision of advice and support to increase the use and take up of low carbon technologies, energy efficiency measures, renewable energy technologies and smart energy systems in housing stock and public buildings;
- Supporting low carbon innovation in relation to the integrated ‘whole place’ energy management approach including energy waste and re-use;
- Investing in building retrofit, energy efficiency measures, renewable and smart energy systems deployment, especially whole building or place solutions exemplifying next phase technologies which are near to market;

- Investing in domestic energy efficiency, renewable energy and smart construction techniques;
- Investment in the development and wider use of Energy Performance Contracting in the public buildings and housing sectors.

#### **2.A.6.2 Guiding principles for the selection of operations**

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations.

All types of housing will be covered, but the focus will mainly be on social housing and on areas where other publicly funded schemes are not addressing the need. For public buildings, the expectation is that financial instruments will be the main delivery mechanism but it is recognised that in some instances, grant-based support may be more appropriate, for example where the activity is the provision of advice and support.

London's integrated territorial investment will draw from this Priority Axis. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this priority axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this Priority Axis. They too will have responsibility for the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this priority axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this

responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### 2.A.6.3 Planned use of financial instruments (where appropriate)

Subject to the completion of an ex ante assessment, in accordance with Article 37 of the Common Provisions Regulation, financial instruments may be used to help deliver this Investment Priority.

The Managing Authority will draw on the experience gained in the implementation of financial instruments under the 2007-2013 programmes. Investments may target the creation/refurbishment of public buildings as part of urban regeneration and low carbon projects, and improve their energy efficiency.

The Managing Authority will also explore options how financial instruments could support energy conservation and generation in existing social housing, subject to the outcome of the ex ante assessment.

### 2.A.2.4 Planned use of major projects (where appropriate)

No major projects are planned

### 2.A.2.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C31	Number of households with improved energy consumption	Households	European Regional Development Fund			5,340.00	Monitoring data	Annual	
C32	Decrease of annual primary energy consumption of public buildings	KWh/year	European Regional Development Fund			5,153,972	Monitoring data	Annual	
C34	Estimated GHG reductions	Tonnes of CO <sub>2</sub> eq	European Regional Development Fund			84,688	Monitoring data	Annual	



**2.A.4 Investment priority 4e** : Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures

### 2.A.5 Specific objectives corresponding to the investment priority and expected results

**Specific objective:** 4.4 Increase implementation of whole place low carbon solutions and decentralised energy measures.

This investment priority and specific objective recognises that the implementation of low carbon solutions leading to reductions in GHG emissions is best done holistically as part of integrated strategies. The investment priority specifically refers to sustainable multimodal urban mobility but the approach is equally applicable to low carbon transport plans in other types of territory. But transport cannot be looked at in isolation. Urban design, distributed energy, smart grids and other activity also need to be considered within a single, coordinated approach within a specific territory.

There will be one result indicator:

- Reduction in carbon emissions in areas with low carbon strategies.

The low carbon strategy should set a benchmark against 2011 data for the local authority areas covered by it. The strategy will be required to show a reduction by the end of the programming period. The benchmark for the specific objective will therefore be the total derived from all low carbon plans when prepared. A key implementation step will be the development of such strategies.

Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4(a).

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund) (Article 96.2(b)(ii))**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
4.5	Reduction in carbon emissions in areas with low carbon strategies	Tonnes		To be established in each low carbon strategy	2012	Decrease	DECC local authority and regional carbon dioxide national statistics	Annual

### 2.A.6 Action to be supported under the investment priority

**2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.**

Activity under this investment priority is based on a holistic approach to the reduction of GHG emissions, ensuring that actions are integrated within the framework of an overarching strategy or strategies. This includes the development of “whole place” low carbon initiatives through approaches such as smart cities and communities that include low carbon transport infrastructure, energy efficiency, low carbon energy supply and smart meter/smart grid programmes and related ICT platforms, technologies and applications. Where the purpose is to reduce whole place energy requirements or carbon emissions, green and blue infrastructure and other climate change mitigation or adaptation activities are important components.

In order to promote such strategies, examples of actions to be supported by European Regional Development Fund may include:

- investments in local/regional smart grid demonstration projects, including validation and solving system integration issues;
- sustainable energy action plans for urban areas, including public lighting systems, smart metering and distribution through smart grids;
- Investments in combined heat and power from renewable sources;
- Investments to encourage the adoption of renewable technologies.

A strategic approach is particularly important in the area of low carbon transport, whether for sustainable urban mobility, or improving links between urban and rural areas, or connecting dispersed rural communities. Examples of actions include:

- investments in actions aimed at improving the capacity at local level to develop and implement integrated and sustainable transport strategies and plans (including for example actions related to modelling data collection, integrated transport management, operations and services, public consultation etc) to reduce transport related air pollution, in particular retrofit or replacement programmes for bus fleets, incentive schemes for cleaner transport, improved public transport infrastructure and alternative forms of transport;
- investments in actions aimed at introducing innovative environmentally-friendly and low-carbon technologies (for example, alternative fuel stations or charging points);
- investments in actions aimed at developing innovative and multi-modal transport services (for example, intelligent transport systems for travel information and planning, traffic and demand management, smart ticketing, multimodal integrated datasets or cooperative systems);
- innovative transport pricing and user charging systems;

- cycle paths, walkways and waterways only where part of an integrated approach to GHG reductions.

#### **2.A.6.2 Guiding principles for the selection of operations**

The investment priority requires a low carbon strategy within which actions can be framed. This low carbon strategy can be developed specifically for the Programme but if there is one already within local areas that provides a satisfactory framework for investment in the eyes of the Managing Authority, that might be sufficient. In England carbon emissions data collected at local authority level is measured in CO<sub>2</sub> as such low carbon strategies will demonstrate the decrease in CO<sub>2</sub> but projects will measure their impact on reducing carbon emission in CO<sub>2</sub>e as detailed in output target C34.

Investment in low carbon transport or sustainable urban mobility should focus on reducing GHG emissions, although they have other significant economic and environmental benefits as well. Investments shall be prioritised according to their contribution to mobility, sustainability and to reducing greenhouse gas emissions.

Investments related to low carbon transport or sustainable urban mobility should be consistent with local transport strategies. For urban areas, actions should contribute to the development and/or implementation of sustainable urban mobility plans where appropriate, in line with the concept set out in COM (2013)913.

Actions should where possible support the deployment of innovative technologies and novel approaches and/or strengthen the capacity of relevant local actors to deliver integrated and sustainable local and urban transport strategies.

Projects will need to demonstrate clearly how they would contribute to the relevant low carbon strategy. They should, where possible, be part of an integrated approach to reducing GHG emissions.

Actions should also contribute to air quality plans, where appropriate, in line with the Ambient Air Quality Directive (2008/50/EC) and the Gothenburg Protocol.

Actions should be consistent with noise abatement plans where required under the Environmental Noise Directive (2002/49/EC).

Investments in cycle paths and walkways can be accepted only as part of an integrated approach to ensure low carbon transport and sustainable multi-modality and will not be recreational, isolated investments.

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations.

All applicable law should be complied with. Any public support under this Programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

London's integrated territorial investment will draw from this Priority Axis. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this Priority Axis. They too will have responsibility for tasks relating to the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this Priority Axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### **2.A.6.3 The Planned use of financial instruments (where appropriate)**

Subject to the completion of an ex ante assessment, in accordance with Article 37 of the Common Provisions Regulation, the Managing Authority will look to use financial instruments to help deliver this investment priority. These will build on the experience gained in the implementation of financial instruments under the 2007-2013 programmes. Investments may target the creation/refurbishment of urban infrastructure through urban regeneration and low carbon projects.

### **2.A.6.4 Planned use of major projects (where appropriate)**

No major projects are planned

### **2.A.6.5 Output indicators by investment priority and, where appropriate by category of region**

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund			9,219	Monitoring data	Quarterly	
C34	Estimated GHG reductions	Tonnes of CO <sub>2</sub> eq	European Regional Development Fund			84,688	Monitoring data	Annual	

**2.A.4 Investment priority 4f** : Promoting research and innovation in, and adoption of, low-carbon technologies

### 2.A.5 Specific objectives corresponding to the investment priority and expected results

**Specific objective:** 4.5 Increase innovation in, and adoption of, low carbon technologies

The UK and England are currently making good progress in tackling the level of greenhouse gases, and against the Europe 2020 targets

The Climate Change Act has established a legally binding target to reduce the UK's greenhouse gas emissions by at least 80 per cent below base year levels by 2050. Greenhouse gas emissions in England are currently 28% lower than in 1990.<sup>107</sup>

Large scale investments will play an important role in the obligation to develop further renewable energy capacity to assist in meeting the United Kingdom GHG emissions target. However, to meet the challenging targets, there is also need for a lot of small scale investments, particularly in heat and certainly in transport. Therefore the focus of the European Regional Development Fund will be on small scale projects with a low carbon innovation bias.

The result sought will be similar to the one sought under priority axis 1, which also focused on research and innovation, except here the focus will be on low carbon

<sup>107</sup> Source: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/318096/da\\_ghgi\\_1990\\_2012\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318096/da_ghgi_1990_2012_report.pdf)

technologies and the SMEs who develop and commercialise them. The result indicator will be to increase the number of firms in low carbon sectors who are innovation active.

In order to set the baseline, and recognising the shortcomings of existing SIC classifications, we will identify the firms in the 2013 survey who were in the gas and energy sectors. The indicator fell between the 2011 and 2013 surveys so the target is to reverse this and show an increase. From 2017, we propose to add specific questions to the UK innovation survey to provide more clarity on innovative firms in the low carbon sector.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund)**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
4.6	Increase the percentage of firms in low carbon sectors who are innovation active.	Percentage		41.5	2013	Increase	UK Innovation survey	Biennial

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- R&D, innovation and supply chain work for low carbon technologies and materials, including, wave and wind energy, smart grids, distributed generation, solar and photovoltaics, heat networks, heat pumps and low carbon heat for energy intensive industries;
- Research underpinning carbon capture and storage, taking account of the restrictions laid down in Article 3.3.b of the ERDF Regulation;<sup>108</sup>
- Technology centres of excellence and test facilities, including relevant Catapult centres;

<sup>108</sup> Regulation (EU) No 1304/2013

- Renewable technologies in the UK renewable energy roadmap;
- Research, development, demonstration and adoption of technologies and systems that support low-energy transport and accelerate the establishment of new technologies such as low emissions vehicles (electric, hybrid and hydrogen);
- Knowledge transfer with Higher Education/Further Education institutions and Businesses;
- Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes;
- Developing financing methods that encourage the adoption of proven low carbon technologies and generate long-term financial savings;
- Demonstration and deployment of decentralised renewable energy technologies;
- Research, development and innovation and supply chain development for low carbon and resource efficient technologies and materials (including small scale pilot programmes that test the market with new low carbon solutions and the use of secondary materials).

#### **2.A.6.2 The Guiding principles for the selection of operations**

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations.

Investments in research, development and innovation in low carbon goods and services will be consistent with “Smart Specialisation in England”, the national smart specialisation strategic framework submitted to the European Commission, and with local ESIF strategies which have embedded the principles of smart specialisation within them. They should also have regard to the strategic framework produced by the Low Carbon Innovation Coordination Group. The LCICG engages with and supports the delivery of the EU’s Strategic Energy Technologies Plan and contributes to the development of the EU Integrated Roadmap and Action Plan for energy technology development.

All applicable law should be complied with. Any public support under this Programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

London's integrated territorial investment will draw from this Priority Axis. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this Priority Axis. They too will have responsibility for the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this priority axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

#### **2.A.6.3 Planned use of financial instruments (where appropriate)**

Subject to the completion of an ex ante assessment in accordance with Article 37 of the Common Provisions Regulation, financial instruments will be used to help deliver this investment priority.

To improve access to Finance for start-ups and SMEs in the low carbon technology sector, the Managing Authority will look to draw on experiences in the implementation of financial instruments during 2007-13 programmes to provide equity, loan, mixed investment and guarantees (where appropriate) to Small and Medium sized Enterprises. Investments may also target the creation/refurbishment of urban infrastructure through urban regeneration, which may include capital for low carbon projects and research and development facilities.

#### **2.A.6.4 Planned use of major projects (where appropriate)**

No major projects are planned

#### **2.A.6.5 Output indicators by investment priority and, where appropriate by category of region**



**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund			2,261	Monitoring data	Quarterly	
C5	Number of new enterprises supported	Enterprises	European Regional Development Fund			452	Monitoring data	Quarterly	
C26	Number of enterprises cooperating with research institutions	Enterprises	European Regional Development Fund			219	Monitoring data	Annual	
C29	Number of enterprises supported to introduce new to the firm products	Enterprises	European Regional Development Fund			361	Monitoring data	Annual	
C34	Estimated GHG reductions	Tonnes of CO <sub>2</sub> eq	European Regional Development Fund			33,875	Monitoring data	Annual	

## 2.A.8 Performance framework (Article 96 (2) (b) (v))

**Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)**

ID	Indicator Type	Indicator or key implementation step	Measurement unit	Fund	Category of region	Milestone for 2018			Final target (2023)			Source of data	Explanation of relevance of indicator where appropriate
						M	W	T	M	W	T		
C34	Output	Estimated GHG reductions	Tonnes of CO <sub>2</sub> eq		Less developed			0			23,235	Monitoring data	This indicator covers activity under all investment priorities
C34	Output	Estimated GHG reductions	Tonnes of CO <sub>2</sub> eq		Transition			0			77,211	Monitoring data	This indicator covers activity under all investment priorities
C34	Output	Estimated GHG reductions	Tonnes of CO <sub>2</sub> eq		More developed			0			238,306	Monitoring data	This indicator covers activity under all investment priorities
I1	Implementation	Number of enterprises supported from completed or partially	Enterprises		Less developed			41			41	Monitoring data	Evidence from the 2007-13 programmes suggests there will be too few, if any,

		completed operations											completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted. This implementation step is linked to 4 of the five investment priorities under PA4.
11	Implementation	Number of enterprises supported from completed or partially completed operations	Enterprises		Transition			556				556	Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted. This implementation step is linked to 4 of the five

												investment priorities under PA4.
I1	Implementation	Number of enterprises supported from completed or partially completed operations	Enterprises		More developed			1,592			1,592	Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted. This implementation step is linked to 4 of the five investment priorities under PA4.
F1	Financial	Expenditure	Euros	European Regional Development Fund	Less developed			14,758,103			95,007,897	Monitoring data The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and

												certified by that authority	
F1	Financial	Expenditure	Euros	European Regional Development Fund	Transition			52,670,435			315,714,657	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority
F1	Financial	Expenditure	Euros	European Regional Development Fund	More developed			152,603,502			974,432,508	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority

### Additional qualitative information on the establishment of the performance framework

Targets have been amended to reflect that when establishing the activities to be supported under this priority axis in the original programme the managing authority did not give proper account of domestic funding coming through the pipeline that would support similar activity. Namely:

- The £320m Heat Networks Investment Project (HNIP) capital investment programme was launched in October 2016, <https://www.gov.uk/government/publications/heat-networks-investment-project-hnip>, and is expected to support up to 200 projects by 2021 through grants and loans and other mechanisms and to lever in up to £2bn of wider investment, reducing bills, cutting carbon and forming a key part of wider urban regeneration in many locations.
- At Autumn Statement 2015, the government committed to double the UK's energy innovation spend, such that by 2021 it will have doubled to over £400m per year, <https://www.gov.uk/guidance/energy-innovation> .

This is a clear indication that the UK Government is commitment to supporting the EU's Sustainable Growth ambitions; however, this change in the funding landscape since the agreement of the programme in 2015 means that some of our original assumptions around the investments that would be supported through the programme are now being met domestically.

To address this issue the managing authority is seeking amendments to the Programme to broaden what can be supported. It will, however, take time for those changes to translate into new projects. To ensure that the 2018 performance framework financial targets in all categories of region are realistic and achievable in this new environment the managing authority is move seeking to move €25.6m of the transition region allocation and €38.5m of the more developed region allocation to priority axis 3. The changes will still see the England ERDF programme continue to exceed the thematic concentration requirement for this priority axis: transition region 17.38% (against a 15% minimum threshold) and more developed 21.75% (against a 20% minimum threshold). In addition, the UK as a whole will also continue to meet its priority axis 4 thematic concentration obligations.

The performance framework financial and non-financial targets for the affected categories of region have been amended accordingly.

## 2.A.9 Categories of intervention

**Table 7: Dimension 1 – intervention field**

<b>Fund</b>	<b>Category of region</b>	<b>Code</b>	<b>Amount</b>
European Regional Development Fund	More developed	009 Renewable energy: wind	32,915,026
European Regional Development Fund	More developed	010 - renewable energy: solar	32,915,026
European Regional Development Fund	More developed	011 - Renewable energy: biomass	32,915,026
European Regional Development Fund	More developed	012 - Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure)	53,651,014
European Regional Development Fund	More developed	013 - Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures	46,399,834
European Regional Development Fund	More developed	013 - Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures	51,692,719
European Regional Development Fund	More developed	015 - Intelligent energy distribution systems at medium and low voltage levels (including smart grids and ICT systems)	51,990,765
European Regional Development Fund	More developed	036 - Multimodal transport	18,559,934
European Regional Development Fund	More developed	043 - Clean urban transport infrastructure and promotion (including equipment and rolling stock)	18,559,934
European Regional Development Fund	More developed	044 - Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring, control and information systems)	31,883,798

European Regional Development Fund	More developed	065 - Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change	46,399,834
European Regional Development Fund	More developed	068 - Energy efficiency and demonstration projects in SMEs and supporting measures	55,679,801
European Regional Development Fund	More developed	069 - Support to environmentally-friendly production processes and resource efficiency in SMEs	5,292,885
European Regional Development Fund	More developed	085 - Protection and enhancement of biodiversity, nature protection and green infrastructure	3,720,675
European Regional Development Fund	More developed	090 - Cycle tracks and footpaths	4,639,983

<b>Fund</b>	<b>Category of region</b>	<b>Code</b>	<b>Amount</b>
European Regional Development Fund	Transition	009 - Renewable energy: wind	13,082,646
European Regional Development Fund	Transition	010 - Renewable energy: solar	13,082,646
European Regional Development Fund	Transition	011 - Renewable energy: biomass	13,082,646
European Regional Development Fund	Transition	012 - Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure)	20,558,444
European Regional Development Fund	Transition	013 - Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures	20,847,414
European Regional Development Fund	Transition	014 - Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures	23,361,867
European Regional Development Fund	Transition	015 - Intelligent energy distribution systems at medium and low voltage levels (including smart grids and ICT systems)	18,689,494



European Regional Development Fund	Transition	036 - Multimodal transport	1,250,845
European Regional Development Fund	Transition	043 - Clean urban transport infrastructure and promotion (including equipment and rolling stock)	9,344,747
European Regional Development Fund	Transition	044 - Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring, control and information systems)	6,254,224
European Regional Development Fund	Transition	065 - Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change	18,689,494
European Regional Development Fund	Transition	068 - Energy efficiency and demonstration projects in SMEs and supporting measures	25,016,897
European Regional Development Fund	Transition	069 - Support to environmentally-friendly production processes and resource efficiency in SMEs	2,514,453
European Regional Development Fund	Transition	085 - Protection and enhancement of biodiversity, nature protection and green infrastructure	2,819,081
European Regional Development Fund	Transition	090 - Cycle tracks and footpaths	833,898

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	012 - Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure)	30,664,399
European Regional Development Fund	Less developed	013 - Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures	3,281,858
European Regional Development Fund	Less developed	014 - Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures	9,845,573
European Regional Development Fund	Less developed	065 - Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change	14,677,518
European Regional Development Fund	Less developed	068 - Energy efficiency and demonstration projects in SMEs and supporting measures	17,536,969

**Table 8: Dimension 2 – form of finance**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	01 – Non-repayable grant	431,094,356
European Regional Development Fund	More developed	04 – Support through financial instruments: loan	39,763,174

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	01 – Non-repayable grant	150,668,615
European Regional Development Fund	Transition	04 – Support through financial instruments: loan	30,604,671

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	01 – Non-repayable grant	76,006,317

**Table 9: Dimension 3 – Territory type**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	07 - Not applicable	487,216,254

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	07 - Not applicable	189,428,794

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	07 - Not applicable	76,006,317

**Table 10: Dimension 4 – territorial delivery mechanism**

Fund	Category of region	Code	Amount
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European Regional Development Fund	More developed	01 - Integrated Territorial Investment Urban	87,200,366
European Regional Development Fund	More developed	07 - Not applicable	400,015,888

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	01 - Integrated Territorial Investment Urban	9,739,678
European Regional Development Fund	Transition	07 - Not applicable	179,689,116

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	03 - ITI (other)	76,006,317

**2.A.5 Summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the Programmes and beneficiaries (where appropriate) (by priority axis)**

Technical assistance may be used to support the preparation of ex ante assessments required for financial instruments.

## **PRIORITY AXIS 5: Promoting Climate Change Adaptation, Risk Prevention and Management**

### **2.A.2 Justification for the establishment of a priority axis covering more than one category of region, thematic objective or Fund (where applicable)**

Flood risk presents a significant challenge to territories across England, as witnessed by significant flood incidents which, according to the Office of Science and Technology's Foresight Flood and Coastal Defence, are set to at least double and be more severe in coming years. This can lead to economic blight in affected areas with economic sites remaining undeveloped through flood risk and businesses exiting areas which have experienced flood damage and potential future flooding.

These risks to be specific to certain exposed geographies which are found in all categories of region. Furthermore, the coastline of England includes areas from more developed, transition and less developed regions.

A single Priority Axis for "Promoting climate change adaptation, risk prevention and management" will therefore cover all three categories of region: Less Developed, More Developed and Transition. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs and opportunities across England. Partner investment choices will ensure that European Regional Development Fund is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

**2.A.4 INVESTMENT PRIORITY 5b** : promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems;

### **2.A.5 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))**

**SPECIFIC OBJECTIVE 5.1:** Enabling and protecting economic development potential through investment in flood and coastal flooding management where there is demonstrable market failure

England has a particular vulnerability to extreme weather, climate change and flood and coastal risk because it has areas of high population and economic density that are exposed to the increasingly dynamic impacts of North Atlantic low pressure systems.

The specific objective is to target investment of ERDF into measures that safeguard and enable sustainable economic growth in these contexts. It will help ensure that at risk communities, businesses and their local economy can adapt. As a result they will be able to contribute to and benefit from sustainable local economic growth.

UK domestic resources are aimed primarily at the protection of households. Investment from ERDF under this priority axis will complement this, by focusing on

protecting business premises, economic infrastructure and strategic sites for commercial redevelopment.

Evidence from across all flood and coastal risk management investment in England 2011-2015 identifies that the average cost of reducing significant risk to non-residential properties is £9600.

The specific objective is to reduce significant flood and coastal risk to 7,000 business premises, as a result addressing investment and economic growth risk constraints.

**Table 3: Programme Specific Result Indicators by specific objective (for European Regional Development Fund) (Article 96.2(b)(ii))**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
5.1.	Number of non-residential properties better protected from flood and coastal risks	Number		0	2014	7000	Monitoring data	Annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

ERDF, along with EAFRD where relevant, will be used to complement the UK Government’s Flood and Coastal Risk Management (FCRM) Grant in Aid and other domestic investment, as per the Flood and Coastal Resilience Partnership Funding Policy. This will help to achieve viability for schemes that have a high potential economic development and growth value but that have relatively low eligibility to domestic flood and coastal resilience funding which focuses more on residential properties. These are contexts where actions will enable sustainable commercial development and/or business infrastructure that is of strategic value to wider economy. This will extend what can be afforded and deliver mutually aligned flood and coastal resilience and sustainable economic growth outcomes, with a particular focus on strategic opportunities identified by Local Enterprise Partners and which benefit at-risk and economically marginalised communities and their economies, enabling them to participate in and contribute to growth.

Flood mitigation measures will support the protection of major employment areas and SMEs and unlock derelict, underused or neglected land on strategically important sites/areas identified as central to realising growth aspirations. This will include incorporation of flood risk management and river restoration into employment sites and surrounding areas, and into design and lay-out so that flood risk and surface water management is actively addressed in a sustainable way such as through Green and Blue infrastructure.

Flood mitigation and associated environmental measures will also aim to bring back into use, in a sustainable way (such as through green and blue infrastructure), dormant land in need of remediation identified as strategically important for business growth and employment.

Investment under this Priority Axis is being targeted at areas, where exposure to flood and coastal risk, the impacts of climate change and related constraints on economic growth are most significant. The focus of investments will be on, but not limited to, areas of the East coast, North West & South West of England.

The focus will be on sections of coasts and rivers that are most susceptible to these risks, to places along them identified as priorities for sustainable economic growth, where ERDF investment can be matched and aligned with other sources to make appropriate risk management actions affordable.

Along the East Coast priority areas will be but not limited to; the Tees the Team Valleys; the Northumbrian and Yorkshire Coasts; the River Aire and Calder; the Humber Estuary; the Lower Derwent (Derby); the Lincolnshire Coast; and the Norfolk Coast. In the North West the focus will be on, but not limited to addressing coastal and fluvial constraints to towns with growth opportunities in Cumbria and Lancashire. In Cornwall and the South West, it will help to address coastal and flood risks to settlements with the greatest sustainable development potential.

Actions, specific to the needs and circumstances of the prioritised locations, will be both “hard” and “soft” and determined via an options appraisal process. The types of actions and estimated proportions of them can be broken down into three headings: coastal resilience, fluvial risk management and surface water run-off and drainage systems. In many contexts it will require a combination of measures to address an interaction of sources of risks to deliver the specific objective.

### **Coastal resilience** (indicative 40%)

- managed realignment and mitigation of coastal squeeze;
- shoreline re-nourishment, cliff and dune system stabilisation;
- harbour, port and waterfront enhanced protection and adaptations. These investments are not linked to transport;
- improvements to coastal frontages and seawalls;
- strengthening and extensions to estuary embankments.

### **Fluvial risk management** (indicative 30%)

- onsite or upstream attenuation and slowing the flow measures;
- diversion channels;
- raising strengthening and/or extending river walls and frontages;
- fixed and temporary barriers and gates;
- stepped back embankments;
- resilience measures for business infrastructure, including for example wet or dry flood-proofing;
- river restoration and improved conveyance measures.

### **Surface water run-off and drainage systems** (indicative 30%)

- integration, including retrofitting, of surface water and run off management measures into urban and commercial redevelopments;
- innovative measures in contexts where flood risk and land management relies on pumping and inter-relates with drainage.

Across all three, there may be actions to promote knowledge transfer and exchange of information relating to adaptations to climate change, risk management and resilience.

#### **2.A.6.2 Guiding principles for the selection of operations**

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations.

Actions supported under this Axis will need to comply and deliver aspects of the relevant local flood and coastal risk plan and where relevant the shoreline management plan of the context. Where they are aligned and are integrated with measures being implemented as part of the domestic Government-funded FCRM six year (capital) investment programme they will need to be selected in accordance with FCRM appraisal guidance. This guidance clearly identifies the importance of

valuing and preference in favour of approaches which sustain and enhance the natural and built environment, habitat and biodiversity.

Preference will be given towards using natural approaches to flood risk and water management which also have biodiversity benefits (green and blue infrastructure) as opposed to hard infrastructure, where possible and appropriate.

Investments will take account of the UK's National Planning Policy Framework which includes requirements for local planning authorities to "set out a strategic approach in their Local Plans, planning positively for the creation, protection, enhancement and management of networks of biodiversity and green infrastructure".<sup>109</sup>

Where an investment is planned for a site that is designated as part of the Natura2000 network, or sits in proximity to such a site, reference should be made to the Prioritised Action Framework to ensure any proposed interventions complement the designated site's objectives.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this Priority Axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Cornwall Council will be designated as an Intermediate Body and will have responsibility for selecting operations that meet local priorities in relation to the Operational Programme and local ESI Funds Strategy. In exercising this responsibility, it will take account of the guiding principles set out above and the project selection criteria agreed by the Programme Monitoring Committee.

Combined Authorities will be designated as Intermediate Bodies in some devolution deals in England. Intermediate Bodies who are designated in these cases will have responsibility for certain tasks relating to the selection of operations that meet local priorities in relation to the Operational Programme and local ESI Funds Strategy. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the Programme Monitoring Committee.

### **2.A.6.3 The Planned use of financial instruments (where appropriate)**

The use of financial instruments dedicated solely to this investment priority is not foreseen at the beginning of the programming period. However, this will be kept under review and if there is deemed to be potential for their use, an ex ante assessment as required by Article 37 of the Common Provisions Regulation will determine the scope and design of such instruments.

### **2.A.6.4 Planned use of major projects (where appropriate)**

No major projects are planned.

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<sup>109</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6077/2116950.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf)



## 2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C23	Surface of habitats supported to attain better conservation status	Hectares	European Regional Development Fund				23	Monitoring data	Annual
P6	Businesses and properties with reduced flood risk	Number	European Regional Development Fund				7,766	Monitoring data	Annual

## 2.A.8 Performance framework

**Table 6: The Performance framework of the priority axis (by fund and by category of region)**

ID	Indicator Type	Indicator or key implementation step	Measurement unit	Fund	Category of region	Milestone for 2018			Final target (2023)			Source of data	Explanation of relevance of indicator where appropriate
						M	W	T	M	W	T		
P6	Output	Number of businesses and properties with reduced flood risk	Enterprises	European Regional Development Fund	Less developed			0			174	Monitoring data	This indicator covers activity under all investment priorities
P6	Output	Number of businesses and properties with reduced flood risk	Enterprises	European Regional Development Fund	Transition			0			4,591	Monitoring data	This indicator covers activity under all investment priorities
P6	Output	Number of businesses and properties with reduced flood risk	Enterprises	European Regional Development Fund	More developed			0			3,001	Monitoring data	This indicator covers activity under all investment priorities
I1	Implementation	Percentage of Schemes in place	Percentage	European Regional Development Fund	Less developed			100			100	Monitoring data	This implementation step will measure the number local flood risk mitigation schemes in place

I1	Implementation	Percentage of Schemes in place	Percentage	European Regional Development Fund	Transition			100			100	Monitoring data	This implementation step will measure the number of local flood risk mitigation schemes in place
I1	Implementation	Percentage of Schemes in place	Percentage	European Regional Development Fund	More developed			100			100	Monitoring data	This implementation step will measure the number of local flood risk mitigation schemes in place
F1	Financial	Expenditure	Euros	European Regional Development Fund	Less developed			2,600,433			15,587,392	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority
F1	Financial	Expenditure	Euros	European Regional Development Fund	Transition			12,417,954			74,435,121	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure

												entered into the accounting system of the certifying authority and certified by that authority
F1	Financial	Expenditure	Euros	European Regional Development Fund	More developed		8,118,091			48,661,082	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority

### **Additional qualitative information on the establishment of the performance framework**

The evidence base used to calculate the Performance Framework Targets for the more developed and transition regions in the programme adopted in 2015 was based on a single comparator 2007-2013 project. The unit costs for this project were applied to the transition and more developed region allocations. The Managing Authority following adoption of the Programme has identified a more suitable evidence base for the Performance Framework unit cost calculation; the data set out in the Flood and Coastal Erosion Risk Management Outcome Measures Progress Report, published on 6 January 2015. The report establishes the average capital cost of measures that reduce significant risk to non-residential properties as £9,600. This figure is arrived at by taking the total Flood and Coastal Risk Management government expenditure on all specific capital schemes across England during 2011/12 – 2014/15 of £997m, deducting from this the estimated eligible total amount of Flood and Coastal Risk Management Grant in Aid (allocated to deliver better protection to households and inter-tidal habitat targets of 400 ha) leaving a balance of £271m. Dividing

this balance by the number of benefiting commercial property receptors (28,215) it proves the best available unit cost estimate (£9,600).

The performance framework financial and non-financial targets for the affected categories of region have been amended accordingly.

## 2.A.9 Categories of intervention

**Table 7: Dimension 1 – intervention field**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	087 - Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and droughts, including awareness raising, civil protection and disaster management systems and infrastructure	24,330,541

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	087 - Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and droughts, including awareness raising, civil protection and disaster management systems and infrastructure	44,661,072

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	087 - Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and droughts, including awareness raising, civil protection and disaster management systems and infrastructure	12,469,913

**Table 8: Dimension 2 – form of finance**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	01 - Non repayable grant	24,330,541

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	01 Non repayable grant	44,661,072

Fund	Category of region	Code	Amount
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European Regional Development Fund	Less developed	01 - Non repayable grant	12,469,913
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**Table 9: Dimension 3 – Territory type**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	07 - Not applicable	24,330,541

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	07 - Not applicable	44,661,072

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	07 - Not applicable	12,469,913

**Table 10: Dimension 4 – territorial delivery mechanism**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	07 - Not applicable	24,330,541

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	07 - Not applicable	44,661,072

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	03 - ITI (other)	12,469,913

**2.A.5 Summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the Programmes and beneficiaries (where appropriate) (by priority axis)**

Not appropriate

## **PRIORITY AXIS 6: Preserving and Protecting the Environment and Promoting Resource Efficiency**

### **2.A.2 Justification for the establishment of a priority axis covering more than one category of region, thematic objective or Fund (where applicable)**

Development needs in relation to environmental degradation and in respect of resource efficiency vary by territory, sector and firm size. However, whilst the position is not the same in all areas and tends to be specific to certain exposed geographies, the key development needs and opportunities that will be prioritised for support from European Regional Development Fund are shared across territories. In response a single Priority Axis for Preserving and Protecting the Environment and Promoting Resource Efficiency will cover all three categories of region: Less Developed, Transition and More Developed. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs and opportunities across England. Partner investment choices will ensure that European Regional Development Fund is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

**2.A4 INVESTMENT PRIORITY 6d- Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure**

### **2.A.5 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))**

**SPECIFIC OBJECTIVE:** 6.1 Investments in Green and Blue infrastructure and actions that support the provision of ecosystem services on which businesses and communities depend to increase local natural capital and support sustainable economic growth

As set out in section 1, England faces a number of challenges and associated development needs in relation to achieving biodiversity, air quality and other environmental targets.

European Regional Development Fund will help reverse the decline in, restore and enhance degraded ecosystem services such as water quantity and quality, pollination, soil and air quality and to halt overall biodiversity loss. It will complement the landscape scale investments made through the European Agricultural Fund for Rural Development by focussing on increasing the area of designed and managed Green Infrastructure. This will add to an area's natural capital (the stock of environmental assets) and the ecosystem services and benefits that flow from them. The improvement in the local environment will serve as a catalyst to local economic growth by attracting inward investment, attracting increased visitor spend, reducing the costs of adverse environmental conditions, providing health benefits and



generating employment.<sup>110</sup> For example remediation and redevelopment of brownfield sites will help maintain the availability of soil as a finite resource for the delivery of its many ecosystem services and contribute to the milestone as set out in the Commission’s Roadmap to a Resource Efficient Europe. Use of European Regional Development Fund will bring together environmental protection and economic growth objectives, ensuring they complement each other as part of an integrated approach.

It is very challenging to come up with a single metric to measure green infrastructure and the multiple ecosystem benefits it provides. The overall goal is to increase the quality and quantity of natural capital in England. There is a combination of the Sustainable Development, England Natural Environment, and the Biodiversity Indicator sets that measure national performance on a range of environmental matters. The National Ecosystem Assessment laid strong foundations in assessing the range of environmental assets and services we rely on, the Office for National Statistics are currently developing national Natural Capital Accounts, and a range of activity is underway to enable better mapping and measurement of ecosystem services (which flow from our natural assets/ green and blue spaces) - which could result in a more suitable measure within 2 years. However no suitable single metric for measuring multi-functional environmental assets currently exists.

We are exploring a number of opportunities to provide suitable baseline data for green infrastructure including the development of a national habitat connectivity indicator, recording connectivity and multifunctional green space via earth observation platform’s (the EU Copernicus Programme), and developing national natural capital accounts. However as this is not currently available, we will measure the area of GI delivered as the best available measure.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund)**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
6.1	Increase of the area of green and blue infrastructure	Hectares		6700ha -	2016	Increase of 1500	Monitoring	Annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where

<sup>110</sup> To what extent does green infrastructure improvement act as a catalyst for economic growth? An assessment of the international and UK evidence (previously project number WC0810) - WC0820 <http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=0&ProjectID=19056#Description>

**appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.**

Activity supported to achieve this specific objective will focus on investment in Green Infrastructure. The definition of Green Infrastructure used in the National Planning Policy Framework is: “A network of multi-functional green space, urban and rural, which is capable of delivering a wide range of environmental and quality of life benefits for local communities”. The more detailed definition set out in Natural England’s Green Infrastructure guide<sup>111</sup> is: “Green Infrastructure is a strategically planned and delivered network comprising the broadest range of high quality green spaces and other environmental features. It should be designed and managed as a multifunctional resource capable of delivering those ecological services and quality of life benefits required by the communities it serves and needed to underpin sustainability. Its design and management should also respect and enhance the character and distinctiveness of an area with regard to habitats and landscape types. Green Infrastructure includes established green spaces and new sites and should thread through and surround the built environment and connect the urban area to its wider rural hinterland. Consequently it needs to be delivered at all spatial scales from sub-regional to local neighbourhood levels, accommodating both accessible natural green spaces within local communities and often much larger sites in the urban fringe and wider countryside.” Blue Infrastructure is a sub-set of this. It refers to the water-related features (rivers, ponds, lakes etc) that play a crucial role in providing benefits to people and wildlife.

Activity can include site clearance, soil desealing, decontamination and land remediation, but only where these directly contribute to an area’s Green and Blue Infrastructure/ natural capital which are the primary objective of the interventions.

Sustainable drainage can be a design function incorporated within Green Infrastructure. It can also make a contribution to the provision of Green Infrastructure, where natural solutions are used to provide such a function. Furthermore the volume and quality of water that flows into blue infrastructure, such as rivers, ponds and lakes, has a fundamental impact on their health and condition. Sustainable drainage can help improve this.

Under this investment priority, indicative actions to be supported by European Regional Development Fund may include:

- Investment in green and blue infrastructure such as green corridors in urban areas and waterways;
- Sustainable drainage to improve water quality and in some cases local air quality.

### **2.A.6.2 The Guiding principles for the selection of operations**

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the

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<sup>111</sup> <http://publications.naturalengland.org.uk/publication/35033?category=49002>

Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations.

The focus of projects under this investment priority and specific objective should be on preservation and protection of the environment, but projects may also provide additional benefits such as attracting inward investment, increasing employment opportunities and improving employee retention.

All Green Infrastructure projects are required to make a contribution towards biodiversity priorities (especially relating to national objectives to increase the provision of water, grass and woodland habitats) and in addition proposals will need to clearly show how they deliver at least one of the socio-economic benefits of Green Infrastructure below to deliver:

- Flooding alleviation and Water Management;
- Pollution management/ control/ regulation (water and air);
- Economic growth and Investment (new market opportunities);
- Health, Well-being, Recreation and Leisure (linked to a growth benefit);
- Provision of products from the land;
- Climate Change adaptation and mitigation.

In determining which projects should be eligible for funding reference should be made to the relevant sections of the National Planning Policy Framework relating to the environment and Green Infrastructure; Green Infrastructure priorities set out in Local Plans; the Natural Environment White Paper (2011); Biodiversity 2020 (2011); and Natural England's Green Infrastructure Guidance.

The UK's National Planning Policy Framework requires local planning authorities to "set out a strategic approach in their Local Plans, planning positively for the creation, protection, enhancement and management of networks of biodiversity and green infrastructure".<sup>112</sup> Investments in Green Infrastructure should look to complement the priorities for multi-functional green space as set out in the relevant Local Plans.

Where an investment is planned for a site that is designated as part of the Natura2000 network, or sits in proximity to such a site, reference should be made to

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<sup>112</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/60777/2116950.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60777/2116950.pdf)

the Prioritised Action Framework to ensure any proposed interventions complement the designated site's objectives

London's integrated territorial investment will draw from this Priority Axis. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this Priority Axis. They too will have responsibility for the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this Priority Axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### **2.A.6.3 Planned use of financial instruments (where appropriate)**

Subject to the completion of an ex ante assessment, in accordance with Article 37 of the Common Provisions Regulation, the Managing Authority will look to draw on the experience gained establishing in the implementation of financial instruments under the 2007-2013 Programme. Investments may target the creation/refurbishment of urban infrastructure through urban regeneration operations.

### **2.A.6.4 The Planned use of major projects (where appropriate)**

No major projects are foreseen under this investment priority at the beginning of the programming period.

### **2.A.6.5 Output indicators by investment priority and, where appropriate by category of region**

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator		Fund	Category of region	Target value		
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		Measurement Unit		(where relevant)	M	W	T	Source of data	Frequency of reporting
C22	Total surface area of rehabilitated land	Hectares	European Regional Development Fund				24	Monitoring data	Annual
C23	Surface area of habitats supported in order to attain a better conservation status	Hectares	European Regional Development Fund				1,396	Monitoring data	Annual

**2.A.4 INVESTMENT PRIORITY 6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution**

### 2.A.5 Specific objectives corresponding to the investment priority and expected results

**SPECIFIC OBJECTIVE:** 6.2 Investment to promote the development and uptake of innovative technologies, in particular in resource efficiency, in order to increase the resilience and environmental and economic performance of businesses and communities.

Many businesses and communities have limited resources to support and adopt innovative practices that would boost their performance and competitiveness: there is value in supporting new uptake and transfer of knowledge and experience of eco-innovation between businesses and communities.

In England failure to adopt improved practices and to invest in environmental innovation puts Small and Medium Sized Enterprises at a comparative disadvantage to larger firms and in relation to companies in better-performing territories. Investment from the European Regional Development Fund can assist firms in addressing this development need and unlock economic growth. There is an opportunity for businesses, including small and medium sized enterprises, to benefit from new market opportunities in natural goods and services, and from using natural capital more sustainably in their own supply chains.

The aim therefore is to help businesses optimise the use of resources in ways that improve business performance in terms of resilience, profitability and competitiveness while at the same time contributing to the protection and preservation of the environment.

This will be assessed in terms of increased resource productivity ie raw material consumption divided by GDP. The indicator will be natural resource use based on raw material consumption of construction and non-construction materials. To examine changes in resource productivity and the comparative changes in materials,

an indexed time series against GDP will be used. If 2000 was 100, 2011 was roughly 120.

On basis of trajectory shown between 2001 and 2012, and a scenario in which the rate of change shown in the past will continue, it might reasonably be expected that GDP/Raw Material Consumption in 2023 could lie broadly within the range £5,000 to £5,800. This would represent an increase of between 81% and 109% comparing 2023 to 2012. However this is extremely uncertain and represents one scenario among many of GDP and Raw Material Consumption and cannot be regarded as a prediction or forecast of the future. Going forward, we will need to review as outturns for GDP and Raw Material Consumption become available.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund)**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
6.2	Natural resource productivity of enterprises supported based on raw material consumption of construction and non-construction materials, using a GDP index	Number		150	2011	Increase of 81%	ONS	Annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by the European Regional Development Fund may include:

- Provision of support and advice for businesses in the adoption of innovative technologies and processes for the management and reuse of energy, materials, water and waste (including recycling and recovery);
- Provision of support for the piloting and demonstration of innovative technologies to promote resource efficiency in order to encourage their greater take-up.

### **2.A.6.2 Guiding principles for the selection of operations**

The Programme Monitoring Committee will approve criteria for the selection of projects that the Managing Authority and (for Sustainable Urban Development) the Intermediate Body will apply to the assessment and appraisal of all applications. As required by the Common Provisions Regulation, the criteria will take into account the general principles of sustainable development and promotion of equality between men and women and non-discrimination.

Operations must take into account the development needs and integrated approach to territorial development set out in the ERDF Operational Programme. Within the context of the Operational Programme and in line with the overarching strategy described in section 1, the specific territorial development needs described in local ESI Funds strategies will be considered in the selection of operations.

London's integrated territorial investment will draw from this Priority Axis. As the Greater London Authority will be designated as an intermediate body, it will have responsibility for the selection of operations. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The sustainable urban development strategies to be prepared by the Core City Regions are also likely to propose integrated actions that draw from this priority axis. They too will have responsibility for the selection of operations, as part of the implementation in the UK of Article 7 of the ERDF Regulation. In exercising this responsibility in respect of operations under this Priority Axis, it will take account of the guiding principles set out above and its Sustainable Urban Development Strategy, as well as the project selection criteria agreed by the Programme Monitoring Committee.

The integrated territorial investment for Cornwall and the Isles of Scilly will include the allocation for this Priority Axis in respect of the less developed category of region, together with the corresponding targets in the performance framework.

Authorities will be designated as Intermediate Bodies in some devolution deals in England. These Intermediate Bodies will have responsibility for certain tasks relating to the selection of operations that meet local priorities. In exercising this responsibility, these Intermediate Bodies will take account of the guiding principles set out above and the project selection criteria agreed by the PMC.

### **2.A.6.3 Planned use of financial instruments (where appropriate)**

Subject to the outcome of ex ante assessments, financial instruments that provide access to finance for SMEs or that focus on low carbon will be available to support companies that wish to commercialise innovative technologies or to fund their adoption.

The further use of financial instruments to deliver this investment priority will be kept under review and if there is deemed to be potential for their use, an ex ante

assessment as required by Article 37 of the Common Provisions Regulation will determine the scope and design of such instruments.

#### 2.A.6.4 Planned use of major projects (where appropriate)

No major projects are foreseen under this investment priority at the beginning of the programming period.

#### 2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund			1,548	Monitoring data	Quarterly	
C5	Number of new enterprises supported	Enterprises	European Regional Development Fund			310	Monitoring data	Quarterly	
C29	Number of enterprises supported to introduce new to the firm products	Enterprises	European Regional Development Fund			248	Monitoring data	Annual	



## 2.A.8 Performance framework (Article 96 (2) (b) (v))

**Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)**

ID	Indicator Type	Indicator or key implementation step	Measurement unit	Fund	Category of region	Milestone for 2018			Final target (2023)			Source of data	Explanation of relevance of indicator where appropriate
						M	W	T	M	W	T		
C23	Output	Surface area of habitats supported in order to attain a better conservation status	Hectares	European Regional Development Fund	Less developed			0			126	Monitoring data	
C23	Output	Surface area of habitats supported in order to attain a better conservation status	Hectares	European Regional Development Fund	Transition			0			290	Monitoring data	
C23	Output	Surface area of habitats supported in order to attain a better conservation status	Hectares	European Regional Development Fund	More developed			0			980	Monitoring data	

11	Implementation	Surface area of habitats supported in order to attain a better conservation status that has been achieved by partially or fully completed operations	Hectares	European Regional Development Fund	Less developed		14		14	Monitoring data	On the basis of experience of past programmes, few if any projects will be completed by end 2018. This indicator will measure outputs delivered from fully or partially completed operations.
11	Implementation	Surface area of habitats supported in order to attain a better conservation status that has been achieved by partially or fully completed operations	Hectares	European Regional Development Fund	Transition		32		32	Monitoring data	On the basis of experience of past programmes, few if any projects will be completed by end 2018. This indicator will measure outputs delivered from fully or partially completed operations.

I1	Implementation	Surface area of habitats supported in order to attain a better conservation status that has been achieved by partially or fully completed operations	Hectares	European Regional Development Fund	More developed			114			114	Monitoring data	On the basis of experience of past programmes, few if any projects will be completed by end 2018. This indicator will measure outputs delivered from fully or partially completed operations.
F1	Financial	Expenditure	Euros	European Regional Development Fund	Less developed			2,518,416			16,059,333	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority
F1	Financial	Expenditure	Euros	European Regional Development Fund	Transition			5,581,769			35,593,592	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into

													the accounting system of the certifying authority and certified by that authority
F1	Financial	Expenditure	Euros	European Regional Development Fund	More developed			17,638,686			105,728,986	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority

Projects will only be able to start the process of design, consultation, community engagement etc. as required in 2015. Experience with previous programmes such as Newlands and the Merseyside Objective 1 Programme suggest a typical period of 2-3 years from project lead in time through to work starting, although more complex projects may take longer.

Following agreement of the programme the need to demarcate between ERDF and EAFRD (Countryside Stewardship) was identified. Specifically in relation to what each fund can support to ensure that there is no double funding by an applicant, as each of the funding streams can support very similar activity. The result is that many areas are now unable to make the investments that they had planned under IP6d and as such the managing authority has reduce the IP6d allocation. This reduction will be through a decrease in the overall priority axis 6 more developed region allocation by €13,712,829 ERDF and the transition region ERDF allocation by €4,527,399. In addition, funding has also been moved from IP6d to IP6f.

The performance framework financial and non-financial targets for the affected categories of region have been amended accordingly.

## 2.A.9 Categories of intervention

**Table 7: Dimension 1 – intervention field**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	069 - Support to environmentally friendly production processes and resource efficiency in SMEs	15,369,337
European Regional Development Fund	More developed	085 - Protection and enhancement of biodiversity, nature protection and green infrastructure	31,514,942
European Regional Development Fund	More developed	089 - Rehabilitation of industrial sites and contaminated land	5,980,214

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	069 - Support to environmentally friendly production processes and resource efficiency in SMEs	5,037,137
European Regional Development Fund	Transition	085 - Protection and enhancement of biodiversity, nature protection and green infrastructure	12,801,491
European Regional Development Fund	Transition	089 - Rehabilitation of industrial sites and contaminated land	3,517,527

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	069 - Support to environmentally friendly production processes and resource efficiency in SMEs	3,211,867
European Regional Development Fund	Less developed	085 - Protection and enhancement of biodiversity, nature protection and green infrastructure	9,635,599

**Table 8: Dimension 2 – form of finance**

Fund	Category of region	Code	Amount
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European Regional Development Fund	More developed	01 - Non-repayable grant	46,082,581
European Regional Development Fund	More developed	03 - Support through financial instruments: venture and equity capital or equivalent	3,390,956
European Regional Development Fund	More developed	04 - Support through financial instruments: venture and equity capital loan or equivalent	3,390,956

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	01 - Non-repayable grant	21,356,155

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	01 - Non-repayable grant	12,847,466

**Table 9: Dimension 3 – Territory type**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	07 - Not applicable	52,864,493

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	07 - Not applicable	21,356,155

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	07 - Not applicable	12,847,466

**Table 10: Dimension 4 – territorial delivery mechanism**

Fund	Category of region	Code	Amount
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European Regional Development Fund	More developed	01 - Integrated Territorial Investment Urban	17,167,636
European Regional Development Fund	More developed	07 - Not applicable	35,696,857

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	07 - Not applicable	21,356,155

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	03 - ITI (other)	12,847,466

**2.A.5 Summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the Programmes and beneficiaries (where appropriate) (by priority axis)**

Not appropriate

## **PRIORITY AXIS 7: Sustainable Transport In Cornwall and The Isles of Scilly**

### **2.A.2 Where applicable, a justification for the establishment of a priority axis covering more than one category of region, thematic objective or Fund**

Not applicable

### **2.A.4 INVESTMENT PRIORITY 7a - Supporting a multimodal Single European Transport Area by investing in the TEN-T**

### **2.A.5 Specific objectives corresponding to the investment priority and expected results**

**SPECIFIC OBJECTIVE 7.1:** Improve the accessibility of Cornwall and the Isles of Scilly by enhancing integration with the TEN-T rail network

The economy of Cornwall and the Isles of Scilly is hampered by a range of transport development needs. By virtue of its peripherality and physical distance to markets, business growth is slowed by high transport costs and slower movement of goods and services which in turn impacts on the areas' attractiveness to new business and inward investment. It is in particular adversely impacted by poor transport links to the core corridors of the TEN-T network. These restrict trade opportunities as well as hamper travel for visitors to Cornwall and the Isles of Scilly, which constrains growth of the tourist sector. This is partly why the Atlantic Action Plan, which covers Cornwall, includes as a priority the need to improve connectivity and accessibility for peripheral areas, including their links with inland areas.

The importance of good connectivity and sustainable forms of transport to aid economic development and growth has been recognised in the UK's TEN-T map, approved by the Commission, which includes the main railway line from London to Penzance as part of the Comprehensive TEN-T Rail Network.

Travel by rail into and within Cornwall has expanded over the past two decades. There is however only one main train line through Cornwall with five branch lines from it serving Gunnislake, Looe, Newquay, Falmouth and St Ives. The main line from London to Penzance provides an important strategic link to the rest of the UK. However, current signal block lengths, which ensure sufficient space between trains to avoid collisions, limit the capacity to operate more frequent trains. Infrastructure improvements would enable a greater frequency of services (that is, more long distance services from Cornwall to London and other economic centres in the UK) and reduce rail travel time to London.

Support from the European Regional Development Fund will enable parts of the comprehensive network to be developed in order to increase frequency of rail services, reduce road congestion, speed up travel times and increase passenger numbers travelling on or through them, in line with the Local Transport Plan: Connecting Cornwall 2011-2030.



For the signalling project, the objective is to enable greater service frequency on the mainline railway. This result will enable a measurement of the number of services following the investment. This will be measured by the timetable. All train paths on a route constitute a timetable but for this measure the specific parameters will be services between Penzance and Plymouth; in an 19 hour period (05.00hrs to 24.00hrs); stopping at the majority of stations on the mainline.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund )**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
7.3	Improved service frequency	Number of services each day	Less developed	23 services eastbound / 23 services westbound	2014	32 services eastbound / 32 services westbound	Timetable	Pre and post investment reporting

## 2.A.6 Action to be supported under the investment priority

**2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.**

Under this investment priority, actions to be supported by European Regional Development Fund will be:

- Targeted investment in the Comprehensive TEN-T rail network, namely improvements to signalling infrastructure on the mainline.

These investments in strategic transport infrastructure will be complemented by investments under investment priority 7c that foster environmentally-friendly and low-carbon transport and catalyse more sustainable and multi-modal transport for users of the main railway line as well as a shift to more sustainable modes of transport such as public transport, rail services and cycling.

### 2.A.2.2 The Guiding principles for the selection of operations

Transport schemes can play an important role in promoting economic development and are necessary to complement other growth investments (past and future). The specific investments in transport under this investment priority will need to demonstrate that they are addressing significant and evidenced bottlenecks, for example for business, commuter and holiday traffic.

The local impact should be a major feature of any successful investment, but there will also need to be a demonstration of how access to and from the rest of the UK will be enhanced.

There should be an expectation that investment will leverage additional private sector investments, whether directly or indirectly through helping attract inward investment into the area because of its improved connectivity.

All applicable law should be complied with. Any public support under this Programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted. Projects must also demonstrate compliance with appropriate environmental legislative requirements, including environmental impact assessments where needed.

Cornwall Council will be designated as an Intermediate Body and will have responsibility for certain tasks relating to the selection of operations that meet local priorities in relation to the Operational Programme and local ESI Funds Strategy. In exercising this responsibility, it will take account of the guiding principles set out above and the project selection criteria agreed by the Programme Monitoring Committee.

### 2.A.6.3 The Planned use of financial instruments (where appropriate)

The use of financial instruments to deliver this investment priority is not foreseen at the beginning of the programming period. However, this will be kept under review and if there is deemed to be potential for their use, an ex ante assessment as required by Article 37 of the Common Provisions will determine the scope and design of such instruments.

### 2.A.6.4 The Planned use of major projects (where appropriate)

No major projects are planned under this investment priority.

### 2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
P7	Length of railway with new or enhanced signalling installation	Km	European Regional Development Fund	Less developed			43	Monitoring data	Annual

**2.A.4 INVESTMENT PRIORITY 7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes**

**2.A.5 Specific objectives corresponding to the investment priority and expected results**

**SPECIFIC OBJECTIVE 7.3: Improve the accessibility of Cornwall and the Isles of Scilly by enhancing integration with connection to the TEN-T network**

The economy of Cornwall and the Isles of Scilly is hampered by a range of transport development needs. By virtue of its peripherality and physical distance to markets, business growth is slowed by high transport costs and slower movement of goods and services which in turn impacts on the areas’ attractiveness to new business and inward investment. It is in particular adversely impacted by poor transport connection to the core corridors of the TEN-T network. These restrict trade opportunities as well as hamper travel for visitors to Cornwall and the Isles of Scilly, which constrains growth of the tourist sector. This is partly why the Atlantic Action Plan, which covers Cornwall, includes as a priority the need to improve connectivity and accessibility for peripheral areas, including their links with inland areas.

The importance of good connectivity and sustainable forms of transport to aid economic development and growth has been recognised in the UK’s TEN-T map, approved by the Commission. The A30 is the main trunk road connecting Cornwall with the rest of England TEN-T network but remaining sections of single carriageway along parts of it constrains capacity, resulting in severe congestion and delays which impact on the local economy and limit opportunities for growth. The planned improvement scheme would increase capacity of this connection, improve journey reliability (including in relation to resilience) and unlock productivity increases.

Support from the European Regional Development Fund will enable parts of the comprehensive network to be developed in order to reduce road congestion, speed up travel times and increase passenger numbers travelling on or through them, in line with the Local Transport Plan: Connecting Cornwall 2011-2030.

For the A30, the objective is to remove a strategic bottleneck on the main trunk road connecting Cornwall to the TEN-T comprehensive road network. This result indicator will demonstrate the reduction in the average journey time taken on this part of the infrastructure if built to a dual carriageway standard, with fully grade separated junctions.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund )**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting

7.1	All year average vehicle journey time (east-bound)	Minutes/seconds	Less developed	10 minutes 19 seconds	2014	15% reduction	DfT Traffic Master data	Pre and post investment reporting
7.2	All year average vehicle journey time (west-bound)	Minutes/seconds	Less developed	11 minutes 22 seconds	2014	18% reduction	DfT Traffic Master data	Pre and post investment reporting

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority, actions to be supported by European Regional Development Fund will be:

- Targeted investment in the A30 road network, namely enhancements to connections to Comprehensive TEN-T road network to alleviate congestion at a key bottleneck between Carland and Chiverton Cross. This key bottleneck constrains capacity for a 12.5km stretch in the central road corridor of the Less Developed Region. Investment to remove this bottleneck will enable economic growth and investment in expanding areas and key towns maximising the impact of existing and future EU investments and increasing productivity through improving journey times and through supporting sustained business growth across Cornwall and on the Isles of Scilly. The road investment will equally support job creation and labour mobility for a number of key towns that adjoin this stretch of road.

These investments in strategic transport infrastructure will be complemented by investments under investment priority 7c that foster environmentally-friendly and low-carbon transport and catalyse more sustainable and multi-modal transport for users of the A30 as well as a shift to more sustainable modes of transport such as public transport, rail services and cycling.

### 2.A.2.2 The Guiding principles for the selection of operations

Transport schemes can play an important role in promoting economic development and are necessary to complement other growth investments (past and future). The specific investments in transport under this investment priority will need to demonstrate that they are addressing significant and evidenced bottlenecks, for example for business, commuter and holiday traffic.

The local impact should be a major feature of any successful investment, but there will also need to be a demonstration of how access to and from the rest of the UK will be enhanced.

There should be an expectation that investment will leverage additional private sector investments, whether directly or indirectly through helping attract inward investment into the area because of its improved connectivity.

All applicable law should be complied with. Any public support under this Programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted. Projects must also demonstrate compliance with appropriate environmental legislative requirements, including environmental impact assessments where needed.

Cornwall Council will be designated as an Intermediate Body and will have responsibility for certain tasks relating to the selection of operations that meet local priorities in relation to the Operational Programme and local ESI Funds Strategy. In exercising this responsibility, it will take account of the guiding principles set out above and the project selection criteria agreed by the Programme Monitoring Committee.

### **2.A.6.3 The Planned use of financial instruments (where appropriate)**

The use of financial instruments to deliver this investment priority is not foreseen at the beginning of the programming period. However, this will be kept under review and if there is deemed to be potential for their use, an ex ante assessment as required by Article 37 of the Common Provisions will determine the scope and design of such instruments.

### **2.A.6.4 The Planned use of major projects (where appropriate)**

Total eligible costs for the A30 project will exceed the €75m threshold in Article 100 of the Common Provisions Regulation.

### **2.A.6.5 Output indicators by investment priority and, where appropriate by category of region**

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C14	Roads: Total length of re-constructed or upgraded roads	Km	European Regional Development Fund	Less developed			14	Monitoring data	Annual

**2.A.4 INVESTMENT PRIORITY – 7c** Developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

**2.A.5 Specific objectives corresponding to the investment priority and expected results**

**SPECIFIC OBJECTIVE 7.2: Improve accessibility and connectivity within Cornwall and the Isles of Scilly through developing sustainable means of transport**

As England’s only Less Developed territory, the economy of Cornwall and the Isles of Scilly is hampered by a range of transport development needs. Planned improvements in connectivity supported under Specific Objective 7.1 of this Priority Axis should be complemented with investments in environmentally-friendly and low carbon sustainable transport encouraging a shift towards sustainable modes of transport. These investments will additionally help to address barriers to economic growth and the movement of goods and people (labour mobility, access to jobs and an over reliance on cars with high fuel costs).

Public transport, cycling and walk paths can all improve connectivity at a local level in rural and urban areas while leading to reductions in carbon emissions. Strategies for sustainable and low carbon transport could also include promoting access to alternative fuels.

The expected results will be to show an increase in the use of more sustainable forms of transport. The proxy for this will be the number of low carbon vehicles (including public transport) registered in Cornwall and the Isles of Scilly as the bulk of the investment seeks to provide the infrastructure to enable an increase in the take-up of low carbon vehicles.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund)**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
7.3	No. of low carbon vehicles registered in C&IoS	Vehicles	Less developed	238	Q3, 2013	3000	DVLA data	Annual

**2.A.6 Action to be supported under the investment priority**

**2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where**

**appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.**

Support within this investment priority will complement investment under Specific Objective 1 of this Priority Axis to promote sustainable transport, encourage modal shift to lower carbon forms of transport and complement and support larger strategic transport infrastructure investments complementing the national Department for Transport Strategy – “Creating Growth, Cutting Carbon”. It will, in particular, improve access to stations on the London to Penzance rail line, thereby increasing the impact of the investment in the signalling improvements, encourage the use of low emission vehicles through provision of alternative fuel infrastructure and increase labour mobility through green infrastructure to improve links with transport hubs and existing and future employment sites.

There is strong evidence of market failure in relation to alternative fuels infrastructure, with the national Electric Vehicle network only reaching Exeter services which is over 90 miles from Truro, the administrative centre of Cornwall. Its peripheral and rural location means that Cornwall and the Isles of Scilly risks being cut off from national networks. This is the main driver behind the investment in this area, coupled with the wider environmental benefits. Investment will involve developing an alternative fuelling network that can bring other technologies to market with the associated economic and environmental benefits. It will also investigate the possibilities associated with decarbonising public transport.

All of the above will be wrapped into a “green corridor” approach that will allow for integrated investment in transport across Cornwall and the Isles of Scilly that will support and complement the investments that are being made in the road infrastructure. Focussing on this integrated approach is particularly important in a rural and dispersed population area like Cornwall and the Isles of Scilly with a low wage profile and high personal transportation costs. Investments in alternative fuel infrastructure that permit connectivity to the main arterial routes through Cornwall will encourage labour mobility. Equally, investment in alternative fuel infrastructure on the Isles of Scilly will encourage take up of low emission vehicles.

Under this investment priority, indicative actions to be supported by European Regional Development Fund will be:

- St Erth multi modal hub – investment to enable access to train and public transport services to promote a shift from private car to low carbon modes;
- Improvements for multi-modal travel and integrated mobility services, to connect better the A30 and the railway network with current and future employment sites (Park and Ride; Bike and Ride, cycling infrastructure at and cycle ways to train stations; etc);
- Alternative Fuels infrastructure – investment to increase the number of alternative fuel re-fuelling points across the Cornwall connecting to the A30 and other key transport routes and on the Isles of Scilly to encourage take up of low emission vehicles across the region.

### 2.A.6.2 The Guiding principles for the selection of operations

Investments under this Specific Objective shall primarily complement investments into the A30 and the main railway line under Specific Objective 1 of this Priority Axis, while fostering environmentally-friendly and low-carbon transport. Supported operations shall contribute to low-carbon road transport (use of alternative fuels) as well as a shift to more sustainable modes of transport such as public transport, rail services, cycling etc. Particular focus shall be placed on investments that catalyse more sustainable and multi-modal transport for users of the A30 and the main railway line.

Proposals should also consider and demonstrate how they are supporting and improving access to and use of sustainable forms of transport, in particular given the emphasis expected on linking people to jobs. They should also consider the potential effects of transport interventions on carbon emissions in their local using the UK Department for Transport basic carbon tool. A clear emphasis for this investment priority will be on sustainable transport.

All applicable law should be complied with. Any public support under this Programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

Cornwall Council will be designated as an Intermediate Body and will have responsibility for certain tasks relating to the selection of operations that meet local priorities in relation to the Operational Programme and local ESI Funds Strategy. In exercising this responsibility, it will take account of the guiding principles set out above and the project selection criteria agreed by the Programme Monitoring Committee.

### 2.A.6.3 The Planned use of financial instruments (where appropriate)

The use of financial instruments to deliver this investment priority is not foreseen at the beginning of the programming period. However, this will be kept under review and if there is deemed to be potential for their use, an ex ante assessment as required by Article 37 of the Common Provisions will determine the scope and design of such instruments.

### 2.A.6.4 The Planned use of major projects (where appropriate)

No major projects are planned under this investment priority.

### 2.A.6.5 Output indicators by investment priority and, where appropriate by category of region

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator		Fund	Category of region	Target value		
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		Measurement Unit		(where relevant)	M	W	T	Source of data	Frequency of reporting
P8	Alternative fuel charging/re-fueling points	Number					66	Monitoring data	Quarterly
P9	improved multi-modal connection points	Number					2	Monitoring data	Quarterly
P10	Number of multi-modal transport hubs	Number					1	Monitoring data	Quarterly

## 2.A.8 Performance framework (Article 96 (2) (b) (v))

**Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)**

ID	Indicator type	Indicator or key implementation step	Measurement unit	Fund	Category of region	Milestone for 2018			Final target (2023)			Source of data	Explanation of relevance of indicator where appropriate
						M	W	T	M	W	T		
C14	Output	Total length of reconstructed or upgraded roads	Km	European Regional Development Fund	Less developed			0			14	Monitoring	The output indicator reflects 42 per cent of the spend under this priority axis
P7	Output	Length of railway with new or enhanced signalling installation	Km	European Regional Development Fund	Less developed			0			43	Monitoring	The output indicator reflects 27 per cent of the spend under this priority axis
I5	Implementation	Percentage where signalling improved (although this will still be subject to final safety sign-off which cannot be done until end of whole project)	Percentage	European Regional Development Fund	Less developed			50			50	Monitoring	The earliest this infrastructure project will be completed is December 2018. An implementation step is used to assess the progress expected by then from a partially completed operation

I2	Implementation	Completion of planning processes and necessary clearances, including SEA for road	Percentage					100			100		
F1	Financial	Expenditure	Euros	European Regional Development Fund				11,354,818			72,406,934	Monitoring	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority

Targets have been developed drawing on information provided in the European Structural and Investment Funds strategies prepared by Local Enterprise Partnership territories and on historic data of performance and lessons learnt in the 2007-13 operational programmes for England.

## 2.A.9 Categories of intervention

**Table 7: Dimension 1 – intervention field**

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	025 - Railways (TEN-T comprehensive)	15,278,329
European Regional Development Fund	Less developed	034 - Other reconstructed or improved road (motorway, national, regional or local)	26,359,028
European Regional Development Fund	Less developed	036 - Multimodal transport	6,608,676
European Regional Development Fund	Less developed	043 - Clean urban transport infrastructure and promotion (including equipment and rolling stock)	8,511,563
European Regional Development Fund	Less developed	090 - Cycle paths and footpaths	1,167,951

**Table 8: Dimension 2 – form of finance**

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	07 - Non-repayable grant	57,925,547

**Table 9: Dimension 3 – Territory type**

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	07 - Not applicable	57,925,547

**Table 10: Dimension 4 – territorial delivery mechanism**

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	03 – ITI (other)	57,925,547

**2.A.5 Summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the Programmes and beneficiaries (where appropriate) (by priority axis)**

Not appropriate

## **PRIORITY AXIS 8: Promoting Social Inclusion and Combating Poverty and Any Discrimination**

The entire Priority Axis will be implemented through community-led local development

### **2.A.2 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, or more than one thematic objective or more than one Fund (Article 96 (1) Common Provisions Regulation)**

Research undertaken as part of the MHCLG ERDF Analytical Programme identified entrenched need in that *“spatial disparities in England are relatively large, persistent and have been increasing. On key measures such as household income and earnings, relative rankings across areas have not changed much over many years. For example, in 2009 differences in gross domestic product per capita between NUTS 2 areas in England were largely the same as those of 2000”*.

Investment of ERDF under this Priority Axis will seek to address need resulting from these persistent spatial disparities in economic performance. A map of the 20% bottom areas according to the Index of Multiple Deprivation (IMD) is submitted as an annex and shows how they are to be found in all categories of region. More detailed analysis is provided in the UK Partnership Agreement and the 2010 English Indices of Deprivation, which identifies significant variation in relative deprivation across smaller areas in England. For example:

- Over 5 million people live in the most deprived areas in England in 2008 and 38% of them were income deprived;
- 98% of the most deprived LSOAs are in urban areas but there are also pockets of deprivation across rural areas;
- 56% of Local Authorities contain at least one LSOA amongst the most 10% most deprived in England.

The analysis demonstrates that concentrations of disadvantage, contributing directly to social exclusion and poverty at sub-regional level, can exist even in areas of wider economic prosperity across all categories of region. Such areas require concentrated interventions which build community capacity over the longer term to provide a foundation through which economic growth can be secured and more sustainable results achieved. Experience demonstrates that “top-down” programme provision does not always succeed in addressing such entrenched need.

This Operational Programme therefore seeks to address persistent spatial disparities that exist across categories of region by addressing market failure and barriers at local level that act to restrict the ability of deprived places, small and medium enterprises and people to strengthen economic growth and achieve social inclusion and poverty reduction.

In the context of a national English ERDF Programme the Government recognises that lagging areas exist in both deprived and relatively prosperous areas. Therefore

the combination of all three categories of region within a single Priority Axis is required.

The England ERDF Programme will spatially concentrate investment in order to address persistent disparities in economic performance across Less Developed, Transition and More Developed areas within communities experiencing high levels of deprivation and multiple challenges. It will seek to specifically focus on building long term capacity in targeted communities and mobilise local resources from the bottom-up in a bid to overcome barriers to growth and employment.

<b>2.4 INVESTMENT PRIORITY 9d</b> : Undertaking investment in the context of community led local development strategies
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### **2.A.5 Specific objectives corresponding to the investment priority and expected results**

**SPECIFIC OBJECTIVE:** 8.1 To build capacity within communities as a foundation for economic growth in deprived areas

Embedding and mobilising capacity at community level in order to achieve sustained economic development activity differentiates this Priority Axis from other provision such as that undertaken in Priority Axis 3. Investment in the assets and resources of the community is a necessary precursor to successful pursuit of entrepreneurship and SME development in a way that top-down provision cannot achieve.

Intended results are set down below and will complement deliverables achieved through other Priority Axes. The Common Provisions Regulation requires local action groups to identify areas and prepare local development strategies which are subject to selection by Managing Authorities. The achievement of results and outputs are necessarily dependent on the submission of a sufficient number of strategies of good quality. Results are quantified using benchmarks established in 2007-2013 ERDF Programmes in England. Baselines will be established through the development of the CLLD strategy and associated appraisal process i.e. the point at which geographic areas to be targeted are identified and agreed.

The Community-Led Local Development instrument seeks to target persistent spatial disparities in economic performance and continued concentration of relative deprivation in smaller areas in England.

European Commission Guidance to Managing Authorities (2013) and Stakeholders (2014) advises that to operate effectively, Community-Led Local Development must build the capacity and mobilise resources at community level in order to embed and sustain a community's ability to undertake the activities identified in section 2.A.2.1 over the longer term. This underpins the identification of the Specific Objective described above.

The number of new enterprises supported within the Programme area as a direct result of assisting potential entrepreneurs within targeted areas has been established using benchmarks from the 2007-2013 ERDF Programme. The concentrated nature

of support and the longer timeframe over which delivery is envisaged differentiate this Priority Axis from interventions undertaken under Priority Axis 3. The baseline will be established as part of the final agreement of the CLLD Strategy and identification of the geographic areas to be targeted.

The target value assumes that 75% of the indicative European Regional Development Fund allocation to Community-Led Local Development interventions used to encourage potential entrepreneurs will involve early stage profile raising of entrepreneurship, with 25% focussed upon later stages of business development support and creation (in line with experience of 2007-2013 Programme investment).

For the employment increase within supported enterprises, the baseline is set at 0 as this will be a cumulative count. Baselines will be required as part of the CLLD strategy and appraisal process and agreement of the geographic areas to be targeted. The target value is based on the assumption that most enterprises supported will create 1 job, but some may create less than 1 FTE, therefore assumed 0.75 X no of enterprises supported (in line with current Programme experience).

All results and output values will need to be confirmed following receipt and assessment of the Community Led Local Development Strategies from Local Action Groups.

**Table 3: Programme Specific Result Indicators by specific Objective (for European Regional Development Fund)**

ID	Indicator	Measurement unit	Category of region (where relevant)	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
9.1	Number of new enterprises within targeted areas.	Enterprises		0	2016	1, 629	Monitoring data	Annual
9.2	Employment increase	Full time equivalents		0	2016	1,745	Monitoring data	Annual

## 2.A.6 Action to be supported under the investment priority

### 2.A.6.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Section 1 described the findings of independent research undertaken as part of the MHCLG ERDF 2007-13 Analytical Programme which confirms the critical role played by local actors in stimulating and facilitating innovative approaches to local economic development.



In line with the approach outlined in section 4 of this Operational Programme and the Government's approach to integrated territorial development, the use of Community Led Local Development within the English European Regional Development Fund Programme allows for the targeting of regeneration activity on specific geographic areas.

The CLLD model and EU guidance issued to Managing Authorities and stakeholders recognises that such investment is complementary to investment under other Priority Axes and will require accompanying measures to build community capacity and to ensure that economic opportunities are accessed and embedded locally. The use of the CLLD instrument is intended to contrast with, add value to and complement mainstream Programme provision by facilitating integrated multi-fund investment strategies comprising ERDF and ESF actions in support of investment priorities identified by communities themselves in a bottom-up approach. This approach is intended to enable the community to sustain bottom-up regeneration and economic development capacity over a longer period of time than is typically possible through the use of top-down Programme delivery activity.

The Government's view is that the integrated, spatially focused delivery approach which underpins the resources and capacity needed for Community Led Local Development and which seeks to build upon local assets through the mobilisation of local resources in pursuit of economic growth, has potential to provide a long term, coherent and sustainable intervention and add value to individual project activity. This is the case particularly in those areas where disparities persist in terms of rates of economic inactivity, entrepreneurship, SME competitiveness, access to the labour market and Gross Domestic Product.

As identified in EU Guidance, the use of the CLLD model itself - involving as it does integrated CLLD strategies and Local Action Groups in decision-making and implementation directly, presents the essential "niche" or added value over and above provision under other Priority Axes. Further information on the proposed implementation of Community-Led Local Development in England is provided in section 4 of this Operational Programme document.

In terms of specific territories targeted in Transition and More Developed areas CLLD will prioritise the needs of areas as identified by reference to the 20% most deprived areas using the Index of Multiple Deprivation (IMD). Areas not within the 20% IMD most deprived may be considered for incorporation in the CLLD area only if adjacent to areas within 20% IMD, and where their incorporation links need with opportunity or presents a more coherent functional economic area.

In the Less Developed area the use of IMD is modulated to ensure 70% of CLLD resource targets areas within 30% IMD most deprived areas. As above, the remaining 30% of resource may target areas outside of 30% IMD most deprived only where they are adjacent, where their incorporation links need with opportunity or presents a more coherent functional economic geography. This modulation reflects the specific challenges and opportunities faced in Cornwall and the Isles of Scilly. This will involve close analysis of CLLD investment strategies in Cornwall and the Isles of Scilly and underpinning intervention logic with reference to the IMD.

The Government requires that Community-Led Local Development under the England Growth Programme must:

- Focus upon sub-regional areas at a level below LEP area boundaries with a population of not less than 10,000 and not more than 150,000;
- Prioritise areas identified as being in the most deprived 20% areas by reference to the Index of Multiple Deprivation 2010 in More Developed and Transition Areas;
- Prioritise those areas identified in Cornwall and the Isles of Scilly as being in the 30% most deprived areas by reference to the Index of Multiple Deprivation 2010;
- Led by Local Action Groups representing public, private and local socio-economic interests;
- Complement but not duplicate LEADER LAG and EMFF FLAG activity;
- Adopt integrated and multi-sectoral strategies with a public sector contribution in the region of EUR 3m per CLLD strategy;
- Be driven by local needs and potential as identified by the community through the Local Action Group;
- Be innovative at local level.

Community-Led Local Development will employ a bottom-up approach to identifying both need and solutions. Further information on implementation will necessarily follow from Community-Led Local Development strategies developed by Local Action Groups themselves over the course of 2016.

Key issues to be addressed through ERDF Community-Led Local Development include inter alia:

- Information failures at local level which restrict small and medium enterprise (including social enterprise) competitiveness and deter new small and medium enterprise formation by preventing access to networks, services and support needed to strengthen economic performance or entrepreneurship;
- Poor quality small-scale business infrastructure that is inadequate for market needs, the requirements of local small and medium enterprises / social enterprises and needs of local communities;
- Lack of amenities, community capacity/ social capital and low levels of enterprise, including social enterprise and the development of start-ups;
- Ways that areas of deprivation can benefit from opportunities in adjacent areas of higher economic growth and employment.

Indicative activity for Community-Led Local Development supported by European Regional Development Fund investment may include:

- Facilitation and capacity building activity in targeted areas which seeks to mobilise community resources and build upon local assets to mitigate risk of social exclusion and act as a foundation for improved economic performance;
- Provision of small scale community hub facilities to support small and medium enterprises (including social enterprise) in targeted areas;
- Activity that seeks to promote entrepreneurship and self-employment in deprived areas and targeted communities;
- Tailored business support activity, mentoring, coaching, information, advice and guidance;
- Small equipment grants;
- Provision of business space;
- Support for clustering, networking, cooperation or local supply chains collaboration;
- Investments to better connect deprived neighbourhoods and areas of need with adjacent areas of opportunity and employment growth;
- Support to embed and apply innovation in a local context (e.g. new products/services/ways of working) that builds on community assets in pursuit of jobs and growth;
- Support for new forms of enterprise (including the social economy and social enterprises);
- Preparatory support, such as training actions for local stakeholders studies of the area concerned; costs related to the design of Community-Led Local Development, including consultancy costs and costs for actions related to consultations of stakeholders for the purposes of preparing the strategy; Administrative costs (operating and personnel costs) of an organisation that applies for preparatory support during the preparation phase, and small pilot projects.

The activities listed above may be complemented by integrated use of European Social Fund within the local Community-Led Local Development strategy itself. Whilst ERDF investment targets broadly the needs of the community and small and medium enterprises, ESF investment will undertake complementary investment supporting individuals and disadvantaged groups by for example:

- Reducing social and economic isolation faced by individuals and communities; and

- Developing individual pathways to integration and re-entry into employment for people outwith or far from the labour market.

#### **2.A.6.2 Guiding principles for the selection of operations**

CLLD will not represent a simple mechanism for pre-allocation or financial redistribution at sub-LEP geographies as resources will only be awarded following selection through a competitive process and the approval of a CLLD investment strategy - and associated financial allocation - as part of that selection process. The Managing Authorities will specifically assess this aspect to ensure the principle is respected.

CLLD will prioritise the needs of targeted areas as identified by reference to the 20% most deprived areas using the Index of Multiple Deprivation (IMD), in Transition and More Developed areas and 30% in the Less Developed area to reflect the specific challenges and opportunities faced in Cornwall and the Isles of Scilly.

The use of IMD 20% in More Developed and Transition regions will primarily focus ERDF/ESF CLLD activity in deprived urban areas, and will therefore complement but not duplicate LEADER or FLAG actions which will focus EAFRD and EMFF investment in rural and coastal areas. The ITI for Cornwall and Isles of Scilly will require the use of CLLD supported by ERDF to be complementary to activities undertaken through LEADER and FLAGs.

The Government's approach to implementation of the Community-Led Local Development instrument will seek to build capacity, empower communities and devolve decision-making to the lowest level to act as a foundation for economic growth.

To complement mainstream provision under other Priority Axes it will facilitate long-term, integrated place based approaches that seek to address economic disparities and unlock growth and jobs potential in deprived areas and involve the community directly in delivery.

In operationalising Community-Led Local Development from 2015 the Managing Authority will (where proposals for the use of Community-Led Local Development in locally determined European Structural and Investment Funds strategies have been agreed by the Managing Authority), invite competitive outline proposals from communities to commence preparatory work to establish Local Action Groups and explore preparation of Community-Led Local Development strategies taking into account the following key high level principles:

- The need to identify a clear added value, rationale and need justifying the adoption of the Community-Led Local Development instrument;
- The targeting of deprived areas (in particular prioritising the 20% most deprived areas by reference to the 2010 Indices of Multiple Deprivation in More Developed and Transition regions and the targeting of 70% of CLLD resource at areas within 30% IMD most deprived areas in Cornwall and the Isles of Scilly);

- That any case for flexibility with respect to areas to be incorporated must demonstrate that non 20% or 30% IMD areas are adjacent to the 20% or 30% most deprived areas, provide a link between need and opportunity and/or present a more coherent functional economic geography;
- That a value for money justification resulting from use of Community-Led Local Development is provided;
- That clear evidence of baselines, demand, engagement and capacity at local community level is demonstrated.

These broad principles will underpin the approach taken by the Managing Authority to assess outline applications for support on a competitive basis and to identify those areas that will then be selected to develop and submit full Community-Led Local Development strategies and to progress to constitute Local Actions Groups in line with the provisions set out in Articles 33 and 34 of the Common Provisions Regulation.

### 2.A.6.3 Planned use of financial instruments (where appropriate)

The use of financial instruments to deliver this investment priority is not foreseen at the beginning of the programming period. However, this will be kept under review and if there is deemed to be potential for their use, an ex ante assessment as required by Article 37 of the Common Provisions will determine the scope and design of such instruments.

### 2.A.6.4 Planned use of major projects (where appropriate)

No major projects are planned

### 2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv) Common Provisions Regulation)

**Table 5: Common and Programme-specific output indicators (by investment priority, broken down by category of region for the European Social Fund and where relevant for the European Regional Development Fund)**

ID	Indicator	Measurement Unit	Fund	Category of region (where relevant)	Target value			Source of data	Frequency of reporting
					M	W	T		
C1	Number of enterprises receiving support	Enterprises	European Regional Development Fund			1,681	Monitoring data	Annual	
C5	Number of new enterprises supported	Enterprises	European Regional Development Fund			1,177	Monitoring data	Annual	

C8	Employment increase in supported enterprises	Full-time equivalents	European Regional Development Fund				1,261	Monitoring data	Annual
P11	Number of potential entrepreneurs assisted to be enterprise ready	Persons	European Regional Development Fund				3,530	Monitoring data	Annual
P12	Square metres public or commercial building built or renovated in targeted areas	Square metres	European Regional Development Fund				1,513	Monitoring data	Annual

## 2.A.8 Performance framework (Article 96 (2) (b) (v))

**Table 6: The Performance framework of the priority axis (by fund and by category of regions where appropriate)**

ID	Indicator type	Indicator or key implementation step	Measurement unit	Fund	Category of region	Milestone for 2018			Final target (2023)			Source of data	Explanation of relevance of indicator where appropriate
						M	W	T	M	W	T		
16	Implementation	Number of local development strategies agreed	Number	European Regional Development Fund	More developed			12.5			12.5	Monitoring data	The output measures activity under the one Investment Priority being used and will account for all spend allocated by all category of regions for this Priority Axis.
16	Implementation	Number of local development strategies agreed	Number	European Regional Development Fund	Transition			4.5			4.5	Monitoring data	The output measures activity under the one Investment Priority being used and will account for all spend allocated by all category of regions for this Priority Axis.
16	Implementation	Number of local development strategies agreed	Number	European Regional Development Fund	Less developed			4			4	Monitoring data	The output measures activity under the one Investment Priority being used and will account for all spend allocated by all category of regions for this Priority Axis.
C1	Output	Number of enterprises receiving support	Enterprises	European Regional Development Fund	More developed			0			1,093	Monitoring data	

C1	Output	Number of enterprises receiving support	Enterprises	European Regional Development Fund	Transition			0			334	Monitoring data	
C1	Output	Number of enterprises receiving support	Enterprises	European Regional Development Fund	Less developed			0			254	Monitoring data	
F1	Financial	Expenditure	Euros	European Regional Development Fund	Less developed			2,088,693			12,519,944.	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority
F2	Financial	Expenditure	Euros	European Regional Development Fund	Transition			1,549,981			9,290,821	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority
F3	Financial	Expenditure	Euros	European Regional Development Fund	More developed			5,080,383			30,452,589	Monitoring data	The milestone for 2018 and target for 2023 relate to the total eligible expenditure entered into the accounting system of the certifying authority and certified by that authority



Following the meeting of national selection panel for ERDF/ESF CLLD strategies, successful strategies will be invited to submit applications for implementation; however, following the conclusion of this process it has highlighted the ERDF allocation is too high in relation to identified development needs. Given that no further CLLD calls are planned in the current programme period, in response to this changed development need a total of €13,560,651 ERDF from across the Less Developed, Transition and More Developed category of regions is being moved out of this Priority Axis.

The performance framework financial and non-financial targets for the affected categories of region have been amended accordingly.

## 2.A.9 Categories of intervention

**Table 7: Dimension 1 – intervention field**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	097 - Community-Led Local Development	18,271,553

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	097 - Community-Led Local Development	6,503,574

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	097 - Community-Led Local Development	11,267,950

**Table 8: Dimension 2 – form of finance**

Fund	Category of region	Code - Community-Led Local Development	Amount
European Regional Development Fund	More developed	01 - Non repayable grant	18,271,553

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	01 - Non repayable grant	6,503,574

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	01 - Non repayable grant	11,267,950

**Table 9: Dimension 3 – Territory type**

Fund	Category of region	Code	Amount
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European Regional Development Fund	More developed	07 – Not applicable	18,271,553
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Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	07 – Not applicable	6,503,574

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	07 – Not applicable	11,267,950

**Table 10: Dimension 4 – territorial delivery mechanism**

Fund	Category of region	Code	Amount
European Regional Development Fund	More developed	06 - Community-Led Local Development	18,271,553

Fund	Category of region	Code	Amount
European Regional Development Fund	Transition	06 - Community-Led Local Development	6,503,574

Fund	Category of region	Code	Amount
European Regional Development Fund	Less developed	06 - Community-Led Local Development	11,267,950

**2.A.5 Summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the Programmes and beneficiaries (where appropriate) (by priority axis)**

Technical Assistance may be made available at the preparatory stage to support communities and potential Local Action Groups to explore the feasibility of developing a Community Led Local Development strategy. This will include inter alia the costs of preparatory support consisting of capacity building, training, and networking with a view to preparing and implementing a community led local development strategy.

Technical assistance support for preparatory support will be eligible regardless of whether the Community-Led Local Development strategy designed by the LAG benefiting from the support is selected for funding by the selection committee.

## **PRIORITY AXIS 9: Technical Assistance**

### **2.B.2 Justification for establishing a priority axis covering more than one category of region**

There is one Operational Programme for European Regional Development Fund in England, covering all categories of region administered by a single managing authority and a single Programme Monitoring Committee. A single certifying authority and separate audit authority will also cover all categories of region. The managing authority's delivery team will cover all categories of regions in order to maximise operational efficiency. Support for direct staff costs of the various authorities is essential to the effective delivery of the Programme.

Activities such as information and communication will be managed across all types of region rather than segmented and evaluation will be undertaken at an England level.

To support our approach to technical assistance, a single Priority Axis covers all three categories of region.

### **2.B.4 Specific objectives and expected results**

**SPECIFIC OBJECTIVE 9.1:** To ensure that the activities which fall within the scope of the Programme are delivered efficiently and effectively in line with applicable law.

This specific objective deals with the way the Programme is managed, monitored and evaluated.

The key measure underpinning the related result set out in table 12 (and evidenced through the annual audit authority control report) is an unqualified audit opinion from the Audit Authority, which is accepted by the European Commission. Our objective is to keep the error rate below a threshold of 2%, on both an annual and cumulative basis.

### **2.B.5 Result indicators (only where the union support to technical assistance in the Operational Programme exceeds EUR 15 million)**

**Table 12: Programme specific Result indicators for European Regional Development Fund (by specific objective)**

	Indicator	Measurement unit	Category of region (where relevant)	Baseline value			Baseline year	Target value (2023)			Source of data	Frequency of reporting
				M	W	T		M	W	T		
11.1	Error rate	Percentage				2.414	2014			Below 2	Annual Control Report	Annual

## 2.B.4 Specific objectives and expected results

**SPECIFIC OBJECTIVE 9.2:** To facilitate access to the Programme and communicate the impact that the European Structural and Investment Funds have, including by providing robust governance support to the PMC and sub-committees and high quality advice and information to partners involved in the design and delivery of projects.

This specific objective will support partners engaged with the Programme, consistent with the principles and good practices set out in the European Code of Conduct on Partnership. The result sought is increased recognition by partners that they have been better and more actively engaged in this Programme than previous ones. This will be measured through customer surveys.

One stakeholder survey will be done each year with the first one setting a baseline. Other communication evaluation activities would include reviews of: monthly website hits, daily recording of any media coverage, feedback from events /workshops. This will inform specific output targets in the communications strategy but will not be part of the measurement of results.

## 2.B.5 result indicators (only where the union support to technical assistance in the operational Programme exceeds EUR 15 million)

**Table 12: Result indicators for European Regional Development Fund (by specific objective)**

	Indicator	Measurement unit	Category of region (where relevant)	Baseline value			Baseline year	Target value (2023)			Source of data	Frequency of reporting
				M	W	T		M	W	T		
11.2	Partner engagement	Percentage				31	2015			41	Customer survey	Annual

## 2.B.6 Action to be supported and their expected contribution to the specific objectives. (by Priority axis)

### **2.B.6.1 A Description of actions to be supported and their expected contribution to the specific objectives**

The indicative actions below support both specific objectives. Where the Managing Authority is the beneficiary, there will be clear separation of duties.

Technical assistance will be made available to intermediate bodies to cover tasks delegated to them. It may also be made available to Local Action Groups for CLLD as preparatory support.

Salary costs, subject to the Human Resources and remuneration policies of the employing organisation, will be incurred in all activities below, enhancing the capacity to achieve the overall objectives.

#### **Programme Management**

Roles and responsibilities relating to the management structure and organisation as well as reporting arrangements need to be well defined and in line with the business process model. Good programme management also means that advice and support is made available (including specialist and technical expertise) when required.

A Single Programme Monitoring Committee will oversee the effectiveness, quality and alignment of the ERDF and ESF programmes.

A comprehensive review of resource requirements across all functions and responsibilities has been undertaken. This included capacity to support business critical operations including procurement/state aid. The Managing Authority has 1 policy team, 5 Growth Delivery Teams operating across England, and a separate National Compliance Team to support the preparation, management, monitoring, and closure of the Programme. There is also a Certifying Authority and Audit Authority.

In addition, examples of actions to support robust Programme management are:

- Development of a comprehensive business process to ensure compliance with applicable law and to bring in relevant expertise alongside staff in the Managing Authority to provide expert guidance, support and training for staff involved in appraisal and on-the-spot visits;
- Implementation of a training plan for staff in the Managing Authority;
- Specialist advice and support including legal and financial expertise;
- Secretariat support to the Programme Monitoring Committee and its associated governance structure;
- Provision of advice and support to embed the cross-cutting themes of sustainable development, non-discrimination and equality;

- Acquisition, installation and maintenance of IT hardware and software to support programme and project management which complies with e-cohesion requirements;
- Production of high quality programme management information to facilitate robust and effective monitoring, decision making and programme operation;
- Preparation of reports, including annual implementation reports;
- Actions to control against fraud;
- Dedicated resource to close the 2007-13 Programmes.

### **Programme Development and Capacity Building**

Technical assistance will support Programme development and ensure that management bodies, staff, partners, applicants and suppliers are aware of their responsibilities and what is required of them.

Through calls for proposals and appraisals the Managing Authority will ensure that only relevant projects are supported with technical assistance

Examples of actions to support Programme Development and Capacity Building are:

- Provision of technical advice and support to ensure that the requirements of EU regulations and national guidance are incorporated within project design and development at an early stage; primarily supporting projects up to the point where the application has been approved at outline stage and moving to the full application stage;
- Start-up costs for Financial Instruments not covered by management costs and fees;
- In exceptional circumstances, feasibility work to consider the viability of activities across particular thematic/geographical areas;
- Support for the development of pilot schemes to test innovative ideas;
- Strengthening co-ordination and liaison mechanisms and promoting partnership working;
- Training and development facilitated by or through the Managing Authority for management bodies, staff, project applicants, relevant partners including members of the Programme Monitoring Committee (National Growth Board) and its sub committees to reinforce their understanding of ESI Funds rules;
- Support for Civil Society networks to foster participation of voluntary, community and social enterprise sector in the Programme.

### **Programme Analysis, Monitoring and Evaluation**

Analysis, monitoring and evaluation is integral for good governance and accountability. Evaluations of previous programmes have played an important part in informing the development of this Programme.

Performance analysis and evaluation will help ensure the focused and effective application of ERDF resources within the Programme; it will also identify any gaps in the data and develop research projects to address these.

Examples of actions to support Research, Analysis, Monitoring and Evaluation are:

- The development of baseline data to measure programme performance, particularly results, output indicators and value for money;
- The provision of the required policy and socio-economic analysis updates to facilitate production of the Annual Implementation Reports;
- The development of an evaluation plan which sets out timing, commissioning and delivery of evaluation studies as well as implementation of findings;
- The independent evaluation and value for money analysis of major projects and Financial Instruments;
- Evaluation linked to the monitoring of the Programme;
- Additional monitoring support if required to ensure compliance with applicable law.

### **Information and Publicity**

Publicity is an integral part of programming strategy and the Managing Authority will ensure the benefits of the funds are communicated to the wider public. To help achieve this, a Communication Plan will be approved by the Programme Monitoring Committee.

The Managing Authority will lead delivery of the Plan. Relevant partners will also have a key role to play in contributing to its implementation and technical assistance will be available to them through calls for proposals.

Examples of actions to support Information and Publicity are:

- Establishing and maintaining channels for communication and publicity including new or enhanced websites and bespoke newsletters;
- Guidance and active monitoring to ensure all projects adhere to the publicity requirements;
- Use of promotional events such as seminars, conferences and road shows to launch the Programme, publicise bidding rounds, showcase ERDF achievements and disseminate best practice;
- Supporting partners in communicating programme and project activities.



## Preparation for 2021-2027

Examples of actions to develop a robust Programme compliant with EU regulations are:

- Support for the completion of the ex ante evaluation, alongside the development, preparation and negotiation of Operational Programme(s);
- The review of current IT provision;
- Research and evaluation to strengthen the evidence base and rationale of future ESI Funds priorities and analyse options, as well as the business processes and management arrangements required to administer the Programme(s);
- Administrative support to develop 2021-2027 Programmes.

### 2.B.6.2 Output indicators expected to contribute to results (by priority axis)

**Table 13: Output indicators for European Regional Development Fund**

ID	Indicator	Measurement Unit	Target value (optional)			Source of data
			M	W	T	
1	Number of training events held by the managing authority and partners	Number			200	Monitoring data
2	Number of dissemination events held	Number			70	Monitoring data
3	Number of PMC and sub-committee meetings supported	Number			2000	Monitoring data
4	Number of evaluations carried out	Number			5	Monitoring data
5	Expenditure checked by management controls and verifications, proportionate to the amount of public support to the operation in line with (Article 125 (5)).	Percentage			N/A	Monitoring data
6	Number of employees whose salaries are co-financed by TA.	Full-time equivalents			N/A	Monitoring data

### 2.B.7 Categories of intervention (by fund and category of region, if the priority axis covers more than one)

**Table 14 – 16: Categories of intervention**

<b>Table 14 - Dimension 1 – intervention field</b>		
Priority Axis	Code	Amount (EUR)
Category of region: less developed		
9	121 - Preparation, implementation, monitoring and inspection	14,429,832
9	122 - Evaluation and studies	2,848,649
9	123 - Information and communication	949,549
Category of region: transition		
9	121 - Preparation, implementation, monitoring and inspection	33,710,348
9	122 - Evaluation and studies	6,570,690
9	123 - Information and communication	2,513,231
Category of region: more developed		
9	121 - Preparation, implementation, monitoring and inspection	67,933,032
9	122 - Evaluation and studies	12,131,310
9	123 - Information and communication	4,043,770

<b>Table 15: Dimension 2 – form of finance</b>		
Category of region: less developed		
Priority Axis	Code	Amount
9	Non-repayable grant	18,228,030

<b>Table 15: Dimension 2 – form of finance</b>		
Category of region: transition		
Priority Axis	Code	Amount
9	Non-repayable grant	42,794,269

**Table 15: Dimension 2 – form of finance**

Category of region: more developed

Priority Axis	Code	Amount
9	Non-repayable grant	84,108,112

**Table 16: Dimension 3 – territory type**

Category of region: less developed

Priority Axis	Code	Amount
9	Not applicable	18,228,030

**Table 16: Dimension 3 – territory type**

Category of region: transition

Priority Axis	Code	Amount
9	Not applicable	42,794,269

**Table 16: Dimension 3 – territory type**

Category of region: more developed region

Priority Axis	Code	Amount
11	Not applicable	84,108,112

## Section 3: FINANCING PLAN

### 3.1 Financial appropriation from each fund and amounts for performance reserve

**Table 17**

Fund	Category of region	2015		2016		2017	
		Main allocation	Performance reserve	Main allocation	Performance reserve	Main allocation	Performance reserve
ERDF	Less developed	116,386,715	7,428,939	59,946,496	3,826,372	61,332,513	3,914,841
ERDF	Transition	273,243,139	17,441,051	140,737,449	8,983,241	148,156,786	9,456,816
ERDF	More developed	537,033,698	34,278,747	276,606,220	17,655,716	282,142,341	18,009,086
<b>Total</b>		<b>926,663,552</b>	<b>59,148,737</b>	<b>477,290,165</b>	<b>30,465,329</b>	<b>491,631,640</b>	<b>31,380,743</b>

Fund	Category of region	2018		2019		2020	
		Main allocation	Performance reserve	Main allocation	Performance reserve	Main allocation	Performance reserve
ERDF	Less developed	76,948,880	4,911,630	63,811,873	4,073,098	65,088,744	4,154,601
ERDF	Transition	151,121,676	9,646,065	154,145,897	9,839,100	157,230,308	10,035,977
ERDF	More developed	273,399,669	17,451,044	293,547,924	18,737,102	299,421,816	19,112,031
<b>Total</b>		<b>501,470,225</b>	<b>32,008,739</b>	<b>511,505,694</b>	<b>32,649,300</b>	<b>521,740,868</b>	<b>33,302,609</b>

Fund	Category of region	Total	
		Main allocation	Performance reserve
ERDF	Less developed	443,515,221	28,309,481
ERDF	Transition	1,024,635,255	65,402,250
ERDF	More developed	1,962,151,688	125,243,726
<b>Total</b>		<b>3,430,302,144</b>	<b>218,955,457</b>

### 3.2 Total financial appropriation by fund and national co-financing (€)

Table 18a: Financing plan

Priority axis	Fund	Category of region	Basis for calculation of Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a) / (e) (2)	100% CO-FINANCING RATE FOR ACCOUNTING YEAR 2020-2021 (3)	Main allocation		Performance reserve		Performance reserve amount as proportion of total Union support (l) = (j) / (a) * 100
						National public funding (c)	National private funding (d) (1)				Union support (h) = (a) - (j)	National Counterpart (i) = (b) - (k)	Union support (j)	National Counterpart (k) = (b) * ((j) / (a))	
1	ERDF	Less developed	Total	91,100,210	22,775,053	8,882,271	13,892,782	113,875,263	79.9999996487%	✓	85,634,197	21,408,550	5,466,013	1,366,503	6%
1	ERDF	Transition	Total	233,015,386	155,343,591	77,671,796	77,671,795	388,358,977	59.9999999485%	✓	209,789,106	139,859,404	23,226,280	15,484,187	9.97%
1	ERDF	More developed	Total	481,209,434	481,209,434	276,695,425	204,514,009	962,418,868	5000000000%	✓	450,250,301	450,250,301	30,959,133	30,959,133	6.43%
10	ERDF	Less developed	Total	620,756	155,189	60,524	94,665	775,945	8000000000%	✓	620,756	155,189	0	0	0%
10	ERDF	Transition	Total	10,857,594	7,238,396	3,619,198	3,619,198	18,095,990	6000000000%	✓	10,857,594	7,238,396	0	0	0%
10	ERDF	More developed	Total	46,082,698	46,082,698	26,497,551	19,585,147	92,165,396	5000000000%	✓	46,082,698	46,082,698	0	0	0%
2	ERDF	Less developed	Total	19,037,608	4,759,402	1,856,167	2,903,235	23,797,010	8000000000%	✓	17,895,352	4,473,838	1,142,256	285,564	6%
2	ERDF	Transition	Total	21,394,298	14,262,866	7,131,433	7,131,433	35,657,164	59.9999988782%	✓	20,048,202	13,365,469	1,346,096	897,397	6.29%
2	ERDF	More developed	Total	70,476,470	70,476,470	40,523,970	29,952,500	140,952,940	5000000000%	✓	66,247,882	66,247,882	4,228,588	4,228,588	6%
3	ERDF	Less developed	Total	172,320,905	43,080,227	16,801,288	26,278,939	215,401,132	79.9999997214%	✓	160,102,530	40,025,633	12,218,375	3,054,594	7.09%
3	ERDF	Transition	Total	520,026,363	346,684,243	173,342,122	173,342,121	866,710,606	59.9999999308%	✓	480,477,858	320,318,573	39,548,505	26,365,670	7.61%
3	ERDF	More developed	Total	822,835,839	822,835,839	473,130,608	349,705,231	1,645,671,678	5000000000%	✓	762,631,703	762,631,703	60,204,136	60,204,136	7.32%
4	ERDF	Less developed	Total	76,006,317	19,001,580	7,410,616	11,590,964	95,007,897	79.9999993685%	✓	70,769,861	17,692,466	5,236,456	1,309,114	6.89%
4	ERDF	Transition	Total	189,428,794	126,285,863	63,142,932	63,142,931	315,714,657	59.9999999367%	✓	189,428,794	126,285,863	0	0	0%
4	ERDF	More developed	Total	487,216,254	487,216,254	280,149,346	207,066,908	974,432,508	5000000000%	✓	457,364,385	457,364,385	29,851,869	29,851,869	6.13%
5	ERDF	Less developed	Total	12,469,913	3,117,479	1,215,817	1,901,662	15,587,392	79.9999961507%	✓	12,469,913	3,117,479	0	0	0%

Priority axis	Fund	Category of region	Basis for calculation of Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a) / (e) (2)	100% CO-FINANCING RATE FOR ACCOUNTING YEAR 2020-2021 (3)	Main allocation		Performance reserve		Performance reserve amount as proportion of total Union support
						National public funding (c)	National private funding (d) (1)				Union support (h) = (a) - (j)	National Counterpart (i) = (b) - (k)	Union support (j)	National Counterpart (k) = (b) * ((j) / (a))	(l) = (j) / (a) * 100
5	ERDF	Transition	Total	44,661,072	29,774,049	14,887,025	14,887,024	74,435,121	59.9999991939%	✓	44,661,072	29,774,049	0	0	0%
5	ERDF	More developed	Total	24,330,541	24,330,541	13,990,061	10,340,480	48,661,082	5000000000%	✓	24,330,541	24,330,541	0	0	0%
6	ERDF	Less developed	Total	12,847,466	3,211,867	1,252,628	1,959,239	16,059,333	79.9999975092%	✓	12,076,618	3,019,155	770,848	192,712	6%
6	ERDF	Transition	Total	21,356,155	14,237,437	7,118,719	7,118,718	35,593,592	59.9999994381%	✓	20,074,786	13,383,191	1,281,369	854,246	6%
6	ERDF	More developed	Total	52,864,493	52,864,493	30,397,083	22,467,410	105,728,986	5000000000%	✓	52,864,493	52,864,493	0	0	0%
7	ERDF	Less developed	Total	57,925,547	14,481,387	5,647,741	8,833,646	72,406,934	79.9999997238%	✓	54,450,014	13,612,504	3,475,533	868,883	6%
8	ERDF	Less developed	Total	11,267,950	1,251,995	488,278	763,717	12,519,945	89.9999960064%	✓	11,267,950	1,251,995	0	0	0%
8	ERDF	Transition	Total	6,503,574	2,787,247	1,393,624	1,393,623	9,290,821	69.9999924657%	✓	6,503,574	2,787,247	0	0	0%
8	ERDF	More developed	Total	18,271,553	12,181,036	7,004,096	5,176,940	30,452,589	59.9999986865%	✓	18,271,553	12,181,036	0	0	0%
9	ERDF	Less developed	Total	18,228,030	4,557,008	4,101,307	455,701	22,785,038	79.9999982445%	✓	18,228,030	4,557,008			
9	ERDF	Transition	Total	42,794,269	28,529,513	25,676,562	2,852,951	71,323,782	59.9999997196%	✓	42,794,269	28,529,513			
9	ERDF	More developed	Total	84,108,112	84,108,112	75,697,301	8,410,811	168,216,224	5000000000%	✓	84,108,112	84,108,112			
<b>Total</b>	<b>ERDF</b>	<b>Less developed</b>		<b>471,824,702</b>	<b>116,391,187</b>	<b>47,716,637</b>	<b>68,674,550</b>	<b>588,215,889</b>	<b>80.2128454575%</b>		<b>443,515,221</b>	<b>109,313,817</b>	<b>28,309,481</b>	<b>7,077,370</b>	<b>6%</b>
<b>Total</b>	<b>ERDF</b>	<b>Transition</b>		<b>1,090,037,505</b>	<b>725,143,205</b>	<b>373,983,411</b>	<b>351,159,794</b>	<b>1,815,180,710</b>	<b>60.0511838295%</b>		<b>1,024,635,255</b>	<b>681,541,705</b>	<b>65,402,250</b>	<b>43,601,500</b>	<b>6%</b>
<b>Total</b>	<b>ERDF</b>	<b>More developed</b>		<b>2,087,395,394</b>	<b>2,081,304,877</b>	<b>1,224,085,441</b>	<b>857,219,436</b>	<b>4,168,700,271</b>	<b>50.0730505506%</b>		<b>1,962,151,668</b>	<b>1,956,061,151</b>	<b>125,243,726</b>	<b>125,243,726</b>	<b>6%</b>
<b>Grand total</b>				<b>3,649,257,601</b>	<b>2,922,839,269</b>	<b>1,645,785,489</b>	<b>1,277,053,780</b>	<b>6,572,096,870</b>	<b>55.5265339691%</b>		<b>3,430,302,144</b>	<b>2,746,916,673</b>	<b>218,955,457</b>	<b>175,922,596</b>	

(1) To be completed only when priority axes are expressed in total costs.

(2) This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).

(3) By ticking the box the Member State requests to apply, pursuant to Article 25a(1) of Regulation (EU) No 1303/2013, a co-financing rate of 100% to expenditure declared in payment applications during the accounting year starting on 1 July 2020 and ending on 30 June 2021 for all /some of the priority axes of the operational programme.

**Table 18c: Breakdown of the financial plan by priority axis, fund, category of region and thematic objective**

Priority axis	Fund	Category of region	Thematic objective	Union support	National counterpart	Total funding
Promoting Research and Innovation	ERDF	Less developed	Strengthening research, technological development and innovation	91,100,210	22,775,053	113,875,263
Promoting Research and Innovation	ERDF	Transition	Strengthening research, technological development and innovation	233,015,386	155,343,591	388,358,977
Promoting Research and Innovation	ERDF	More developed	Strengthening research, technological development and innovation	481,209,434	481,209,434	962,418,868
Supporting the implementation of Local Economic CV-19 Recovery Action Plans	ERDF	Less developed	Promoting sustainable and quality employment and supporting labour mobility	620,756	155,189	775,945
Supporting the implementation of Local Economic CV-19 Recovery Action Plans	ERDF	Transition	Promoting sustainable and quality employment and supporting labour mobility	10,857,594	7,238,396	18,095,990
Supporting the implementation of Local Economic CV-19 Recovery Action Plans	ERDF	More developed	Promoting sustainable and quality employment and supporting labour mobility	46,082,698	46,082,698	92,165,396
Enhancing access to, and use and quality of, ICT	ERDF	Less developed	Enhancing access to, and use and quality of, information and communication technologies	19,037,608	4,759,402	23,797,010
Enhancing access to, and use and quality of, ICT	ERDF	Transition	Enhancing access to, and use and quality of, information and communication technologies	21,394,298	14,262,866	35,657,164
Enhancing access to, and use and quality of, ICT	ERDF	More developed	Enhancing access to, and use and quality of, information and communication technologies	70,476,470	70,476,470	140,952,940



Enhancing the Competitiveness of SMEs	ERDF	Less developed	Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	172,320,905	43,080,227	215,401,132
Enhancing the Competitiveness of SMEs	ERDF	Transition	Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	520,026,363	346,684,243	866,710,606
Enhancing the Competitiveness of SMEs	ERDF	More developed	Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	822,835,839	822,835,839	1,645,671,678
Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	Less developed	Supporting the shift towards a low-carbon economy in all sectors	76,006,317	19,001,580	95,007,897
Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	Transition	Supporting the shift towards a low-carbon economy in all sectors	189,428,794	126,285,863	315,714,657
Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	More developed	Supporting the shift towards a low-carbon economy in all sectors	487,216,254	487,216,254	974,432,508
Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	Less developed	Promoting climate change adaptation, risk prevention and management	12,469,913	3,117,479	15,587,392
Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	Transition	Promoting climate change adaptation, risk prevention and management	44,661,072	29,774,049	74,435,121
Promoting Climate Change Adaptation, Risk	ERDF	More developed	Promoting climate change adaptation, risk prevention and management	24,330,541	24,330,541	48,661,082

Prevention and Management						
Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	Less developed	Preserving and protecting the environment and promoting resource efficiency	12,847,466	3,211,867	16,059,333
Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	Transition	Preserving and protecting the environment and promoting resource efficiency	21,356,155	14,237,437	35,593,592
Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	More developed	Preserving and protecting the environment and promoting resource efficiency	52,864,493	52,864,493	105,728,986
Sustainable Transport in Cornwall and the Isles of Scilly	ERDF	Less developed	Promoting sustainable transport and removing bottlenecks in key network infrastructures	57,925,547	14,481,387	72,406,934
Promoting social inclusion and combating poverty and any discrimination	ERDF	Less developed	Promoting social inclusion, combating poverty and any discrimination	11,267,950	1,251,995	12,519,945
Promoting social inclusion and combating poverty and any discrimination	ERDF	Transition	Promoting social inclusion, combating poverty and any discrimination	6,503,574	2,787,247	9,290,821
Promoting social inclusion and combating	ERDF	More developed	Promoting social inclusion, combating poverty and any discrimination	18,271,553	12,181,036	30,452,589

poverty and any discrimination						
<b>Total</b>				<b>3,504,127,190</b>	<b>2,805,644,636</b>	<b>6,309,771,826</b>

**Table 19: Indicative amount of support to be used for climate change objectives**

Priority axis	Indicative amount of support to be used for climate change objectives (€)	Proportion of the total allocation to the Operational Programme (%)
1	56,906,731.00	1.56%
4	692,531,019.40	18.98%
5	81,461,526.00	2.23%
6	31,028,149.20	0.85%
7	13,327,378.20	0.37%
<b>Total</b>	<b>875,254,803.80</b>	<b>23.98%</b>

**Section 4: A description of the integrated approach to territorial development, taking into account the content and objectives of the Operational Programme and having regard to the Partnership Agreement, and showing how it contributes to the accomplishment of the Programme objectives and expected results.**

The approach to territorial development in the Operational Programme reflects the complex, inter-connected economic geography of England. There are substantial variations as well as shared challenges in output and productivity across the three categories of region and these are fundamentally influenced by investment in enabling infrastructure, innovation, enterprise, skills and measures to promote competitiveness. Because of the inter-connected nature of these development needs and challenges in England, the ERDF Operational Programme brings together the three categories of region in a dynamic, integrated approach to territorial development.

Fundamental to this approach is the principle that functional economic areas should drive development rather than historically fixed administrative boundaries. So Local Enterprise Partnership territories have been established to reflect actual economic footprints and the economic assets of areas, driven by enterprise, education, civic and civil society and environmental and social partners.

For these economic territories to function optimally, the Operational Programme has a territorially flexible approach. This will accommodate and promote investment in innovation, enterprise, business finance, sectoral and other areas across all categories of region, as the development needs determine and unfettered by artificial boundaries. This approach will enable both territorially specific and common approaches across tightly defined and wider geographies.

The major issues which need to be addressed include a lack of access to finance for many Small and Medium Sized Enterprises, especially those who wish to boost growth for export; the chronic underinvestment in England's more peripheral and more remote regions and generally encouraging an entrepreneurial culture especially for young people and those from certain ethnic groups.

Coordinated investments in key growth centres through a range of different funding sources are shown to have a genuine impact. The general approach of using Community Led Local Development and integrated actions for Sustainable Urban Development are described in the Partnership Agreement, including links with EAFRD. Through this integrated approach new partnerships will be forged that will generate innovative solutions, for instance in deprived areas and for marginalised groups.

A range of specific territorial instruments will be employed to deliver focussed, integrated territorial interventions under certain conditions. Very locally, Community-Led Local Development will promote partnerships of public, private and civil society sectors in Local Action Groups in communities of shared interest who will design and drive spatially specific development.

At the city level, urban authorities will come together to develop innovative, integrated plans that recognise the interconnected nature of economic,

environmental, climate, social and demographic challenges. A number of candidate cities already co-operate with transnational partners and this participation will continue.

In order to maximise local economic growth, powers are being transferred to Authorities through devolution deals in some parts of England. Authorities will be designated as Intermediate Bodies in some of these devolution deals and be responsible for selecting operations that meet local priorities where this will help to integrate and align investments with other aspects of the devolution deal and improve performance.

#### 4.1 \*Community-led local development (where appropriate)

In line with the EU 2020 target to lift at least 20 million people out of the risk of poverty or social exclusion the Government will use Community-Led Local Development to support activity to promote social inclusion and reduce poverty under Thematic Objective 9.

The Government's Plan for Growth and localism agenda encourage communities in England to take own and design solutions to local issues. Section 1 describes the findings of the ERDF Analytical Programme (2007-2013) which confirm the critical role played by local partners in this regard.

In line with EU Guidance to Managing Authorities and stakeholders all Community – Led Local Development funded by ERDF will be programmed through investment priority 9d, although it will address at a localised level the challenges identified under other investment priorities, in particular in the following areas:

- SME competitiveness (investment priorities 3a; promoting entrepreneurship and 3b supporting the capacity of SMEs to grow).

#### **Coordination of and administrative set up for Community-Led Local Development**

Community-Led Local Development will be focussed on the specific needs and opportunities of a particular area, typically much smaller than that of the average Local Enterprise Partnership territory, and be based on communities with a population size of between 10,000 and 150,000.

In Transition and More Developed areas, Community-Led Local Development will prioritise deprived communities in primarily urban areas identified by reference to 20% most deprived LSOA<sup>113</sup> areas in the Index of Multiple Deprivation (IMD). Areas outside the 20% IMD most deprived areas will be considered at the margin for inclusion into the eligible area for Community-Led Local Development only if they are adjacent and if their incorporation links areas of need to opportunity or makes the area covered by the local development strategy more coherent in terms of presenting a functional economic geography. The map in the Annex shows the IMD

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<sup>113</sup> Lower Super Output Areas (LSOA).

20% areas in England, listing where they are located in respect of LEP areas and Local Authority areas.

In Cornwall and Isles of Scilly the use of IMD is modulated to reflect the specific challenges faced as a less developed region. This will result in 70% of Community Led Local Development resource being focused upon areas identified with reference to the 30% IMD most deprived areas, the remaining 30% of resource will target areas adjacent to the IMD 30% areas for the purposes of linking need to opportunity or presenting a more coherent functional economic geography.

In line with EU Guidance Community-Led Local Development in England will be employed only in circumstances where it adds value and provides a demonstrably more effective and appropriate means of addressing identified territorial development needs at a local level.

Government is seeking an integrated multi-fund approach at local level using ERDF and ESF. Government will where justified support the identification of a lead ESI fund arrangement so that management and administration costs (of up to 25% of the total investment identified for Community-Led Local Development) may be drawn from one ESI Fund.

Community-Led Local Development will be based on a partnership of public, private and civil society sectors coming together to form a Local Action Group that will develop and deliver a Local Development Strategy with a minimum threshold of at least €3 million public sector contribution to ensure critical mass.

ERDF resource will build on the LEADER approach used in the 2007-2013 Rural Development Programme for England. It will complement but not displace LEADER and FLAG actions; i.e. there will be no duplication with LEADER and FLAG actions across all categories of region.

For the multi-fund Local Development strategies, the Managing Authorities for ERDF and ESF will work collaboratively to call for and appraise proposals for integrated Community-Led Local Development strategies.

#### 4.2 Integrated actions for sustainable urban development (where appropriate)

The Principles set out in the Partnership Agreement mean that integrated actions for sustainable urban development will be undertaken in London and the core city regions.

London's ESIF strategy, covering both ERDF and ESF, sets out its integrated approach to the main challenges facing the city and how it plans to use funds in an integrated strategy focussed upon the achievement of lasting improvements in the economic, environmental, climate, social and demographic conditions of London. It promotes an integrated approach to stimulate sustainable urban growth. The ERDF element of its ESI Funds strategy will contribute to the 5% requirement in the ERDF Regulation.

The Core City Regions will complement wider local ESI Funds strategies through concentrated strategies for their respective urban areas that set out integrated actions to tackle the economic, environmental, climate, demographic and social challenges faced. These strategies for integrated urban actions will draw on:

- TO 1 Strengthening Research, Technological Development and Innovation;
- TO 3 Enhancing the Competitiveness of SMEs;
- TO 4 Supporting the Shift towards a Low Carbon Economy in all sectors;
- TO 5 Promoting Climate Change Adaptation, Risk Prevention and Management;
- TO 6 Preserving and Protecting the Environment and Promoting Resource Efficiency.

Following agreement of the Operational Programme the Managing Authority will invite Core City Regions to submit strategies for integrated urban actions that set out:

- A robust territorial and demographic analysis including a SWOT analysis of the urban area/city region;
- A clear rationale showing how the contributes added value to the longer term vision of the Operational Programme;
- Interlinked actions aimed at securing a lasting improvement in the economic, environmental, climate, social and demographic conditions of the urban area concerned. The strategies must combine a minimum of two thematic objectives and describe how proposed activity will be complemented by ESF provision where appropriate and other major investments envisaged over the lifetime of the Programme within urban areas concerned;
- How this will be organised, including the identification of the responsible lead authority, together with a clear description of governance arrangements and how the wider LEP area partnerships will be involved in the implementation of the strategy;
- A description of the investment priorities, specific objectives, outputs and results to be achieved by the integrated actions proposed.

Urban Authorities in Core City Regions will be established as Intermediate Bodies and in line with Article 7 (4) ERDF Regulation and Articles 123 (6) and 125 (3) (a) Common Provisions Regulation will be responsible for the selection of operations. London will be designated as an Intermediate Body with a broader range of tasks delegated in line with Article 123 (7) reflecting its relative size and existing Intermediate Body status. These arrangements will be set out in writing and procedures will be put in place to ensure clear accountability.



In order to simplify programme arrangements, we propose to use separate Integrated Territorial Investments rather than a separate Priority Axis.

**Table 20: The indicative amount of the European Regional Development Fund support for sustainable urban integrated actions under Article 7(2) of Regulation (European Union) 1301/2013 and the indicative allocation of European Social Fund support for integrated actions**

Fund	ERDF and ESF support (indicative) (€)	Proportion of fund's total allocation to programme
Total ERDF	295,304,042	8.09%
<b>TOTAL ERDF+ESF</b>	<b>295,304,042</b>	<b>8.09%</b>

#### 4.3 Integrated territorial investments (ITI)

England will use integrated territorial investments to implement sustainable urban development strategies and to provide a focus for integrated programming in its one less developed region.

Cornwall and the Isles of Scilly (C&iOS), as the only Less Developed region in England, will benefit from an Integrated Territorial Investment (ITI) to ensure the implementation and delivery of a targeted programme of investment for the territory.

The C&IoS ITI will combine ERDF and ESF in an integrated strategy. It will address the multi-dimensional and interconnected nature of development needs in the Less Developed territory. The ITI will align with EAFRD and EMFF to reflect the rural and coastal features of the territory. Similarly, domestic policy and financial resources which reflect and match fund ESI Funds priorities will also be set out and planned for in the C&IoS ITI.

Governance of the C&IoS ITI will be overseen by a Cornwall and Isles of Scilly local sub-committee of the Growth Programme Board. The roles of the Local ESIF sub-committee are described in section 7.2. Cornwall Council will be designated as an Intermediate Body and select operations that fit with local priorities in relation to the Operational Programme and Cornwall and Isles of Scilly ITI Strategy.

**Table 21 Indicative financial allocation to ITI other than those mentioned under point 4.2 (aggregate amount)**

Priority axis	Fund	Indicative financial allocation (Union support) (€)
1 - Promoting Research and Innovation	ERDF	91,100,210

Priority axis	Fund	Indicative financial allocation (Union support) (€)
2 - Enhancing access to, and use and quality of, ICT	ERDF	19,037,608
3 - Enhancing the Competitiveness of SMEs	ERDF	172, 941,661
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	76,006,317
5 - Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	12,469,913
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	12,847,466
7 - Sustainable Transport in Cornwall and the Isles of Scilly	ERDF	57,925,547
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	11,267,950
9 - Technical Assistance	ERDF	0
<b>Total</b>		<b>453,596,672</b>

4.4 \*The arrangements for interregional and transnational actions, within the Operational Programme, with beneficiaries located in at least one other Member State (where appropriate)

We do not intend to fund actions with beneficiaries in other Member States

4.5. Where appropriate, the mechanisms to ensure coordination with cooperation activities and macro-regional and sea-basin strategies

England and areas within it will take part in two cross-border programmes (Two Seas: Channel); three transnational programmes (Atlantic Area, North Sea and North-West Europe); and all four interregional programmes.

All Territorial Cooperation programmes are overseen by a dedicated UK ETC Board, which provides scrutiny and strategic direction for all programmes. The ETC Board in turn reports in the UK Partnership Agreement Programme Board that includes the Managing Authorities for both ERDF and ESF Operational Programmes in England. The UK Partnership Agreement Programme Board oversees delivery of all European Structural and Investment funds across the UK, ensuring complementarity and synergies between different funding streams. In the main, issues relating to cross-border programmes are covered by the ETC Board; however, MHCLG's internal ERDF Board, chaired at Director General level, also maintains oversight of issues

relating only to England or issues that overlap with ERDF. Cross-border programme Technical Assistance is also directed to provide coordination at delivery level, in particular through “Contact Points” who will be based across the programme area and will build effective links with other European funding programmes. Contact Points will liaise regularly with each other and with MHCLG officials, including through regular meetings, to ensure effective working

The UK is a participant in the Atlantic Strategy, endorsed by the European Council. The twelve Local Enterprise Partnership territories with Atlantic coastlines have considered the Atlantic Strategy and reflected this in their own European Structural and Investment Funds strategies. The range of activities they have proposed respond to the priorities in the Atlantic Strategy, which include renewable energy technologies, marine engineering technologies and the visitor economy, as well as entrepreneurship, skills, innovation and coastal community connectivity. Managing Authorities will support local partners wishing to actively plan a complementary approach across local European Structural and Investment Funds strategy investments and Atlantic Strategy initiatives. The Department for Business, Energy and Industrial Strategy leads on the Atlantic Strategy for the UK Government and has a seat of the Programme Monitoring Committee for the England ERDF Programme as well as on the UK-wide ETC board.

**Section 5: Specific needs of geographical areas most affected by poverty or target groups at highest risk of discrimination or social exclusion (where appropriate)**

Not appropriate for England European Regional Development Fund Operational Programme which is not using thematic objectives 8, 9 or 10 except for Community-Led Local Development, the arrangements for which are set out elsewhere.

An analysis of poverty needs is however set out in the corresponding England European Social Fund Operational Programme.

**Section 6: Specific Needs Of Geographical Areas Which Suffer From Severe And Permanent Natural Or Demographic Handicaps**

Not applicable for this Programme area

## Section 7: Authorities and bodies responsible for management, control and audit and the role of relevant partners (Article 96 (5) Common Provisions Regulation)

### 7.1. Identification of the relevant authorities and bodies (Article 96 (5) (a) and (b) Common Provisions Regulation)

**Table 23: Identification of and contact details for the relevant authorities and bodies**

Authority/body	Name of the authority/body, and department or unit, where appropriate	Head of the authority/body (position or post)
Managing authority	Secretary of State, Department for Communities and local Government	Secretary of State, Department for Communities and local Government
Certifying authority, where applicable	Secretary of State, Department for Communities and local Government	Secretary of State, Department for Communities and local Government
Audit authority	Cross Departmental Internal Audit Service (XDIAS), jointly hosted by MHCLG, BIS, DfE, DfT and HMT.	Deputy Director of Cross Departmental Internal Audit Service (XDIAS), jointly hosted by MHCLG, BIS, DfE, DfT and HMT.
Body to whom payments will be made by the Commission	Secretary of State, , Department for Communities and Local Government	Secretary of State, Department for Communities and local Government

#### **7.2.1. Actions taken to involve the relevant partners in the preparation of the operational planning and the role of those partners in the implementation, monitoring and evaluation of the Operational Programme.**

The Government engaged extensively with partners at national and local level during the development of the European Structural and Investment (ESI) Funds Growth Programme that includes the ERDF Operational Programme.

This process started in April 2012 with the publication of an informal consultation on design principles for the ERDF Operational Programme alongside the other ESI Funds in England. A series of meetings then took place to consider options and agree a final model.

This was tested through a series of road shows. These provided opportunity for Government officials to talk with local partners about the outline content of the ERDF Operational Programme as part of a proposal for an ESI Funds Growth Programme.

In 2013 Government issued outline and supplementary guidance to partners based on EU 2020, the draft UK Partnership Agreement and draft EU regulations as they then stood. This guidance commissioned further local evidence in each Local Enterprise Partnership territory that provided important complementary data within an EU and national strategic framework. The process of developing local information

was open and inclusive. Government worked with partners to hold extensive consultations in each Local Enterprise Partnership territory as plans were developed. Partners from the business, education, voluntary and environmental sectors were engaged in a wide variety of local meetings, workshops and via published and online media.

The official consultation on the ERDF Operational Programme was launched on 1 May 2014. The consultation documents were made available online on GOV.UK together with a series of questions to guide partner responses. The consultation ran for four weeks, closing on 28 May. To support the consultation, two partner events were held in London in March 2014 where detailed discussions on key themes and areas contained within the Operational Programme took place.

The Operational Programme was further informed and developed in light of the Strategic Environmental Assessment and consultation responses in June 2014.

### **Partnership working: governance and roles of ESI Funds Growth Programme Board, Managing Authorities and local partners**

Subject to the formal designation procedure set out in the Common Provisions Regulation and EAFRD Regulations, Government Departments will act as Managing Authorities.

A national ESI Funds Programme Monitoring Committee (PMC) has been set up in shadow form. This will be formalised once the Operational Programmes for which it is responsible have been adopted. It will be the PMC for the Operational Programmes for the ERDF and the ESF in England and be known as the ESI Funds Growth Programme Board (GPB). Agendas will be structured so that adequate attention is given to both funds. The EAFRD PMC will be the PMC for EAFRD funds within the European Growth Programme. Defra, as EAFRD Managing Authority, will be represented both on the national PMC for ERDF and ESF.

The GPB will be chaired by a representative of the Managing Authorities and the secretariat will be provided by the Managing Authorities also. Membership will be drawn from representatives of a wide range of partners across the public, private, business, social, voluntary and environmental sectors.

Managing Authorities are responsible for ensuring that the programmes are delivered in line with applicable law and represent good value for money, and they are ultimately accountable to the European Commission. The Managing Authorities will manage the Operational Programmes in accordance with the principle of sound financial management.

The GPB will be supported by a number of sub-committees advising it on relevant policy and operational matters. These sub-committees, which will provide supporting advice in specific policy areas such as innovation, skills and aspects of implementation, will bring in leading experts from their fields and provide an important resource for the GPB and ESI Funds Growth Programme. All sub-committees will report to the GPB, to ensure transparency of proceedings. The GPB

will not delegate decisions to these national sub-committees though their advice will be important in informing the GPB's perspective, advice and decisions.

The Common Provisions Regulation foresees that partners will be involved in the preparation of progress reports and throughout the preparation and implementation of programmes, including participation in the PMC and its governance structures. For the first time the EU has agreed a protocol for this - the Code of Conduct on Partnership, which sets out the main principles and good practices for the involvement of partners.

Accordingly, the Managing Authorities will work in partnership with economic, environmental, equality, social and civil society partners at national, regional and local levels throughout the programme cycle, consisting of preparation, implementation, monitoring and evaluation.

To ensure that the strong territorial basis of EU Cohesion policy is implemented in a way that best capitalises on national arrangements and local strengths, ESI Funds partnerships have been set up in each Local Enterprise Partnership Territory. This partnership model will provide an effective territorial balance within a national Operational Programme and will ensure that the programme's intervention logic is optimally delivered at national, pan local and local level.

These local partnerships in each Local Enterprise Partnership territory will operate as sub-committees of the GPB, to whom they will report. Local promotion of ESI Funds projects and their impact will be a priority, as will local leadership of this amongst citizens. This will complement the functions of the Managing Authority but not substitute for them. Each Local ESI Funds committee will be therefore chaired by a local partner who, along with other members drawn from business, public, environmental, voluntary and civil society sectors, will be advocates for the opportunities and impact of the ESI Funds. Membership will be inclusive and in line with EU regulations and the wide scope of ESI Funds priorities. The Managing Authority will be the Deputy Chair of the local ESI Funds Committee, except in London.

The role and purpose of these Local ESI Funds Committees will be clearly defined. They will not be responsible for any tasks set out in EU regulations for which Managing Authorities are responsible in relation to management of the ESI Funds. They will exist to:

- Provide advice to the Managing Authorities on local development needs and opportunities to inform Operational Programmes and ESI Funds Strategies;
- Work with sectors and organisations they represent so that they engage with and understand the opportunities provided by the ESI Funds to support Operational Programme objectives and local economic growth;
- Promote active participation amongst local economic, environmental and social partners to help bring forward activities which meets local needs in line with the Operational Programmes and local ESI Funds strategies and Implementation plans;



- Provide practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets. Similarly, provide local intelligence to the Managing Authorities in the development of project calls decided by the Managing Authorities that reflect Operational Programme and local development needs as well as match funding opportunities;
- Provide advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ESI Funds Strategy to aid the managing authority's assessment at outline and full application stage including in relation to value for money;
- Contribute advice, local knowledge and understanding to the Managing Authority to aid good delivery against spend, milestones, cross-cutting themes, outputs and results set out in the Operational Programme and local ESI Funds strategies.

In this way partners will play the important role foreseen in the Common Provisions Regulation and the main principles and good practices set out in the European Code of Conduct on Partnership. Managing Authorities will ensure that partner roles and responsibilities are clearly set out at all levels and that conflicts of interest are avoided. To ensure that this is compliantly managed, local ESI Funds Committee members will be required to complete a "declarations of interest" register which will be updated at each meeting. The Managing Authority will be responsible for maintaining and monitoring the register and its application at each meeting.

The role of the local committee will be to advise the Managing Authorities and help ensure that ESI Funds' investments are complementary to interventions funded through local public and private sector funding. Partners are close to the practical implementation and understand local economic needs and are therefore very well placed to advise on this complementarity, as well as assisting Managing Authorities to reach the broadest range of stakeholders and informing potential beneficiaries about funding opportunities. The advisory role of local committees will not interfere in the Managing Authority tasks and functions and this role will be limited to the mandate established through the GPB.

In some areas, Authorities will be designated as Intermediate Bodies where a devolution deal is agreed which involves the transfer of powers that will complement the delegation of some ERDF project selection tasks. In these cases, Authorities will be able to exercise their delegated powers and understanding of the local economy to maximise the efficiency and effectiveness of ERDF investment, as part of a wider devolved package of responsibilities and funding.

### **Sustainable Urban Development**

London and appropriate bodies within England's Core Cities/Core City Regions will be designated as urban authorities under the Sustainable Urban Development initiative.

The Greater London Authority (GLA) will be designated as an Intermediate Body for 100% of the ERDF in London with a wide range of tasks delegated to it.

Urban authorities within Core Cities/Core City Regions will also be designated as Intermediate bodies and will have responsibilities for specified elements of Article 125(a) and (b) Common Provisions Regulation dealing with the selection of operations up to the maximum ceilings set out in the Partnership Agreement, determined by the Managing Authority in consultation with the Urban Authority.

All participating Urban Authorities will have an Integrated Territorial Investment (ITI) to deliver sustainable urban development. Technical assistance will be made available, consistent with the tasks delegated.

Designated Urban Authorities will have the following responsibilities:

- Establish Intermediate Bodies as are required by the terms of the written agreement with the Managing Authority;
- Prepare a Sustainable Urban Development Strategy in line with Article 7 ERDF Regulation which will be assessed and approved by the Managing Authority against set criteria, including relevance to Programme objectives and the challenges affecting urban areas set out in Article 7;
- Establish a sustainable urban development Advisory Committee to provide advice on local economic growth conditions and opportunities within the context of Operational Programmes and the Sustainable Urban Development Strategy to aid the designated Urban Authority's assessment within the terms of the Intermediate Body arrangements agreed by the Managing Authority;
- Ensure membership of this Advisory Committee reflects the Priority Axes and range of interests covered by the Sustainable Urban Development Strategy;
- Selection of operations to be funded consistent with the scope of the delegation and applying the criteria approved by Programme Monitoring Committee.

The GLA will also have a wide range of responsibilities for management and control defined in writing by the Managing Authority under its Intermediate Body delegation.

The Managing Authority will have the following responsibilities:

- Assess and approve Sustainable Urban Development Strategies prepared by designated Urban Authorities;
- Assess the competence and capacity of the designated Urban Authorities to implement delegated tasks and monitor this for the duration of the delegation;
- Agree in writing the terms of the ITI and Sustainable Urban Development delegation with each designated Urban Authority;
- Undertake all tasks not delegated to the designated Urban Authorities.

The Managing Authority will undertake a final verification of eligibility, except in London.

### **Community-Led Local Development**

The Managing Authority will seek proposals for Local Development Strategies that implement Community-Led Local Development (in conformity with the strategy and selection criteria set out in Priority Axis 9 and section 4.1.

The Managing Authority will have the following responsibilities:

- Publish a call for Local Development Strategies;
- Set up committees to select Local Development Strategies submitted by Local Action Groups with advice from partners as appropriate;
- Oversee the implementation of Community-Led Local Development in each area covered by an approved Local Development Strategy and for England as a whole.

The lead partner/agreed body for each Local Action Group will have the following responsibilities which will conform to Article 34 of the Common Provisions Regulation:

- Set up a Local Action Group that represents the community interests of a proposed Local Development Strategy with a minimum 50% non-public body partners and select a lead partner/agreed body;
- Prepare and submit a Local Development Strategy to the Managing Authority;
- Draw up selection procedures and criteria;
- Prepare and publish calls for proposals;
- Assess applications which the Local Action Group will consider and select according to those operations that best contribute to the Local Development Strategy and are compliant with EU regulations.

Preparatory support will be made available, including through technical assistance if appropriate.

## **Section 8: Coordination between the funds, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund and other union and national funding instruments, and with the European Investment Bank**

### **Coordination between European Structural and Investment Funds**

Coordination between the European Structural and Investment Funds is an overarching principle of the European Structural and Investment Funds Growth Programme which will combine the European Regional Development Fund (ERDF) and the European Social Fund (ESF). It will also include part of the European Agricultural Fund for Rural Development (EAFRD), and will be aligned with the objectives of the UK European Maritime and Fisheries Fund. Bringing the funds together in this way will allow much greater flexibility in the way money is spent.

The arrangements are explained in more detail in the Partnership Agreement and in section seven of this Operational Programme. In particular, the England Growth Programme Board will act as the Programme Monitoring Committee for European Regional Development Fund and European Social Fund and also advise the Programming Monitoring Committee for the Rural Development Programme. As such, it will help ensure that the Funds work effectively together and that there is consistency, wherever possible, in their management. There will for example be a single set of national eligibility rules for European Social Fund and European Regional Development Fund (although tailored where necessary to the specificities of each Fund) and a common communications strategy.

This approach is replicated at local level with 39 sub-committees, one for each Local Enterprise Partnership territory. This will help ensure complementarity between the Funds in addressing the challenges in local European Structural and Investment Fund Strategies.

Furthermore, thematic sub-committees which are likely to cover areas such as innovation, Small and Medium Sized Enterprises and low carbon will help ensure that the European Regional Development Fund Operational Programme is aligned with national policy goals, including national funding instruments.

In addition to the above Funds, the European Territorial Cooperation Programmes and Atlantic Strategy provide further opportunities for complementary investment with actions supported through the England European Regional Development Fund Operational Programme. These opportunities are summarised in Section 4.5.

### **National funds**

European Union rules require European Structural and Investment Funds to be matched with domestic funding. Some of this will come from Government. Match funding will also be available from UK Trade and Investment, the Manufacturing Advisory Service and Growth Accelerator.

In addition, a range of other public sources of match funding will be available nationally and locally to support implementation of the European Regional Development Fund Operational Programme. Government is keen to see maximum

leverage of private match funding to support delivery, and private sector sources identified in local European Structural and Investment Fund Strategies confirm that this will be a significant match funding component during 2014-2020.

### **Synergies with European Union Funds**

There are opportunities to build coordination between the European Structural and Investment Funds and the European Union's other sources of funding for research, development and innovation (Horizon 2020, Erasmus+, COSME, and Creative Europe) both "upstream" and "downstream". The Partnership Agreement sets out the general approach for coordination. A practical and targeted approach within the European Regional Development Fund Programme will be taken to identify and build synergies between Horizon 2020 and other European Union programmes over the course of the programme period. The Managing Authority and local partners will seek to build this activity over time, developing arrangements so that the new opportunities set out in both sets of regulations can be applied consistently on a fully compliant basis. Local Enterprise Partnerships and partners, such as universities and other research centres, will be asked to work with the Managing Authority to identify appropriate opportunities to identify and build these synergies on an iterative basis within their respective Implementation Plans.

In England, the focus on synergies for ERDF in 2014-2020 is likely to be on "downstream activities", that is those that look to bring new products and processes to market using the European Structural and Investment Funds to follow on from successful use of the European Union instruments. These downstream activities can include demonstration facilities, support for prototyping or pilot production, and pre-commercial procurement, including opportunities to drive innovation through new forms of public procurement.

The scope of these opportunities will vary across the programme area, and their number and range will be both realistic and proportionate to the potential scale of alignment. To be successful in creating synergies, it will be essential for there to be good sharing of information on where the opportunities lie. Organisations such as the European Enterprise Networks and the planned Smart Specialisation Advisory Hub will be able to help with this by building and maintaining good knowledge of the structural funds programmes currently in operation and where they might be used to benefit research supported by H2020 etc. They will also have a role to play in matchmaking, brokering and putting potential partners who can follow through on creating synergies in touch with each other as well as producing simple guidance, and disseminating good practice and case studies on synergies for LEPs and HEIs.

The Managing Authority is analysing scope to use the Smart Specialisation Advisory Hub to act as a focal point for partners to contact at the application stage.

The LIFE programme co-finances European projects in the field of environment and climate change by its two sub-programmes "Environment" (environment, biodiversity, governance) and "Climate Action" (mitigation and adaptation to climate change, governance of climate) drawing on other funds to support related projects that supplement the activities in the LIFE funded core. The Operation Programme supports projects that have a national or transnational scale, including projects that are experimenting with new forms of intervention (e.g. pilot projects and

demonstration projects). A new project type is provided in the LIFE programme for the period 2014–20: the “integrated projects”. These are projects that will implement strategies or action plans on a larger scale (multi-regional or multi-national), drawing on other funds to support related projects that supplement the activities in the LIFE funded core element. The availability of ERDF funds for actions complementary to projects under the LIFE programme 2014–20 is ensured, in particular for integrated projects implementing EU plans or strategies in the areas of nature (prioritised action frameworks), water (river basin management plans), air (air quality plans) and waste (waste management plans) or climate change (adaptation actions, capturing/reducing greenhouse gas emissions, green infrastructure, training measures ...).

### **European Investment Bank (EIB)**

The European Investment Bank is already a major co-financer of financial instruments in the 2007-13 England programmes. It has provided the following sums as an investor:

- North East JEREMIE £62.5million -
- North West JEREMIE £77.5million -
- Yorkshire & Humber JEREMIE £45 million -
- London Green Fund - £6 million

It has also acted as Holding Fund manager for the North West JESSICA and the London Green Fund

Outside the scope of ERDF but linked to the London Green Fund, it has provided:

- £500m loan facility targeted at Local Authorities for low carbon and wider re-generation activities;
- £200m for greener affordable housing.

Regarding the 2014-2020 period, the European Investment Bank has been contracted to undertake ex ante assessments to support the use of financial instruments to improve access to finance for SMEs. Funding from the European Investment Bank group may also be utilised

## Section 9: Ex ante conditionalities

For each ex ante conditionality, established in accordance with Article 17 and Annex , which is applicable to the Operational Programme an assessment of whether the ex-ante conditionality is fulfilled at the date of submission of the Partnership Agreement and Operational Programme, and where ex-ante conditionalities are not fulfilled, a description of the actions to fulfil the ex-ante conditionality, the responsible bodies and a timetable for such actions in accordance with the summary submitted in the Partnership Agreement.

### 9.1. Identification of applicable ex-ante conditionalities and assessment of their fulfilment (table 24).

**Table 24: Identification of applicable ex-ante conditionalities and assessment of their fulfilment**

General Applicable Ex-ante Conditionality for which national bodies are responsible	Conditionality fulfilled: (Yes/ No/ Partially)	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text)	Explanation (where appropriate)
1. Antidiscrimination  The existence of administrative capacity for the implementation and application of Union antidiscrimination law and policy in the field of ESI Funds	YES	– Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for the promotion of equal treatment of all persons throughout the preparation and implementation of programmes, including the provision of advice on equality in ESI fund-related activities.	YES	<p><a href="https://www.gov.uk/equality-act-2010-guidance">https://www.gov.uk/equality-act-2010-guidance</a> Provides the legal framework and guidance on the Act</p> <p><a href="http://www.equalityhumanrights.com">www.equalityhumanrights.com</a> explains the work of the EHRC</p> <p><a href="https://www.gov.uk/government/organisations/government-equalities-office">https://www.gov.uk/government/organisations/government-equalities-office</a> explains the work of the Government Equalities Office</p>	<p>The legislative framework for all equalities (anti-discrimination, gender and disability) are contained in the UK Equality Act 2010.</p> <p>The Equality &amp; Human Rights Commission (EHRC) was formed in 2007 and fully complies with Article 13 of Directive 2000/43/EC.</p> <p>The Government Equalities Office (GEO) is responsible for equality strategy and legislation across government. They take action on the government's commitment to remove barriers to equality and help to build a fairer society, leading on issues relating to women, sexual orientation and transgender equality.</p> <p>For the ESIF 2014-20 programmes equalities will be a cross cutting and horizontal theme. An Equality Impact Assessment has been prepared as part of the ex ante evaluation of the ERDF Programme. The Growth Board (PMC) will have an Equalities sub-committee which will help ensure that equalities are monitored and implemented correctly across the Programme.</p>
		- Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union antidiscrimination law and policy.	YES	<p><a href="https://civilservicelearning.civilservice.gov.uk/">https://civilservicelearning.civilservice.gov.uk/</a> link to Civil Service learning</p>	<p>Equality is a cross cutting theme of the Programme and is built into the overarching 14-20 Business Process and fully integrated across the planning, implementation, monitoring and evaluation stages.</p> <p>Training for all Managing Authority staff on the business process started in October 2014 and will run till May 2015; this includes equalities (including relevant Union and national antidiscrimination law and policy).</p> <p>All staff also have access to comprehensive on-line learning through Civil Service Learning. This includes modules on a range of equality and diversity topics including:</p> <ul style="list-style-type: none"> <li>• Diversity &amp; equality essentials;</li> <li>• Unconscious bias;</li> <li>• Gender parity;</li> <li>• Diversity &amp; Equality;</li> <li>• Disability awareness.</li> </ul> <p>All staff are encouraged to undertake the range of training in these key areas. Training needs are identified through staff personal development plans.</p>

General Applicable Ex-ante Conditionality for which national bodies are responsible	Conditionality fulfilled: (Yes/ No/ Partially)	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text)	Explanation (where appropriate)
<b>2. Gender</b>  <b>The existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds</b>	YES	– Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for gender equality throughout the preparation and implementation of programmes, including the provision of advice on gender equality in ESI Fund-related activities;	YES	<a href="https://www.gov.uk/equality-act-2010-guidance">https://www.gov.uk/equality-act-2010-guidance</a> Provides the legal framework and guidance on the Act  <a href="http://www.equalityhumanrights.com">www.equalityhumanrights.com</a> explains the work of the EHRC  <a href="https://www.gov.uk/government/organisations/government-equalities-office">https://www.gov.uk/government/organisations/government-equalities-office</a> explains the work of the Government Equalities Office	The legislative framework for all equalities (anti-discrimination, gender and disability) are contained in the UK Equality Act 2010.  The Equality & Human Rights Commission (EHRC) was formed in 2007 and fully complies with Article 13 of Directive 2000/43/EC.  The Government Equalities Office (GEO) is responsible for equality strategy and legislation across government. They take action on the government's commitment to remove barriers to equality and help to build a fairer society, leading on issues relating to women, sexual orientation and transgender equality.  For the ESIF 2014-20 programmes equalities will remain a cross cutting and horizontal theme. An Equality Impact Assessment has been prepared as part of the Ex Ante evaluation of the ERDF Programme. The Growth Board (PMC) will have an Equalities sub-committee which will help ensure that equalities are monitored and implemented correctly across the Programme.
		– Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union gender equality law and policy as well as on gender mainstreaming.	YES	<a href="https://civilservicelearning.civilservice.gov.uk/">https://civilservicelearning.civilservice.gov.uk/</a>	Equality is a cross cutting theme of the Programme and is built into the overarching 14-20 Business Process and fully integrated across the planning, implementation, monitoring and evaluation stages.  Training for all Managing Authority staff on the business process started in October 2014 and will run till May 2015; this includes equalities (including relevant Union and national antidiscrimination law and policy).  All staff also have access to comprehensive on-line learning through Civil Service Learning. This includes modules on a range of equality and diversity topics including: <ul style="list-style-type: none"> <li>• Diversity &amp; equality essentials;</li> <li>• Unconscious bias;</li> <li>• Gender parity;</li> <li>• Diversity &amp; Equality;</li> <li>• Disability awareness.</li> </ul> All staff are encouraged to undertake the range of training in these key areas. Training needs are identified through staff personal development plans.
<b>3. Disability</b>	YES	– Arrangements in accordance with the institutional and legal framework of Member States for the consultation and involvement of bodies in charge of protection of rights of persons with disabilities or representative organisations of persons with disabilities and other relevant stakeholders throughout the preparation and implementation of programmes;	YES	<a href="https://www.gov.uk/equality-act-2010-guidance">https://www.gov.uk/equality-act-2010-guidance</a> provides the legal framework and guidance on the Act  <a href="http://www.equalityhumanrights.com">www.equalityhumanrights.com</a> explains the work of the EHRC  <a href="https://www.gov.uk/government/organisations/government-equalities-office">https://www.gov.uk/government/organisations/government-equalities-office</a> explains the work of the Government Equalities Office	The legislative framework for all equalities (anti-discrimination, gender and disability) are contained in the UK Equality Act 2010.  The Equality & Human Rights Commission (EHRC) was formed in 2007 and fully complies with Article 13 of Directive 2000/43/EC.  The Government Equalities Office (GEO) is responsible for equality strategy and legislation across government. They take action on the government's commitment to remove barriers to equality and help to build a fairer society, leading on issues relating to women, sexual orientation and transgender equality.



General Applicable Ex-ante Conditionality for which national bodies are responsible	Conditionality fulfilled: (Yes/ No/ Partially)	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text)	Explanation (where appropriate)
<p>The existence of administrative capacity for the implementation and application of the UN Convention on the Rights of Persons with Disabilities (UNCRPD) in the field of ESI Funds in accordance with the Council decision 2010/48/EC<sup>114</sup></p>					<p>For the ESIF 2014-20 programmes equalities will be a cross cutting and horizontal theme. An Equality Impact Assessment has been prepared as part of the Ex Ante evaluation of the ERDF Programme. The Growth Board (PMC) will have an Equalities sub-committee which will help ensure that equalities are monitored and implemented correctly across the Programme.</p>
		<p>– Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of applicable Union and national disability law and policy, including accessibility and the practical application of the UNCRPD as reflected in EU and national legislation, as appropriate;</p>	YES	<p><a href="https://civilservicelearning.civilservice.gov.uk/">https://civilservicelearning.civilservice.gov.uk/</a> link to civil service learning</p>	<p>Equality is a cross cutting theme of the Programme and is built into the overarching 14-20 Business Process and fully integrated across the planning, implementation, monitoring and evaluation stages.</p> <p>Training for all Managing Authority staff on the business process started in October 2014 and will run till May 2015; this includes equalities (including relevant Union and national antidiscrimination law and policy).</p> <p>All staff also have access to comprehensive on-line learning through Civil Service Learning. This includes modules on a range of equality and diversity topics including:</p> <ul style="list-style-type: none"> <li>• Diversity &amp; equality essentials;</li> <li>• Unconscious bias;</li> <li>• Gender parity;</li> <li>• Diversity &amp; Equality;</li> <li>• Disability awareness.</li> </ul> <p>All staff are encouraged to undertake the range of training in these key areas. Training needs are identified through staff personal development plans.</p>
		<p>– Arrangements to ensure monitoring of the implementation of Article 9 of the UNCRPD in relation to the ESI Funds throughout the preparation and the implementation of the programmes.</p>	YES	<p><a href="http://odi.dwp.gov.uk/disabled-people-and-legislation/un-convention-on-the-rights-of-disabled-people.php">http://odi.dwp.gov.uk/disabled-people-and-legislation/un-convention-on-the-rights-of-disabled-people.php</a> details the UN Convention of Rights of Persons with Disabilities and other Office for Disabilities Issues (ODI) guidance.</p>	<p>DWP are responsible for collating and providing contributions for inclusion with the UK Government reports to all UN Conventions and Covenants.</p> <p>The principles contained in Article 9 of the UNCRPD are mirrored in the cross-cutting themes of the Programme and therefore monitored within the business process by the MA. The Growth Board (PMC) will have also an Equalities sub-committee which will help ensure that equalities are monitored and implemented correctly across the Programme.</p>

<sup>114</sup>Council Decision of 26 November 2009 concerning the conclusion, by the European Community, of the United Nations Convention on the Rights of Persons with Disabilities, (OJ L 23, 27.1.2010, p. 35).

General Applicable Ex-ante Conditionality for which national bodies are responsible	Conditionality fulfilled: (Yes/ No/ Partially)	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text)	Explanation (where appropriate)
<b>4. Public Procurement</b>  The existence of arrangement for the effective application of Union public procurement law in the field of the ESI Funds.	YES	– Arrangements for the effective application of EU public procurement rules through appropriate mechanisms;	YES	<u>Public tendering arrangements are governed by the Public Contracts Directive (2004/18/EC) implemented in the UK by Public Contracts Regulations 2006 (Statutory Instrument 2006/5).</u>  <u>ERDF National Procurement Guidelines for 2007-13 programmes can be found on a public website</u>	<p>The work instructions in the standardised business process will describe in detail the procedures to ensure consistency in approach. Procurement will be checked at 3 points in the process; appraisal, contract management and on-the-spot checks.</p> <p>Drawing on the lessons learned from the 2007-13 programme, 100% of above OJEU and a sample of below OJEU procurements will be checked by the MA (as for 2007-13). There will also be process reviews at all stages that Procurement Guidelines have been followed.</p> <p>The UK has committed to early transposition of the new public procurement rules adopted by the Council in February 2014. This process should be completed early next year.</p> <p>The MA has also set up a network of practitioners with experience of public procurement and involved in appraisal and verification of operations to support continuous improvement. Experts will also be contracted in to work alongside salaried staff. A member of the network will review all above OJEU procurement contracts at appraisal and at the on-the-spot visit. The Network is developing a range of tools including a checklist for recipients to ensure and record that transparent award procedures have been put in place.</p>
		– Arrangements which ensure transparent contract award procedures;	YES	<u>Public tendering arrangements are governed by the Public Contracts Directive (2004/18/EC) implemented in the UK by Public Contracts Regulations 2006 (Statutory Instrument 2006/5).</u>  <u>ERDF National Procurement Guidelines for 2007-13 programmes can be found on a public website:</u>	<p>The business process being finalised includes detailed work instructions to ensure consistency in approach and will require the review of proposed contracting procedures. Templates and guidance documents build on the national Procurement Guidelines for 2007-13 programmes which are available to Grant Recipients to ensure the principles of open and fair competition and non-discrimination are applied to procurement irrespective of value. The MA has also set up a network of practitioners to support continuous improvement. Experts will be contracted in to work alongside salaried staff. A member of the network will review all above OJEU procurement contracts at appraisal and at the on-the-spot visit. The Network is developing a range of tools including a checklist for recipients to ensure and record that transparent award procedures have been put in place.</p>
		– Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds	<u>YES</u>	<u>Internal Training (no link)</u>	<p>All staff involved in appraisal and on-the-spot visits will be given training in procurement to develop expertise and also to identify when the issue should be referred to the panel of experts. Training for all Managing Authority staff on the business process (including procurement) started in early October 2014 and runs till May 2015 and continues through the first 12 months at least. Information and learning tools including aide memoirs/guidance will also be available to staff. The MA also has access to a team of legal specialists who can help interpret legislation and enable a better understanding of EU Directives and advise on specific cases. A national network has been established to develop tools for MA staff and applicants to support compliant procurement across the programmes.</p>
		– Arrangements to ensure administrative capacity for implementation and application of Union public procurement rules.	<u>YES</u>	<u>Internal review (no link)</u>	<p>The MA has conducted a comprehensive review of resource requirements across all functions and responsibilities. The review includes capacity to support business critical operations including procurement.</p>

<u>General Applicable Ex-ante Conditionality for which national bodies are responsible</u>	<u>Conditionality fulfilled: (Yes/ No/ Partially)</u>	<u>Criteria</u>	<u>Criteria fulfilled Yes/no</u>	<u>Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text)</u>	<u>Explanation (where appropriate)</u>
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<b>5. State aid</b>  <b>The existence of arrangements for the effective application of Union state aid rules in the field of the ESI Funds.</b>	YES	– Arrangements for the effective application of Union state aid rules;	YES	<p>This is met fully at UK level. The UK Department for Business Innovation and Skills (BIS) is responsible for UK wide State Aid policy and leads on providing advice and guidance to all UK public bodies. Guidance on State Aid – ‘State aid: the basics’ and a ‘Practitioner’s Guide’ (which includes guidance on regulations and key frameworks) can be found at <a href="https://www.gov.uk/state-aid">https://www.gov.uk/state-aid</a></p>	<p>Programme compliance with State Aid rules is the responsibility of the MA, but the BIS State Aid team provides over-arching advice and guidance to all UK public bodies. BIS runs a Senior Officials Group that brings those dealing with State Aid in other departments together to discuss issues and take decisions.</p> <p>For advice on specific cases (e.g. where specific schemes are subject to state aid rules or above the de minimis threshold), MAs/ scheme administrators can consult their lead departments and ultimately BIS (or the DFT for transport or the DEFRA for agriculture/ fisheries).</p> <p>MHCLG as MA for ERDF has overall responsibility for ensuring projects are compliant with State Aid rules. The Head of the MHCLG ERDF Programmes Team has been appointed as Departmental State Aid co-ordinator, with responsibility for making sure issues are escalated to BIS State Aid Branch as appropriate. Guidance for staff who will administer the funds will include procedures for ensuring State aid compliance.</p>
		– Arrangements for the training and dissemination of information for staff involved in the implementation of the ESI funds;	YES	<p>BIS state aid unit provides general information on the new state aid framework. Guidance on State Aid – ‘State aid: the basics’ and a ‘Practitioner’s Guide’ can be found at <a href="https://www.gov.uk/state-aid">https://www.gov.uk/state-aid</a></p> <p>Guidance on State Aid for the current 2007-13 Programmes is provided on the MHCLG website. <a href="https://www.gov.uk/erdf-national-guidance">https://www.gov.uk/erdf-national-guidance</a>. Similar material for State Aid guidance will be provided for 2014-20 programmes once it is approved and up and running.</p>	<p>The BIS State Aid team provides over-arching advice and guidance to all UK public bodies and runs a Senior Officials Group for those dealing with State Aid in other departments to discuss issues and take decisions.</p> <p>The Managing Authority has a network of state aid contacts within its local teams (GDTs) to ensure information is disseminated effectively to all parts of England. MHCLG’s ERDF State Aid Network comprising of representatives of the GDTs meets quarterly to discuss issues and will continue into 2014-20. It will notify new schemes as appropriate and manage schemes notified under the 2014-20 General Block Exemption Regulation. A representative of the Network will participate in meetings of the UK State Aid Network.</p> <p>Guidance for staff who will administer the funds will include procedures for ensuring State aid compliance. Training for all Managing Authority staff on the business process will start in October 2014 and run till May 2015; this will include State Aid training.</p>
		– Arrangements to ensure administrative capacity for implementation and application of Union State aid rules.	YES	Internal review (no link)	<p>Through delivering the 07-13 Programme the Managing Authority understands the administrative capacity needed to give practical and legal advice on applicability of state aid and compliance with EU State aid rules. As at this date there has been a 0% irregularity rate relating to State Aid law in the delivery of the 2007-2013 ERDF Programme. This has been achieved because of a three tier structure.</p> <p>The first level relates to the ERDF Staff within the Department for Communities and Local Government who are obliged to attend State Aid training and who receive regular updates on important developments and decisions. The MA has conducted a comprehensive review of resource requirements across all functions and responsibilities, including capacity to support business critical operations including State Aid for the 14-20 Programme. MHCLG’s ERDF State Aid Network will also continue to operate throughout the 14-20 Programme; this comprises of representatives from the MA national and local teams reviewed.</p> <p>The second level is the services of a specialist ERDF team within Treasury Solicitor’s Department who have extensive experience in this area (for example, one member has worked within DG Competition and lectures on State Aid law).</p> <p>The third tier of support comes from the State Aid Branch at the Department for Business, Innovation and Skills (BIS), who specialise in providing cross government State Aid advice and who works closely with UKRep to maintain useful communication with DG Competition. This branch has reviewed its capacity to support the whole of the UK in terms of its State Aid functions and will continue to provide an appropriate level of support for novel and large cases. It regularly reviews these resources.</p> <p>The structure works well and the approach will be maintained during the delivery of the 2014-2020 Programme</p>

General Applicable Ex-ante Conditionality for which national bodies are responsible	Conditionality fulfilled: (Yes/ No/ Partially)	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text)	Explanation (where appropriate)
<b>6. Environmental legislation relating to Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA)</b>  <b>The existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA.</b>	YES	- Arrangements for the effective application of Directive 2011/92/EU of the European Parliament and of the Council (EIA) and of Directive 2001/42/EC of the European Parliament and of the Council (SEA);	YES	With regard to EIA the main transposing legislation is: <u>The Town and Country Planning (Environmental Impact Assessment) Regulations 2011</u> . Separate legislation covers specific issues such as forestry, land drainage, fishing, roads, harbour works, energy infrastructure, agriculture, natural habitats. These can be provided on request.  All documents relating to Strategic Environmental Assessments are at: <a href="https://www.gov.uk/government/collections/strategic-environmental-assessments">https://www.gov.uk/government/collections/strategic-environmental-assessments</a> .	<p>In the UK, developers, competent authorities and statutory consultation bodies are responsible for ensuring their processes are compliant with EIA and SEA regulations and that decisions are made taking into account a full assessment of the significant environmental effects. Competent authorities: (1) must not grant consent for development which is likely to have significant effects on the environment without consideration of the environmental information; and (2) must carry out an environmental assessment of relevant plans and programmes before their adoption. Guidance has been provided at national level to assist competent authorities, consultation bodies (e.g. Environment Agency), developers and the public to understand the procedures.</p> <p>The result of the assessment of the fulfilment of the general ex-ante conditionality with regard to the provisions transposing EIA and SEA requirements is without prejudice to the obligation to implement the European Court of Justice judgement of 13 February 2014 (case (C-530/11) Commission v. UK).</p>
		– Arrangements for training and dissemination of information for staff involved in the implementation of EIA and SEA Directives;	YES	Internal training (no link)	<p>The managing authority is responsible for ensuring that staff are suitably trained.</p> <p>The environment is a cross cutting theme of the Programme and is built into the overarching 14-20 Business process. The business process and its associated work instructions and training will provide the platform for ensuring that the relevant environmental directives are implemented where required. Training for all Managing Authority staff on the business process started in October 2014 and will run till May 2015.</p> <p>Training is also available through relevant professional bodies such as the RTPI or IEMA.</p>
		– Arrangements to ensure sufficient administrative capacity.	YES	Internal review (no link)	<p>The managing authority is responsible for ensuring that they have sufficient administrative capacity. The MA has conducted a comprehensive review of resource requirements across all functions and responsibilities. The review includes capacity to support business critical operations including environmental directives.</p>

General Applicable Ex-ante Conditionality for which national bodies are responsible	Conditionality fulfilled: (Yes/ No/ Partially)	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text)	Explanation (where appropriate)
<p><b>7. Statistical system and results indicators.</b></p> <p>The existence of a statistical basis necessary to undertake evaluations to assess the effectiveness and impact of the programmes.</p> <p>The existence of a system of result indicators necessary to select actions, which most effectively contribute to desired results, to monitor progress towards results and to undertake impact evaluation.</p>	YES	<ul style="list-style-type: none"> <li>– Arrangements for timely collection and aggregation of statistical data with the following elements is in place:</li> <li>– the identification of sources and mechanisms to ensure statistical validation;</li> </ul>	YES	[internal IT system]	<p>Data will be collected through an-online Management Information System. Transactional data related to financial spend, outputs, results and the geographical distribution of delivery will be held in the system. Information will initially be based on the LEP area ESIF strategies and then on quarterly claims/ updates provided by applicants which will provide financial and progress data.</p> <p>Data collected online combined with traceability between monitoring, procurement and compliance data will used to identify trends and areas needing improvement and to enhance business processes and guidance.</p>
		<ul style="list-style-type: none"> <li>– arrangements for publication and public availability of aggregated data;</li> </ul>	YES	(GOV.UK)	<p>In line with Article 115 Common Provisions Regulation, information relating to the achievements of the Programmes will be made available through the GOV.UK portal. A list of projects supported through funding will be accessible to the public through this medium.</p>
		<ul style="list-style-type: none"> <li>– An effective system of result indicators including:</li> <li>– the selection of result indicators for each programme providing information on what motivates the selection of policy actions financed by the programme;</li> </ul>	YES	[Operational programme and LEP area ESIF Strategies refer]	<p>The Managing Authority will set up an indicator system of inputs, outputs and results reflecting key activities and objectives of investment priorities. Each operation will select indicators for the investment priority under which they are funded, agreed by the Managing Authority who will use them to monitor progress in line with Article 125. All projects will have a profile of expected delivery for expenditure and indicators; a tolerance will be applied to ensure action if this is breached. Data will be aggregated for the Managing Authority to evaluate programme level progress.</p> <p>The Managing Authority will work with LEP areas and operations to ensure indicators are reasoned and robust. Compliance and monitoring systems including on-the-spot verification visits will look at outputs against output indicators. This will link to the evaluation strategy looking at results across the Programme.</p> <p>Online data combined with other datasets such as Indices of Multiple Deprivation, will enable analysis at a spatial level.</p>
		<ul style="list-style-type: none"> <li>– the establishment of targets for these indicators;</li> </ul>	YES	(Operational Programme and LEP area ESIF strategies refer)	<p>The Managing Authority will set up an indicator system of inputs, outputs and results reflecting key activities and specific objectives of Investment Priorities. Each operation will select indicators for the investment priority under which it is funded, agreed by the Managing Authority who will use them to monitor progress in line with Article 125. All projects will have a profile of expected delivery for expenditure and indicators; a tolerance will be applied to ensure action if this is breached. Data will be aggregated for the Managing Authority to evaluate programme level progress.</p> <p>The Managing Authority will work with LEP areas and operations to ensure indicators are reasoned and robust. Compliance and monitoring systems including on-the-spot verification visits will look at outputs against output indicators. This will link to the evaluation strategy looking at results across the Programme.</p> <p>Online data combined with other datasets such as Indices of Multiple Deprivation, will enable analysis at a spatial level.</p>
		<ul style="list-style-type: none"> <li>– the consistency of each indicator of the following requisites: robustness and statistical validation, clarity of normative interpretation, responsiveness to policy, timely collection of data;</li> </ul>	YES	<ul style="list-style-type: none"> <li>[internal IT system]</li> <li>(Operational Programme and LEP area ESIF strategies refer)</li> </ul>	<p>The Managing Authority will set up an indicator system of inputs, outputs and results reflecting key activities and specific objectives of Investment Priorities. Each operation will select indicators for the Investment Priority under which it is funded, agreed by the Managing Authority who will use them to monitor progress in line with Article 125. All projects will have a profile of expected delivery for expenditure and indicators; a tolerance will be applied to ensure action if this is breached. Data will be aggregated for the Managing Authority to evaluate programme level progress.</p>

General Applicable Ex-ante Conditionality for which national bodies are responsible	Conditionality fulfilled: (Yes/ No/ Partially)	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text)	Explanation (where appropriate)
					<p>The Managing Authority will work with LEP areas and operations to ensure indicators are reasoned and robust. Compliance and monitoring systems including on-the-spot verification visits will look at outputs against output indicators. This will link to the evaluation strategy looking at results across the Programme. Online data combined with other datasets such as Indices of Multiple Deprivation, will enable analysis at a spatial level.</p>
		<p>- procedures in place to ensure that all operations financed by the programme adopt an effective system of indicators</p>	<p>YES</p>	<p><i>[internal IT system]</i>  <i>(Operational Programme and LEP area ESIF strategies refer)</i></p>	<p>The Managing Authority will set up an indicator system of inputs, outputs and results reflecting key activities and specific objectives of Investment Priorities. Each operation will select indicators for the Investment Priority under which it is funded, agreed by the Managing Authority who will use them to monitor progress in line with Article 125 Common Provisions Regulation. All projects will have a profile of expected delivery for expenditure and indicators; a tolerance will be applied to ensure action if this is breached. Data will be aggregated for the MA to evaluate Programme level progress.</p> <p>The Managing Authority will work with LEP areas and operations to ensure indicators are reasoned and robust. Compliance and monitoring systems including on-the-spot verification visits will look at outputs against output indicators. This will link to the evaluation strategy looking at results across the Programme.</p> <p>Online data combined with other datasets such as Indices of Multiple Deprivation, will enable analysis at a spatial level.</p>

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled	Criteria	Criteria fulfilled	Reference (if fulfilled)	Explanation (where appropriate)
<b>1. Strengthening research, technological development and innovation</b>					
1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.	YES	A national or regional smart specialisation strategy is in place that:	Yes	<a href="#">Smart Specialisation in England</a> [draft submitted to Commission in July 2014. Final version submitted in May 2015 and published on website]  <a href="#">Link to the Witty Review</a>  <a href="#">Link to Industrial Strategy</a>	The PA sets out the UK approach to Smart Specialisation. "Smart specialisation in England" was prepared with support of the Joint Research Centre in Seville and expert advisers provided by the Commission. It has been subject to peer review by other Member States at the Smart Specialisation Platform. For England, central government provided LEPs with an overview of UK industrial strengths in 11 Sector Strategies, produced with significant input from business and supported by rigorous economic analysis. Government also prepared to support the Witty Review 'heat maps' for each of these sectors and the 8 Great Technologies showing the extent to which LEP areas have a comparative advantage in terms of firms and numbers of people employed. LEP areas received detailed quantitative data on the location of firms and employees in each of sectors prioritised in the Industrial Strategy to support their local analysis.
1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.	YES	– is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities;	Yes	<a href="#">Link to Industrial Strategy</a>	The Industrial Strategy, the 11 Sector Strategies and the 8 Great Technologies provide a sound framework upon which to base prioritisation by the LEP area but this was not intended to be an exclusive list, where more specific priorities can be fully evidenced and justified.  LEP areas provided a SWOT (or similar) analysis of their functional economic area in their ESIF Strategy. LEP areas prioritised a limited number of interventions to support innovation.
1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.	YES	– outlines measures to stimulate private RTD investment;	Yes	<a href="#">Smart Specialisation in England</a>	"Smart Specialisation in England" sets out in detail the very large scale of financial support provided through the corporation tax system to firms who invest in research and development. Central government has also introduced in 2013 a new Patent Box programme to incentivise (through the tax system) investments made by firms in developing or using patented technology.
1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.	YES	– contains a monitoring mechanism	Yes	<a href="#">The Annual Innovation Report</a>  <a href="#">Growth Dashboard.</a>  the <a href="#">Industrial Strategy</a> .	The Government's Annual Innovation Report is a comprehensive analysis of: the macro view of overall innovation in the economy; the discovery of new ideas and their development through the innovation process; the role of businesses in commercialising those new ideas and bringing them to market; the increasingly global nature of innovation; and the role government plays in the innovation ecosystem.  The Growth Dashboard provides a comprehensive and wider summary of important facts and figures on UK growth and industrial policy, including: important sectors, cross cutting themes and performance across the UK. The dashboard will be updated twice a year.  For the ESIF Programme, the Programme Monitoring Committee will have a subcommittee for Smart Specialisation. This will provide strategic advice on the Thematic Objective of Research, Development & Innovation. The membership will include experts from local and national partners.
1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.	YES	- A framework outlining available budgetary resources for research and innovation has been adopted;	Yes	<a href="#">Smart Specialisation in England</a>	The UK ordinarily operates a three year spending cycle. The current spending period expires end of March 2016. Announcements for the next spending period are not anticipated until after the next general election, expected in May 2015. This will inform R&I resources ongoing. A budgetary framework for the main funding agencies, including also indicative allocations by each of the 39 LEP areas to the thematic objective of Research, Development & Innovation are set out in the appendix of Smart Specialisation in England.

<p>1.2 Research and Innovation Infrastructure: The existence of a multi-annual plan for budgeting and prioritisation of investments.</p>		<p>An indicative multi-annual plan for budgeting and prioritization of investments linked to EU priorities, and, where appropriate, the (European Strategy Forum on Research Infrastructures -ESFRI) has been adopted.</p>	<p>YES</p>	<p>UK Research Council: <u>Investing for growth: Capital Infrastructure for the 21st Century</u>  <u>The UK National Infrastructure Plan</u></p>	<p>The UK ordinarily operates a three year spending cycle. The current spending period expires end of March 2016. Announcements for the next spending period are not anticipated until after the next general election in May 2015. This will inform R&amp;I resources ongoing.</p> <p>The National Infrastructure Plan 2014 however provided a long-term commitment to increase capital funding for science and research in line with inflation each year to 2020-21.</p> <p>UK Research Council has set criteria for the prioritisation of publicly funded capital projects: affordability (including revenue costs), excellence, impact, skills development, and efficiency and leverage of other funding sources. Projects are also required to support the government's wider priorities: the 'eight great technologies', the industrial strategy and developing collaboration across disciplines and boundaries, which are consistent with the approach in "Smart Specialisation in England".</p>
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Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled	Criteria	Criteria fulfilled	Reference (if fulfilled) <sup>115</sup>	Explanation (where appropriate)
<b>2. Enhancing access to, and use and quality of, information and communication technologies (ICT) (Broadband target)</b>					
2.1. Digital growth: A strategic policy framework for digital growth to stimulate demand for affordable, good quality and interoperable ICT-enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public administrations including cross border initiatives.	YES	A strategic policy framework for digital growth, for instance, within the national or regional smart specialisation strategy is in place that contains:	YES	Govt's <a href="#">strategy for the information economy</a>	This covers both supply and demand side
		– budgeting and prioritisation of actions through a SWOT or similar analysis consistent with the Scoreboard of the Digital Agenda for Europe;	YES	<a href="#">Government Digital Inclusion Strategy 4 December 2014</a> Govt's <a href="#">strategy for the information economy</a>	The Digital Inclusion Strategy and strategy for the information economy contain prioritised actions.
		– an analysis of balancing support for demand and supply of ICT should have been conducted;	YES	<a href="#">Government Digital Inclusion Strategy 4 December 2014 strategy for the information economy</a>  The UK's national broadband plan ' <a href="#">Britain's Superfast Broadband Future</a> '  <a href="#">Local Broadband Plans</a> (with prioritisation) are on Google docs.	The Digital Inclusion Strategy and strategy for the information economy contain an analysis of the requirements for support for demand of ICT and Britain's Superfast Broadband Future contains analysis of the requirements to support supply. Local Broadband Plans cover supply and demand stimulation.
		– indicators to measure progress of interventions in areas such as digital literacy, e-inclusion, e-accessibility, and progress of e-health within the limits of Article 168 TFEU which are aligned, where appropriate, with existing relevant sectoral Union, national or regional strategies	YES	<a href="#">Government Digital Inclusion Strategy strategy for the information economy</a>	The Digital Inclusion Strategy includes indicators of progress regarding digital inclusion.  There is an Information Economy Council to oversee implementation of the Information Economy Strategy
		– Assessment of needs to reinforce ICT capacity-building	YES	<a href="#">Digital Inclusion Strategy December 2014 Strategy for the information economy</a>	The Digital Inclusion Strategy and strategy for the information economy summarise the needs for ICT capacity building
2.2. Next Generation Network (NGN) Infrastructure: The existence of national NGN Plans which take account of regional actions in order to reach the Union high-speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and state aid rules, and to provide accessible services to vulnerable groups.	YES	A national and/or regional NGN Plan is in place that contains	Yes	The UK's national broadband plan ' <a href="#">Britain's Superfast Broadband Future</a> '  <a href="#">Local Broadband Plans</a> (with prioritisation) are on Google docs.  <a href="#">Ofcom carries out a range of reports and research in relation to ICT particularly the Dec 2014 Infrastructure Report and the August 2014 Communications Market Report</a>  <a href="#">Strategy for the information economy</a>	Local Authorities who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.  Any further local broadband project seeking to use UK Government funding together with European funding will be required to produce its own Local Broadband Plan.

<sup>115</sup> (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)

		- a plan of infrastructure investments based on an economic analysis taking account of existing private and public infrastructures and planned investments;	Yes	<p>The UK's national broadband plan '<u>Britain's Superfast Broadband Future</u>'</p> <p><u>Local Broadband Plans</u> (with prioritisation) are available from local broadband projects.</p> <p><u>Ofcom carries out a range of reports and research in relation to ICT particularly the Dec 2014 Infrastructure Report and the August 2014 Communications Market Report</u></p> <p>The UK's approach to supporting sustainable investment models is set out in the <u>BDUK Delivery Model</u></p>	<p>Local Authorities and Devolved Administrations who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.</p> <p>Any further local broadband project seeking to use UK Government funding together with European funding will be required to produce its own Local Broadband Plan.</p>
		- sustainable investment models that enhance competition and provide access to open, affordable, quality and future proof infrastructure and services;	Yes	<p>The UK's national broadband plan '<u>Britain's Superfast Broadband Future</u>'</p> <p><u>Local Broadband Plans</u> (with prioritisation) are available from local broadband projects.</p> <p><u>Ofcom carries out a range of reports and research in relation to ICT particularly the Dec 2014 Infrastructure Report and the August 2014 Communications Market Report</u></p> <p>The UK's approach to supporting sustainable investment models is set out in the <u>BDUK Delivery Model</u></p>	<p>Local Authorities and Devolved Administrations who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.</p> <p>Any further local broadband project seeking to use UK Government funding together with European funding will be required to produce its own Local Broadband Plan.</p>
		- measures to stimulate private investment.	Yes	<p><u>UK measures to stimulate private investment</u></p> <p><u>DfT guidance</u> on how permit schemes support rollout</p>	<p>Local Authorities and Devolved Administrations who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.</p> <p>Any further local broadband project seeking to use UK Government funding together with European funding will be required to produce its own Local Broadband Plan.</p>

<b>3. Enhancing the competitiveness of small and medium-sized enterprises (SMEs)</b>					
3.1. Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).	YES	The specific actions are: — measures have been put in place with the objective of reducing the time and cost involved in setting-up a business taking account of the targets of the SBA;	Yes	<p><u>UK Government's Plan for Growth:</u> <a href="https://www.gov.uk/government/publications/plan-for-growth--5">https://www.gov.uk/government/publications/plan-for-growth--5</a></p> <p>Companies House acts as a one stop shop to set up a business - <a href="http://www.companieshouse.gov.uk/">http://www.companieshouse.gov.uk/</a></p> <p><a href="http://www.gov.uk">www.gov.uk</a> is the new home for Government services online.</p>	<p>Section 1.34 of the UK Government's Plan for Growth outlines plans to reform the planning system for SMEs.</p> <p>Companies House (CH) enables a prospective company to check the availability of the name they wish to use and file relevant documents. There is also a joint registration service for company start-up and corporation tax so companies can complete this in one process. CH collects the information on behalf of Govt.</p> <p>Start-ups can register as a limited company online in less than a day and do not need any capital requirements.</p> <p>A business can be incorporated in the UK in 10 hours (although the fastest possible time is ten minutes) at a cost of 30 euros. Almost 97% of incorporations take place online.</p> <p>The aim of the Govt online service is to make it easier for established businesses and start ups to find the information they need.</p>
		— measures have been put in place with the objective of reducing the time needed to get licenses and permits to take up and perform the specific activity of an enterprise taking account of the targets of the SBA;		<p><u>EU Services Directive:</u></p> <p>We do not set central timescales given the range of licences and authorities involved. Under the EU Services Directive, all UK local and other competent authorities (including Govt Departments, regulators and professional bodies) have to screen local legislation and administrative practices to ensure unnecessary barriers to service provision are removed, considering cost (fees), duration, clarity, accessibility, duplication, practical difficulties and the number of procedures. All authorisations (including licence applications, registrations, permits, notifications) and applicable procedures must be done in a reasonable, fixed time period made public in advance.</p> <p>The UK is part of the EUGO network of online licensing portals (Point of Single Contact) that promotes best practice. A Charter commits countries to reduce the approval of applications to a minimum time. 20/2/2014 records indicate 62% of licences have a timescale of 28 days or less and 94% have a timescale of 90 days or less.</p>	
		- a mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.	YES	<p>(SBA)</p> <p>The UK has effective evaluation arrangements in place to monitor the ongoing implementation of SBA. An SME Envoy, a senior civil servant in Government, ensures that the ongoing implementation of the Single Business Act is taken forward by monitoring the Think Small First principle, implementing the use of the SME test, and pressing for smart regulation principles to be embedded. The UK Envoy continues to lead as "rapporteur" on smart regulation this year. The United Kingdom has not adopted a specific strategy for implementation of the SBA; however, the current SME policy is linked to the SBA and its associated criteria and is fully in line with the aspirations and goals of the SBA.</p>	

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled	Criteria	Criteria fulfilled	Reference (if fulfilled) <sup>116</sup>	Explanation (where appropriate)
<b>4. Supporting the shift towards a low-carbon economy in all sectors</b>					
4.1 Actions have been carried out to promote cost-effective improvements of energy end use efficiency and cost-effective investment in energy efficiency when constructing or renovating buildings.	YES	<p>The actions are: — measures to ensure minimum requirements are in place related to the energy performance of buildings consistent with Article 3, Article 4 and Article 5 of Directive 2010/31/EU of the European Parliament and of the Council ( 1 );</p>	Yes	<p>Part L of the Building Regulations in England sets minimum energy efficiency standards for new buildings and for 'building work' to existing properties, including extensions and conversions. <a href="http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partl/">http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partl/</a></p> <p>National Calculation Method: <a href="http://www.ncm.bre.co.uk/">http://www.ncm.bre.co.uk/</a></p> <p>Cost optimal performance report: <a href="http://ec.europa.eu/energy/efficiency/buildings/implementation_en.htm">http://ec.europa.eu/energy/efficiency/buildings/implementation_en.htm</a></p>	<p>2010/31/EU - Article 3 In accordance with The Building Regulations 2010 regulation 24 (methodology of calculation and expression of energy performance), the Department for Communities and Local Government (MHCLG) has developed a national calculation methodology for the energy performance of buildings.</p> <p>This national calculation methodology has also been adopted by Department of Finance and Personnel for Building Regulations (Northern Ireland) 2012 (ref Part F regulation 40).</p> <p>For Article 5 (Calculation of cost-optimal levels of minimum energy performance requirements), under Article 5(2), the UK as a member state has submitted its report on cost optimal performance to the Commission.</p> <p>Government has a long-term trajectory to decarbonise new buildings in England through its policy for zero carbon new homes and non-domestic buildings.</p>
		<p>— measures necessary to establish a system of certification of the energy performance of buildings consistent with Article 11 of Directive 2010/31/EU;</p>	Yes	<p>Energy Performance Certificate information: <a href="https://www.gov.uk/buy-sell-your-home/energy-performance-certificates">https://www.gov.uk/buy-sell-your-home/energy-performance-certificates</a></p>	<p>As part of implementing the EU Energy Performance of Buildings Directive 2002, Energy Performance Certificates (EPCs) present energy efficiency ratings of both domestic and non-domestic buildings.</p>

<sup>116</sup> (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)

		— measures to ensure strategic planning on energy efficiency, consistent with Article 3 of Directive 2012/27/EU of the European Parliament and of the Council (2);	YES	National Energy Efficiency Plan <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307993/uk_national_energy_efficiency_action_plan.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307993/uk_national_energy_efficiency_action_plan.pdf</a>  The UK's National Energy Efficiency Action Plan and Building Renovation Strategy:	The UK target is a reduction of 18% of final energy demand (relative to a baseline projection from 2007) by 2020. Progress was reported in the 2014 UK National Energy Efficiency Action Plan.
		- measures consistent with Article 13 of Directive 2006/32/EC of the European Parliament and of the Council ( 3 ) on energy end-use efficiency and energy services to ensure the provision to final customers of individual meters in so far as it is technically possible, financially reasonable and proportionate in relation to the potential energy savings.	Yes	1986 Gas Act: <a href="http://www.legislation.gov.uk/ukpga/1986/44">http://www.legislation.gov.uk/ukpga/1986/44</a>  <a href="https://www.gov.uk/gas-and-electricity-meter-regulations">https://www.gov.uk/gas-and-electricity-meter-regulations</a> includes separate references to all other relevant regulations 1989 Electricity Act: <a href="http://www.legislation.gov.uk/ukpga/1989/29/contents">http://www.legislation.gov.uk/ukpga/1989/29/contents</a>	Legislation, covering gas and electricity, ensures that the UK as a whole complies with this criteria. For the purposes of Article 13(1) of the directive, domestic, public sector and business premises in the UK that are served by licensed gas and electricity suppliers are already provided with individual, competitively priced gas and electricity meters which can accurately record the customer's actual consumption.
4.3. Actions have been carried out to promote the production and distribution of renewable energy sources	YES	— Transparent support schemes, priority in grid access or guaranteed access and priority in dispatching, as well as standard rules relating to the bearing and sharing of costs of technical adaptations which have been made public are in place consistent with Article 14(1), Article 16(2) and 16(3) of Directive 2009/28/EC of the European Parliament and of the Council (4 ).	YES	The UK's NREAP was submitted to the Commission in 2010. See: <a href="http://ec.europa.eu/energy/renewables/action_plan_en.htm">http://ec.europa.eu/energy/renewables/action_plan_en.htm</a>  2011 report: <a href="http://ec.europa.eu/energy/renewables/reports/doc/article_22_progress_reports_original_language.zip">http://ec.europa.eu/energy/renewables/reports/doc/article_22_progress_reports_original_language.zip</a>  2012 report: <a href="http://ec.europa.eu/energy/renewables/reports/doc/2013_article_22_progress_reports_original_language.zip">http://ec.europa.eu/energy/renewables/reports/doc/2013_article_22_progress_reports_original_language.zip</a>	The detail of the support schemes and measures to enable access to the grid are set out in the UK's 2010 National Renewable Energy Action Plan (NREAP) and progress reports.
		— A Member State has adopted a national renewable energy action plan consistent with Article 4 of Directive 2009/28/EC	YES	The UK's NREAP was submitted to the Commission in 2010. See: <a href="http://ec.europa.eu/energy/en/topics/renewable-energy/national-action-plans">http://ec.europa.eu/energy/en/topics/renewable-energy/national-action-plans</a>  The UK Renewable Energy Roadmap and updates can be viewed at: <a href="https://www.gov.uk/government/collect/ons/uk-renewable-energy-roadmap">https://www.gov.uk/government/collect/ons/uk-renewable-energy-roadmap</a>	Further information on the UK's progress and actions to help achieve the 2020 renewable energy targets are described in the UK Renewable Energy Roadmap which was published in 2011, and updated in 2012 and 2013. The UK's second national report under 2004/8/EC identified informational barriers as a non-regulatory barrier to CHP deployment. As a result the UK established the CHP Focus programme to provide information and tools to potential.  <b>Support Schemes include:</b> The Renewables Obligation Electricity Market Reforms; The Feed in Tariff Scheme and; the Renewable Transport Fuels Obligation.  The rules for sharing costs in relation to the distribution networks between initial and subsequent connectees (including generators) are set out in the Electricity (Connection Charges) Regulations 2002 (as amended), which are provided for by section 19 of the Electricity Act 1989.

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled	Criteria	Criteria fulfilled	Reference (if fulfilled) <sup>117</sup>	Explanation (where appropriate)
<b>5. Promoting climate change adaptation, risk prevention and management</b>					
5.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management, taking into account climate change adaptation	YES	A national or regional risk assessment with the following elements shall be in place:	YES	<a href="#">The UK Climate Change Act 2008</a>  <a href="#">Civil Contingencies Act (2004)</a>  <a href="#">The National Risk Assessment</a>          <a href="#">Climate change risk assessment 2012:</a>  <a href="#">The Hyogo Framework for Action</a>	<p>The Climate Change Act 2008 requires assessments of climate risks under current conditions and longer term. These will be followed by iterations of the National Adaptation Programme over a 5 year cycle. The Climate Change Committee will provide an independent view.</p> <p>The model of risk management for National Resilience is underpinned by the Civil Contingencies Act 2004. The National Risk Assessment (reviewed annually) assesses the most significant civil emergencies that could affect citizens over the next 5 years, and informs decisions at national and local levels. The NRA does not include a climate change specific risk as it focuses on single events; the implications of climate change on the likelihood and impacts of hazards are covered under flooding and weather related risks. Locally, Category 1 Responders must assess the risk of emergencies affecting the area in which they operate (Govt provides advice and guidance to support this).</p> <p>The Climate Change Risk Assessment 2012 sets out the main priorities for adaptation. The UK is signed up to the voluntary Hyogo Framework for Action.</p>
		— a description of the process, methodology, methods, and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;	YES	<a href="#">The UK Climate Change Act 2008</a>  <a href="#">Civil Contingencies Act (2004)</a>  <a href="#">The National Risk Assessment</a>          <a href="#">Climate change risk assessment 2012:</a>  <a href="#">The Hyogo Framework for Action</a>	<p>The Climate Change Act 2008 requires assessments of climate risks under current conditions and longer term. These will be followed by iterations of the National Adaptation Programme over a 5 year cycle. The Climate Change Committee will provide an independent view.</p> <p>The model of risk management for National Resilience is underpinned by the Civil Contingencies Act 2004. The National Risk Assessment (reviewed annually) assesses the most significant civil emergencies that could affect citizens over the next 5 years, and informs decisions at national and local levels. It focuses on single events; implications on hazards are covered under flooding and weather related risks. Locally, Category 1 Responders must assess the risk of emergencies affecting the area in which they operate (Govt provides advice and guidance to support this).</p> <p>The Climate Change Risk Assessment 2012 sets out the main priorities for adaptation. The UK is signed up to the voluntary Hyogo Framework for Action.</p>

<sup>117</sup> (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled	Criteria	Criteria fulfilled	Reference (if fulfilled) <sup>117</sup>	Explanation (where appropriate)
		— a description of single-risk and multi-risk scenarios;	YES	<u>The UK Climate Change Act 2008</u>  <u>Civil Contingencies Act (2004)</u>  <u>The National Risk Assessment</u>  <u>Climate change risk assessment 2012:</u>  <u>The Hyogo Framework for Action</u>	<p>The Climate Change Act 2008 requires assessments of climate risks under current conditions and longer term. These will be followed by iterations of the National Adaptation Programme over a 5 year cycle. The Climate Change Committee will provide an independent view.</p> <p>The model of risk management for National Resilience is underpinned by the Civil Contingencies Act 2004. The National Risk Assessment (reviewed annually) assesses the most significant civil emergencies that could affect citizens over the next 5 years, and informs decisions at national and local levels. It focuses on single events; implications on hazards are covered under flooding and weather related risks. Locally, Category 1 Responders must assess the risk of emergencies affecting the area in which they operate (Govt provides advice and guidance to support this).</p> <p>The Climate Change Risk Assessment 2012 sets out the main priorities for adaptation. The UK is signed up to the voluntary Hyogo Framework for Action.</p>
		— taking into account, where appropriate, national climate change adaptation strategies.	YES	<u>The UK Climate Change Act 2008</u>  <u>Civil Contingencies Act (2004)</u>  <u>The National Risk Assessment</u>  <u>Climate change risk assessment 2012:</u>  <u>The Hyogo Framework for Action is at:</u>	<p>The Climate Change Act 2008 requires assessments of climate risks under current conditions and longer term. These will be followed by iterations of the National Adaptation Programme over a 5 year cycle. The Climate Change Committee will provide an independent view.</p> <p>The model of risk management for National Resilience is underpinned by the Civil Contingencies Act 2004. The National Risk Assessment (reviewed annually) assesses the most significant civil emergencies that could affect citizens over the next 5 years, and informs decisions at national and local levels. It focuses on single events; implications on hazards are covered under flooding and weather related risks. Locally, Category 1 Responders must assess the risk of emergencies affecting the area in which they operate (Govt provides advice and guidance to support this).</p> <p>The Climate Change Risk Assessment 2012 sets out the main priorities for adaptation. The UK is signed up to the voluntary Hyogo Framework for Action.</p>

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable Ex-ante conditionality fulfilled	Criteria	Criteria fulfilled	Reference (if fulfilled) <sup>118</sup>	Explanation (where appropriate)
<b>7. Promoting sustainable transport and removing bottlenecks in key network infrastructures</b>					
7.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set-up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive and core networks.	Yes	— The existence of a comprehensive transport plan or plans or framework or frameworks for transport investment which complies with legal requirements for strategic environmental assessment and sets out:	Yes	<p>The National road network is managed directly by Government through Highways England. The Government's plans for investment and reform in the national road network are set out in the command Paper 'Action for Roads' published in 2013)</p> <p>The <a href="#">Transport Act 2000</a> and <a href="#">Local Transport Act 2008</a></p> <p>The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a></p>	<p>The conditionality is met through a framework not a single plan. (There are national plans for the two modes of transport responsible for the greatest level of public investment (road and rail).)</p> <p>Section 108 of the Transport Act 2000 required all Local Transport Authorities to prepare and maintain a Local Transport Plan. The Local Authority must ensure that their plans and programmes comply with relevant UK and EU law.</p> <p>The only area where transport will be funded is Cornwall. Applicable transport EACs are contained in the Cornwall and Isles of Scilly investment plan area. These include routes that improve connectivity to the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named.</p>
		— the contribution to the single European Transport Area consistent with Article 10 of Regulation (EU) No 1315/2013 of the European Parliament and of the Council ( 5 ), including priorities for investments in:	Yes	<p>The National road network is managed directly by Government through Highways England. The 'Road investment strategy' (RIS) sets out a long-term programme for motorways and major roads in England with the stable funding needed to plan ahead effectively.</p> <p>The <a href="#">Transport Act 2000</a> and <a href="#">Local Transport Act 2008</a></p> <p>The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a></p>	<p>There are national plans for the two modes of transport responsible for the greatest level of public investment (road and rail). The Road Investment Strategy was published in December 2014 by the Department for Transport.</p> <p>In April 2015, the Highways Agency became Highways England.</p> <p>Section 108 of the Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. The Local Authority must ensure that their plans and programmes comply with relevant UK and EU law.</p>
		— the core TEN-T network and the comprehensive network where investment from the ERDF and the Cohesion Fund is envisaged; and	Yes	<p>The National road network is managed directly by Government through the Highways England. The Government's plans for investment and reform in the national road network are set out in the command Paper 'Action for Roads' published in 2013)</p> <p>The <a href="#">Transport Act 2000</a> and <a href="#">Local Transport Act 2008</a></p>	<p>The only area to seek support for transport is Cornwall. Applicable transport EACs are contained in the Cornwall and Isles of Scilly investment plan area. These include routes that improve connectivity to the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named.</p>

<sup>118</sup> (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)



Applicable Ex-ante conditionality for which national bodies are responsible	Applicable Ex-ante conditionality fulfilled	Criteria	Criteria fulfilled	Reference (if fulfilled) <sup>118</sup>	Explanation (where appropriate)
				The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a>	
		— secondary connectivity;	Yes	The National road network is managed directly by Government through the Highways England. The Government's plans for investment and reform in the national road network are set out in the command Paper 'Action for Roads' published in 2013)  The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a>	The only area to seek support for transport is Cornwall. Applicable transport EACs are contained in the Cornwall and Isles of Scilly investment plan area. These include routes that improve the connectivity to the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named.
		— a realistic and mature pipeline for projects for which support from the ERDF and the Cohesion Fund is envisaged;	Yes	The National road network is managed directly by Government through the Highways Agency. The Government's plans for investment and reform in the national road network are set out in the command Paper 'Action for Roads' published in 2013)  The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a>	The only area to seek support for transport is Cornwall. Applicable transport EACs are contained in the Cornwall and Isles of Scilly investment plan area. These include routes that improve the connectivity to the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named.  On the ground advice and guidance for local partners involved in the development of a pipeline of projects and for project providers is provided through local MA teams. The MA also provides comprehensive online guidance for all project providers.
		— Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	YES	The National road network is managed directly by Government through the Highways Agency. The Government's plans for investment and reform in the national road network are set out in the command Paper 'Action for Roads' published in 2013)  The Local Transport plan for Cornwall can be found via Cornwall Councils website:	The only area to seek support for transport is Cornwall. Applicable transport EACs are contained in the Cornwall and Isles of Scilly investment plan area. These include routes that improve the connectivity to the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named.  On the ground advice and guidance for local partners involved in the development of a pipeline of projects and for project providers is provided through local MA teams. The MA also provides comprehensive online guidance for all project providers.

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable Ex-ante conditionality fulfilled	Criteria	Criteria fulfilled	Reference (if fulfilled) <sup>118</sup>	Explanation (where appropriate)
				<a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a>	
7.2. Railway: The existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on railway development in accordance with the Member States' institutional set-up (including concerning public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity-building.		The existence of a section on railway development within the transport plan or plans or framework or frameworks as set out above which complies with legal requirements for strategic environmental assessment (SEA) and sets out a realistic and mature project pipeline (including a timetable and budgetary framework);	YES	<p>Link to road transport plan <a href="https://www.gov.uk/government/speeches/the-governments-plan-for-the-uks-road-network">https://www.gov.uk/government/speeches/the-governments-plan-for-the-uks-road-network</a>.</p> <p>Link to rail transport plan <a href="https://www.gov.uk/government/policies/expanding-and-improving-the-rail-network">https://www.gov.uk/government/policies/expanding-and-improving-the-rail-network</a></p> <p>The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a></p>	<p>The conditionality is met through a framework not a single plan. There are national plans for the two modes of transport responsible for the greatest level of public investment (road and rail).</p> <p>The only area to seek support for transport is Cornwall. Applicable transport EACs are contained in the Cornwall and Isles of Scilly investment plan area. These include routes that are parts of the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named.</p>
		— Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	YES	The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a>	<p>The only area to seek support for transport is Cornwall. Applicable transport EACs are contained in the Cornwall and Isles of Scilly investment plan area. These include routes that are parts of the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named.</p> <p>On the ground advice and guidance for local partners involved in the development of a pipeline of projects and for project providers is provided through local MA teams. The MA also provides comprehensive online guidance for all project providers.</p>
7.3. Other modes of transport, including inland-waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving connectivity to the TEN-T comprehensive and core networks and to promoting sustainable regional and local mobility.		— The existence of a section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure within the transport plan or plans or framework or frameworks which:	YES	<p>The <u>Transport Act 2000</u> and <u>Local Transport Act 2008</u></p> <p>The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a></p>	<p>Section 108 of the Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. It is the responsibility of the Local Authority to ensure that their plans and programmes comply with relevant UK and EU law, for example requirements for strategic environmental assessments. Plans include routes that are parts of the TEN-T comprehensive and core networks, although the TEN-T will not be explicitly named. The relevant Plan is available on the Cornwall Council website.</p> <p>No investment is proposed for airport infrastructure.</p>
		— complies with legal requirements for strategic environmental assessment;	YES	<p>The <u>Transport Act 2000</u> and <u>Local Transport Act 2008</u></p> <p>The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a></p>	<p>Section 108 of the Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. It is the responsibility of the Local Authority to ensure that their plans and programmes comply with relevant UK and EU law, for example requirements for strategic environmental assessments. Plans include routes that are parts of the TEN-T comprehensive and core networks, although the TEN-T will not be explicitly named. The relevant Plan is available on the Cornwall Council website.</p> <p>No investment is proposed for airport infrastructure.</p>
		— sets out a realistic and mature project pipeline (including a timetable and budgetary framework);	YES	The <u>Transport Act 2000</u> and <u>Local Transport Act 2008</u>	Section 108 of the Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. It is the responsibility of the Local Authority to ensure that their plans and programmes comply with relevant UK and EU law, for example requirements for strategic environmental assessments. Plans include routes that are parts of the TEN-T comprehensive and core networks, although the TEN-T will not be explicitly named. The relevant Plan is available on the Cornwall Council website.

Applicable Ex-ante conditionality for which national bodies are responsible	Applicable Ex-ante conditionality fulfilled	Criteria	Criteria fulfilled	Reference (if fulfilled) <sup>118</sup>	Explanation (where appropriate)
				The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a>	No investment is proposed for airport infrastructure.
		— Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.	YES	The <u>Transport Act 2000</u> and <u>Local Transport Act 2008</u>  The Local Transport plan for Cornwall can be found via Cornwall Councils website: <a href="http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/">http://www.cornwall.gov.uk/transport-and-streets/transport-policy/local-transport-plan-connecting-cornwall-2030/</a>	Section 108 of the Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. It is the responsibility of the Local Authority to ensure that their plans and programmes comply with relevant UK and EU law, for example requirements for strategic environmental assessments. Plans include routes that are parts of the TEN-T comprehensive and core networks, although the TEN-T will not be explicitly named. The relevant Plan is available on the Cornwall Council website.  No investment is proposed for airport infrastructure.  On the ground advice and guidance for local partners involved in the development of a pipeline of projects and for project providers is provided through local Managing Authority teams. The Managing Authority also provides comprehensive online guidance for all project providers.

<b>9. Promoting social inclusion, combating poverty and any discrimination</b>					
9.1. The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines	YES	A national strategic policy framework for poverty reduction, aiming at active inclusion, is in place that:	YES	<a href="#">Social Justice Strategy.</a>	The Government's Social Justice Strategy was published in March 2012. The Government's reforms to the welfare system recognise work as the primary route out of poverty. The reforms make it fairer, more affordable and better able to tackle the causes of poverty, worklessness and welfare dependency. In tackling poverty, the Government's strategy is designed to address and reduce social exclusion.
		— provides a sufficient evidence base to develop policies for poverty reduction and monitor developments;	YES	<a href="#">Social Justice Strategy.</a> <a href="#">Social Justice Outcome Framework</a> <a href="#">Social Justice: Transforming Lives One Year On</a>	The Social Justice Strategy provides the evidence base for policies for poverty reduction. The Social Justice Outcome Framework sets out what Government wants to achieve and how it will measure success. The Social Justice Transforming Lives One Year One report, published in April 2013, set out the progress made since the initial Strategy was launched.
		— contains measures supporting the achievement of the national poverty and social exclusion target (as defined in the National Reform Programme), which includes the promotion of sustainable and quality employment opportunities for people at the highest risk of social exclusion, including people from marginalised communities;	YES	<a href="#">Social Justice Strategy</a> Chapters 3&4	For example, the Work Programme began in 2011 and brings together support for people on a range of benefits and delivered by providers offering tailored, locally-appropriate employment support. By giving providers freedom to design support around the needs of the individual and by offering the greatest financial rewards for people with the greatest need, Government is encouraging new and innovative solutions to getting individuals facing multiple disadvantages back to work. For example prison leavers have Day One access to the Work Programme on release from prison .
		— involves relevant stakeholders in combating poverty;	Yes	<a href="#">Social Justice Strategy</a> , Chapter 5	The Social Justice Strategy recognises that the most effective solutions will often be designed and delivered at a local level, requiring close partnership between the private, public and voluntary sectors.
		— depending on the identified needs, includes measures for the shift from institutional to community based care;	Yes	<a href="#">The Government's Mental Health Strategy</a> <a href="#">Closing the gap</a>	There has been a managed move over the last decade from an over dependence on in-patient services towards a comprehensive, community-based service, with the development of networks of intensive community teams in many areas.
		— Upon request and where justified, relevant stakeholders will be provided with support for submitting project applications and for implementing and managing the selected projects.	Yes	ERDF National Guidance for 2007-13 programmes can be found at: <a href="https://www.gov.uk/erdf-national-guidance">https://www.gov.uk/erdf-national-guidance</a>	The Managing Authority provides comprehensive online guidance for all project providers (as it does for the current 2007-13 programme). In addition there is on the ground advice and guidance provided through local teams.  This will include guidance on the operation of a Community-Led Local Development scheme to ensure community based stakeholders receive the appropriate support for submitting and running selected projects.

## Section 10: Reduction of the Administrative burden for beneficiaries

Summary of the assessment of the administrative burden for beneficiaries and, where necessary, the actions planned accompanied by an indicative timeframe to reduce administrative burden.

Drawing on lessons learnt from the 2007-13 programme the Managing Authority (MA) has designed a system on the following principles:

- **A standardised national business process** for ERDF and ESF. This includes a single point of access and standard documentation. Quality assurance and continuous improvement are built into the management of the system;
- The **customer journey is at the heart of the process design**. Clear information will ensure there are no surprises for the applicant/grant beneficiary. Requirements in the early stages of application are more rigorous than in previous programmes but will be clearly articulated at the outset to make things simpler for the beneficiary through the remainder of the process. Back-office functions will be hidden from the applicant or grant beneficiary except where it has a bearing on them;
- Doing the **right things at the right time and doing it well**. Avoiding duplication and focusing resources and effort where they deliver most benefit;
- **Reducing compliance risk** through clear guidance and early and robust testing;
- **Digital by default**. A single accessible IT system holding all relevant information and operating on the principle of “*collect once, use often*”.

### Standardisation of management arrangements and business process

A standard business process will apply across ERDF and ESF including standard forms, guidance notes and work instructions. Applicants will have a clear route of entry into the Programme. Once applicants decide they wish to apply, they will be registered on the IT system and all transactions from that point will take place through the IT system.

### Information Technology

A single IT system will underpin the new business process. The MA, Certifying Authority, Audit Authority, Intermediate Bodies and applicants will use the same system as the primary source of data and reporting. By December 2015 all transactions will be done electronically.

Applications, appraisals, claims, monitoring and verification visits, and progress updates will all be entered directly onto the system. This will ensure transparency, quick access to information and standard reporting. Basic information, such as names of organisations, will need to be entered on the system once.

All calls will be published on the gov.uk website so potential applicants need not register with multiple websites to receive alerts when opportunities are made available.

## **Guidance and Procedures**

Guidance will be published on the website. The IT system will also contain guidance at every stage. A single national set of control documents drawn directly from EU regulations, the Commission's guidance and expert practitioners in ESI Funds will mean that applicants and grant beneficiaries receive a consistent service. Additional conditions will be placed on the applicant / beneficiary only where there is clear evidence that these will help the applicant or reduce risk. Guidance will be concise, clear and avoid use of jargon wherever possible.

## **Guidance for Applicants**

The MA has teams located across England who will work to standard national procedures and work instructions. Where intermediate Bodies are designated they will work to the same standard national procedures and work instructions relation to delegated tasks. They will provide information and advice to local partners and applicants so all are clear of requirements early in the process and able to bring forward robust compliant applications capable of delivering the ambition of the Operational Programme.

The MA will work with local partners so that they are in a position to provide appropriate support to interested applicants. Applicants may wish to respond to calls to fund capacity building to allow them to fully participate in delivery.

## **Application and Appraisal Process**

The application process is in two stages. The outline application will assess fit with the Selection Criteria and identify possible risks and issues at an early stage so that potential applicants do not waste effort on unnecessary project development.

Full applications will include detailed information on project management and control systems. The MA will undertake a detailed appraisal on the technical details of the proposed activity before it is selected into the Programme. This will mitigate the risk to the beneficiary and MA and ensure compliance is tested robustly and consistently throughout the process and applicants are clear about expectations. Where an Intermediate Body has been designated to undertake certain delegated tasks in relation to specified project selection criteria, the Intermediate Body will undertake the appraisal against those selection criteria.

## **Monitoring and Audit**

Scheduling of monitoring and verification visits will be co-ordinated across ERDF and ESF where possible within the sampling methodology. This is intended to reduce the number of visits to beneficiaries and promote greater consistency. Standardised documents will be used for all monitoring, verification and checks.

The Audit Authorities will use a shared set of criteria for ERDF and ESF audits. This will help beneficiaries understand the requirements of monitoring and verification visits and to plan accordingly.

### **Simplified Costs**

Use will be made of Article 68(1)(b) Common Provisions Regulation that allows a rate of up to 15% of eligible direct staff costs to be claimed as indirect costs without the need for explanation of the methodology. Where a project meets the requirements in Article 29 of Horizon 2020 Regulation, indirect eligible costs shall be determined by applying a flat rate of 25% of the total direct eligible project costs. This will provide greater clarity for applicants and beneficiaries and reduce the risks of non-compliance and the requirement for complex apportionment methodologies.

The MA is exploring other simplified cost options including the use of standardised unit costs but this work will not be completed for some time and will be introduced later in the Programme if it is deemed suitable.

### **Timescales**

The documentation and systems will be in place for start to the Programme in early 2015.

All documentation from inception to funding agreement (Calls documentation, application forms, appraisal forms) and the accompanying guidance and work instructions have been developed. Documentation on contract management, claims, monitoring and verification will be finalised by end February 2015 and all other documentation by end April 2015.

As the IT system is integral to the success of the proposed approach, the relevant elements of the IT system will emerge in stages through the first half of 2015, well before that part of the business process starts, with the full system in operation by autumn 2015. .

If the Programme starts early in 2015, we have developed a contingency IT system that will accept applications. This will allow the Programme to start as soon as necessary. Data that is gathered on this contingency IT system will be transferred to the new IT system when it is live.

## **Section 11: Horizontal principles**

### **11.1 Sustainable development**

Four priority axes directly support delivery of sustainable development. However environmental sustainability will also be embedded into the assessment and delivery of programme activities across all of them.

The requirements of Article 8 of the Common Provisions Regulation cover environmental protection, resource efficiency, climate change mitigation and adaptation, biodiversity, disaster resilience, risk prevention and management.

The Managing Authority will seek advice from the Programme Monitoring Committee, its sub-committees, partners and experts in sustainable development on how to take forward a programme level approach to sustainable development. This will draw on good practice from the previous programme and will seek to highlight examples of projects which demonstrate how environmental, social and economic actions are mutually supportive, and how programme providers have in place sustainable development governance, policies and implementation plans. A key aim will be that sustainable development requirements are embedded into the specifications for supported activity as appropriate, and that this is monitored during the Programme.

Proposals must demonstrate how these positive environmental aspects will be enhanced and, where appropriate, negative effects minimised, at strategic and project levels.

All ERDF funded projects must comply with UK environmental law and thus apply 'Polluter Pays Principle' systematically. This means the party responsible for producing pollution should pay for the damage to the natural environment.

Proposals must show how they support moving towards a low carbon economy; for example by adhering to UK government buying standards and through using nationally recognised building and civil engineering sustainability standards.

From 2015 the Government is introducing new commitments on how it buys and embeds more sustainable and efficient products through procurement and engages with suppliers in reducing supply chain impacts, initially focussing on carbon, but also water and waste, setting detailed baselines for reducing these impacts. Advice will be taken from experts in sustainable development on how to take this forward and how to measure and monitor this.

Adaptation and local resilience to a changing climate should be integrated within proposals, specifically where these strengthen local economic development by managing risk, avoiding disinvestment and safeguarding growth.

Green infrastructure provides potential for social, economic and environmental benefits. It also supports local and strategic approaches to climate change adaptation. In considering capital investments, proposals must identify as appropriate how these support green infrastructure within and, where relevant, beyond their boundaries.



Investments supported by ERDF should demonstrate consideration of contribution to the European Union's commitment to halting biodiversity loss and degradation of ecosystem services.

Proposals for buildings and infrastructure will be subjected to environmental safeguards in the planning system and assessed using recognised standards, such as the Building Research Establishment Environmental Assessment Method (BREEAM) and The Civil Engineering Environmental Quality Assessment and Award Scheme (CEEQUAL) or equivalent – to ensure that environmental sustainability is considered throughout the whole lifecycle of a project. Capital investments will normally be expected to achieve the following:

- New build projects - BREEAM Excellent as the default requirement with scope to agree Very Good where circumstances make this the highest feasible standard
- Refurbishment projects – BREEAM Very Good
- Infrastructure Projects – CEEQUAL Very Good

To achieve this, investments must demonstrate a proactive approach, maximising energy efficiency and minimising water consumption and drainage off site.

No specific activity related to Natura 2000 is envisaged although other sustainable development objectives will include the conservation status of habitats and species of community interest and some sites may benefit from actions under Priority Axes 5 and 6. Again experts will be consulted if activity requires dedicated actions. The European Agricultural Fund for Rural Development will contribute more directly to conservation type activities.

### **Suggested Deliverables**

Environmental sustainability should be part of developing all projects.

**1. Research, development and innovation** - Capital investment in new buildings should where feasible achieve a BREEAM rating of Excellent; refurbishments should achieve Very Good.

**2. SME competitiveness** - In providing support for SMEs, applicants should show, where appropriate, how resource efficiency is embedded into the business support offer. The Managing Authority will also highlight to Enterprises the range of specialist support available on environmental initiatives and services such as eco-innovation.

**3. Low carbon** – Greenhouse Gas (GHG) reduction projects must have a transparent methodology for calculating and monitoring emissions, with actual and auditable GHG reductions in line with the Climate Change Act 2008.

**4. Climate change and protecting the environment and promoting resource efficiency** – Green Infrastructure projects require both a wider strategic overview to ensure maximum benefits, and a future management plan. Applications for projects

delivering carbon savings will need to include a coherent and transparent methodology for measuring the savings.

### **11.2. Equal opportunities and non-discrimination**

All European Structural and Investment Funds will promote equality in accordance with European Union and national requirements. The 2010 Equality Act provides a framework to effectively tackle disadvantage and discrimination. The Act protects nine characteristics – age, disability, gender reassignment, marital or civil partnership status, pregnancy and maternity, race, religion and belief, sex and sexual orientation. The Public Sector Equality Duty applies in the delivery of ERDF and means that delivery of the Operational Programme should consider the needs of all individuals and have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities.

#### **Equality Principles**

The broad equality principles of the Programme are:

- no beneficiaries are excluded from participation in the Programme on the grounds of their protected characteristics;
- the needs of all potential beneficiaries are considered at project design stage in order that the service is appropriately delivered;
- all physical regeneration, i.e. new buildings and upgrading existing premises, meets minimum accessibility requirements (Equality Act, Part M of Building Regulations and recommended British Standards for accessibility);
- services are responsive to the needs of all communities and under-represented groups;
- support is targeted towards under-represented communities where relevant;
- responsiveness to, and inclusiveness of, under-represented groups in delivery and management.

This will be done by:

- Setting up an Equalities sub-committee of the Growth Programme Board and embedding equalities considerations in the Terms of Reference of Local ESI Funds Committees;
- The preparation of programme-level equal opportunities and gender equality mainstreaming plans in consultation with equalities sub-committee;
- Building appropriate equality criteria into the investment application process;
- Using appraisal processes to check the extent to which equality is applied at project level, including for capital projects in relation to their accessibility;

- Using investment management processes, progress reporting, monitoring visits and evaluation to monitor equality progress at project level;
- Giving implementation staff appropriate equality training, with advice and guidance obtained where necessary from equality bodies or experts;
- Providing equality guidance to projects, including lessons learnt from other projects;
- Promoting equality to applicants by awareness-raising and signposting SMEs and support providers to equality advice;
- Monitoring and evaluating the equality impacts of the Programme, based primarily around the production of best practice case studies;
- The equalities sub-committee reviewing progress and monitoring and evaluating the equality impacts of the Programme on a regular basis and reporting progress to the Growth Programme Board.

### **Ex ante assessment**

The Operational Programme has been informed by an ex ante assessment to assess potential equality impacts of the Operational Programme. This informs how equality issues are considered in the Programme and shaped implementation and administration arrangements. It identified opportunities to promote equality, proposed solutions for elimination of potential negative impacts and identified opportunities for monitoring:

- **Innovation** –science, technology and engineering, employment sectors with a particular gender bias and thereby impacting women more. Therefore projects under this theme will be expected to demonstrate measures that promote greater female participation in associated sectors. Physical infrastructure such as incubation space will take into account the needs of disabled people as regards access and use.. Buildings will meet minimum accessibility requirements. Where possible, accessibility toolkits and undertaking pre- and post-build access audits will add quality to investments;
- **Information and Communications Technology (ICT)** – there are likely to be few significant impacts in relation to broadband access and higher internet speeds – in general, Information and Communications Technology issues are likely to impact more on older people and disabled people, so digital infrastructure investments will be accompanied by relevant skills support;
- **SMEs** – the focus on growth and entrepreneurial culture means there are likely to be more significant equality impacts. Some groups lack entrepreneurial understanding and appropriate skills and face entrenched attitudinal barriers. People in difficult social or economic circumstances face barriers to enterprise, but some groups have additional ones – for example women and black and minority ethnic groups are often under-represented in enterprise compared to the wider population, so investments will actively

address barriers to business start-up and other types of business opportunities for such groups;

- **Low carbon, climate change adaptation and mitigation and environment protection** – there are likely to be few significant impacts for these priority axes, however investments will still be expected to promote equality where appropriate;
- **Sustainable transport** – there are potential impacts around general transportation and in road building – the needs of, in particular, young people, older people and physically disabled people will be appropriately considered;
- **Social inclusion** – there are likely to be significant impacts for this priority axis.

### **11.3 Equality between men and women**

This section does not require to be completed for ERDF programmes. This is taken into account in section 11.2

## SECTION 12: SEPARATE ELEMENTS

### 12.1 Major projects to be implemented during programming period

**Table 27: List of major projects**

Project	Planned notification/submission date (year, quarter)	Planned start of implementation (year, quarter)	Planned completion date (year, quarter)	Priority axes / investment priorities
A30	2017, qtr 4	2019, qtr1	2023, qtr4	7 - sustainable transport in Cornwall and the Isles of Scilly / 7b Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

### 12.2 Performance framework of operational programme

**Table 28: Performance framework by fund and category of region (summary table)**

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
1 - Promoting Research and Innovation	ERDF	Less developed	F1 - Expenditure	Euros			17,857,860			113,875,263
10 - Supporting the implementation of Local Economic CV-19 Recovery Action Plans	ERDF	Less developed	F1 - Expenditure	Euros						620,756

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
2 - Enhancing access to, and use and quality of, ICT	ERDF	Less developed	F1 - Expenditure	Euros			3,731,835			23,797,010
3 - Enhancing the Competitiveness of SMEs	ERDF	Less developed	F1 - Expenditure	Euros			33,779,094			215,401,132
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	Less developed	F1 - Expenditure	Euros			14,758,103			95,007,897
5 - Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	Less developed	F1 - Expenditure	Euros			2,600,433			15,587,392
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	Less developed	F1 - Expenditure	Euros			2,518,416			16,059,333
7 - Sustainable Transport in Cornwall and the Isles of Scilly	ERDF	Less developed	F1 - Expenditure	Euros			11,354,818			72,406,934
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	Less developed	F1 - Expenditure	Euros			2,088,693			12,519,944
1 - Promoting Research and Innovation	ERDF	Transition	F1 - Expenditure	Euros			58,331,594			388,358,977
10 - Supporting the implementation of Local	ERDF	Transition	F1 - Expenditure	Euros						10,857,594

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
Economic CV-19 Recovery Action Plans										
2 - Enhancing access to, and use and quality of, ICT	ERDF	Transition	F1 - Expenditure	Euros			5,574,377			35,657,164
3 - Enhancing the Competitiveness of SMEs	ERDF	Transition	F1 - Expenditure	Euros			135,917,108			866,710,605
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	Transition	F1 - Expenditure	Euros			52,670,435			315,714,657
5 - Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	Transition	F1 - Expenditure	Euros			12,417,954			74,435,121
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	Transition	F1 - Expenditure	Euros			5,581,769			35,593,592
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	Transition	F1 - Expenditure	Euros			1,549,981			9,290,821
1 - Promoting Research and Innovation	ERDF	More developed	F1 - Expenditure	Euros			150,229,827			962,418,868
10 - Supporting the implementation of Local	ERDF	More developed	F1 - Expenditure	Euros						46,082,698

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
Economic CV-19 Recovery Action Plans										
2 - Enhancing access to, and use and quality of, ICT	ERDF	More developed	F1 - Expenditure	Euros			22,104,167			140,952,940
3 - Enhancing the Competitiveness of SMEs	ERDF	More developed	F1 - Expenditure	Euros			258,073,380			1,645,671,678
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	More developed	F1 - Expenditure	Euros			152,603,502			974,432,508
5 - Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	More developed	F1 - Expenditure	Euros			8,118,091			48,661,082
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	More developed	F1 - Expenditure	Euros			17,638,686			105,728,986
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	More developed	F1 - Expenditure	Euros			5,080,383			30,452,589
5 - Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	Less developed	I4 - Percentage of schemes in place	Percentage			100			100



Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
5 - Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	Transition	I4 - Percentage of schemes in place	Percentage			100			100
5 - Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	More developed	I4 - Percentage of schemes in place	Percentage			100			100
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	Less developed	I6 - Number of local development strategies agreed	Number			4			4
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	Transition	I6 - Number of local development strategies agreed	Number			4.5			4.50
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	More developed	I6 - Number of local development strategies agreed	Number			12.5			12.50
7 - Sustainable Transport in Cornwall and the Isles of Scilly	ERDF	Less developed	I2 - Completion of planning processes and necessary clearances, including SEA for road	percentage			100			100
1 - Promoting Research and Innovation	ERDF	Less developed	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			61			61

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
3 - Enhancing the Competitiveness of SMEs	ERDF	Less developed	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			232			232
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	Less developed	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			41			41
1 - Promoting Research and Innovation	ERDF	Transition	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			625			625
2 - Enhancing access to, and use and quality of, ICT	ERDF	Transition	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			209			209
3 - Enhancing the Competitiveness of SMEs	ERDF	Transition	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			4,461			4,461
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	Transition	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			556			556
1 - Promoting Research and Innovation	ERDF	More developed	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			1,554			1,554
2 - Enhancing access to, and use and quality of, ICT	ERDF	More developed	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			955			955
3 - Enhancing the Competitiveness of SMEs	ERDF	More developed	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			5,673			5,673

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	More developed	I1 - Number of enterprises receiving support that has been achieved by partially or fully completed operations	Number			1,592			1,592
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	Less developed	I3 - Surface area of habitats supported in order to attain a better conservation status that has been achieved by partially or fully completed operations	hectare			14			14
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	Transition	I3 - Surface area of habitats supported in order to attain a better conservation status that has been achieved by partially or fully completed operations	hectare			32			32
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	More developed	I3 - Surface area of habitats supported in order to attain a better conservation status that has been achieved by partially or fully completed operations	hectare			114			114
7 - Sustainable Transport in Cornwall and the Isles of Scilly	ERDF	Less developed	I5 - Percentage of final target where signalling improved (although this will still be subject to final safety sign-off which cannot be done until end of whole project)	Percentage			50			50
2 - Enhancing access to, and use and quality of, ICT	ERDF	Less developed	I7 - Additional businesses with broadband access of at least 30Mbps that has been achieved by partially or fully completed operations	Enterprises			185			185

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
10 - Supporting the implementation of Local Economic CV-19 Recovery Action Plans	ERDF	Less developed	PCV33 - Number of entities supported in combating or counteracting the effects of the COVID-19 pandemic	Number						2
10 - Supporting the implementation of Local Economic CV-19 Recovery Action Plans	ERDF	Transition	PCV33 - Number of entities supported in combating or counteracting the effects of the COVID-19 pandemic	Number						47
10 - Supporting the implementation of Local Economic CV-19 Recovery Action Plans	ERDF	More developed	PCV33 - Number of entities supported in combating or counteracting the effects of the COVID-19 pandemic	Number						201
2 - Enhancing access to, and use and quality of, ICT	ERDF	Less developed	P3 - Additional businesses with broadband access of at least 30mbps	Enterprises			0			2,102
7 - Sustainable Transport in Cornwall and the Isles of Scilly	ERDF	Less developed	P7 - Length of railway with new or enhanced signalling installation	kilometre			0			43
5 - Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	Less developed	P6 - Businesses and properties with reduced flood risk	Number			0			174
5 - Promoting Climate Change Adaptation, Risk Prevention and Management	ERDF	Transition	P6 - Businesses and properties with reduced flood risk	Number			0			4,591
5 - Promoting Climate Change Adaptation, Risk	ERDF	More developed	P6 - Businesses and properties with reduced flood risk	Number			0			3,001

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
Prevention and Management										
1 - Promoting Research and Innovation	ERDF	Less developed	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			559
3 - Enhancing the Competitiveness of SMEs	ERDF	Less developed	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			2,120
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	Less developed	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			254
1 - Promoting Research and Innovation	ERDF	Transition	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			5,941
2 - Enhancing access to, and use and quality of, ICT	ERDF	Transition	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			1,909
3 - Enhancing the Competitiveness of SMEs	ERDF	Transition	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			40,632
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	Transition	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			334
1 - Promoting Research and Innovation	ERDF	More developed	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			14,229

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
2 - Enhancing access to, and use and quality of, ICT	ERDF	More developed	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			8,699
3 - Enhancing the Competitiveness of SMEs	ERDF	More developed	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			51,679
8 - Promoting social inclusion and combating poverty and any discrimination	ERDF	More developed	CO01 - Productive investment: Number of enterprises receiving support	Enterprises			0			1,093
7 - Sustainable Transport in Cornwall and the Isles of Scilly	ERDF	Less developed	CO14 - Roads: Total length of reconstructed or upgraded roads	km			0			14
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	Less developed	CO23 - Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares			0			126
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	Transition	CO23 - Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares			0			290
6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	ERDF	More developed	CO23 - Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares			0			980

Priority axis	Fund	Category of region	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018			Final target (2023)		
					M	W	T	M	W	T
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	Less developed	CO34 - GHG reduction: Estimated annual decrease of GHG	Tonnes of CO2eq			0			23,235
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	Transition	CO34 - GHG reduction: Estimated annual decrease of GHG	Tonnes of CO2eq			0			77,211
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	ERDF	More developed	CO34 - GHG reduction: Estimated annual decrease of GHG	Tonnes of CO2eq			0			238,306

### 12.3 List of relevant partners involved in the preparation of the Operational Programme

Local Enterprise Partnerships

Local Enterprise Partnership Network

Local Authorities

Local Government Association

Universities and Universities UK

Further Education Colleges

Higher Education Funding Council for England

NESTA

Research institutions

Skills Funding Agency

Job Centre Plus

Individual Businesses

British Chambers of Commerce

Federation of Small Businesses

High Street Banks

Other Business Representative Organisations

Trade Unions Congress

Other Employer Representative Organisations

European Investment Bank

Environment Agency

Local Nature Partnerships

English Heritage

Natural England

National Park Authorities

Forestry Commission



Rural Farming Network  
National Council for Voluntary Organisations  
Equality and Diversity Groups  
Civil Society Interest Networks  
Royal Society for the Preservation of Birds  
Big Lottery Fund  
Other Voluntary and Community Sector Organisations  
National Housing Federation  
National Health Service  
Princes Trust  
The Shaw Trust  
Local Action Groups  
Housing Associations  
Crédit Unions  
National Housing Federation  
Department for Communities and Local Government  
Department for Business, Innovation and Skills  
Department for Transport  
Department for Work and Pensions  
Department for Environment, Food and Rural Affairs  
Department of Energy and Climate Change  
Cabinet Office  
Technology Strategy Board  
Government Equalities Office  
UKTI  
Other Government Departments and Agencies