



## 2014 TO 2020 ERDF PROGRAMME: 2019 ANNUAL IMPLEMENTATION REPORT - CITIZENS SUMMARY

### Introduction

The 2014-2020 European Regional Development Fund (ERDF) Operational Programme<sup>1</sup> for England invests in economic growth throughout the country, helping businesses create better, higher-paying jobs through support to small and medium-sized enterprises (SMEs) creating socially and economically stronger communities across England. Working in partnership with national and local stakeholders, the programme has been developed by the Ministry of Housing, Communities and Local Government (MHCLG) who are responsible for the delivery of the ERDF in England as the Managing Authority<sup>2</sup> (MA). Some functions have been delegated to Intermediate Bodies in several regions and cities.

The ERDF Operational Programme was originally approved by the European Commission (EC) in June 2015. The current version was updated in November 2019 to take account of the mid-programme performance review and was published [on-line](#) in January 2020. Funding is weighted to reflect the levelling up regional agenda and uses three geographical Categories of Region<sup>3</sup>: Less Developed (Cornwall and the Isles of Scilly is the only English region in this category), Transition, and More Developed regions. The programme is organised under nine separate policy themes, known as Priority Axes<sup>4</sup>, details of these and our progress towards delivering them are set out in this report.

Funding promotes local growth activity across the country and supports businesses and policy interventions in areas such as innovation, low carbon technology and broadband. Local projects are developed by a wide range of partners from across the public and private sectors, including Local Enterprise Partnerships (LEP), Local Authorities, universities, research institutions, business groups and stakeholders from the voluntary and community sector.

This report summarises the progress on delivery of the ERDF Operational Programme up to 31 December 2019, which is described in more detail in the 2019 Annual Implementation Report (AIR)<sup>5</sup>.

The AIR will be published in full on the programme's website along with those from previous years at: [2014 to 2020 European Structural and Investment Funds](#).

2018 was a key year for England's ERDF Operational Programme and informed activity in 2019. The first annual expenditure target had to be met at the end of 2018, along with a set of

<sup>1</sup> The Operational Programme (OP) is the document setting out the priorities for how the European Structural Investment Fund will be used and how they will be administered. This document is prepared by government and agreed with the European Commission (EC). The OP includes financial targets and non-financial targets for what needs to be achieved e.g. the Priority Axis and Performance Framework targets.

<sup>2</sup> The Managing Authority is the government department that is responsible for implementation of the OP in accordance with the European Structural Investment Fund (ESIF) regulations.

<sup>3</sup> Regions are placed in one of three categories on the basis of their relative prosperity:

- GDP EU average >90% = More Developed Region
- GDP EU average >75% = Transition Region
- GDP EU average <75% = Less Developed Region.

<sup>4</sup> The Operational Programme is made up of Priority Axes. These set out the detail of the priorities for ERDF investment, the types of activities that will be supported, the resources available, and the specific objectives, results and outputs to be achieved. Priority Axes bring together one or more investment priorities set out in European Union regulations that govern ERDF. All activity funded must contribute to delivering a Priority Axis.

<sup>5</sup> Each year from 2016, the MA must submit to the EC an Annual Implementation Report (AIR) for each OP covering the previous financial year. This report sets out key information on how the Programme is being implemented including: financial data, progress against results / output indicators and Performance Framework milestones / targets, a summary of evaluations undertaken, issues affecting performance and measures taken to address these.



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Performance Framework (PF) targets at thematic and Categories of Region level in order to access additional ERDF funding of 6% through the Performance Reserve. The EC reviewed our performance during 2019 resulting in the award of the Performance Reserve funding. This was reflected in the November 2019 revision to the ERDF Operational Programme.

MHCLG has continued to work actively with stakeholders during 2019 to ensure strong delivery of programme objectives and targets linked to local economic plans. As well as supporting the agreement of new projects, the department's regional Growth Delivery Teams (GDTs) have dedicated significant resources to individual projects, to ensure a strong focus on delivery of 2023 output, outcome and expenditure PF targets against agreed profiles.



Businesses in Leicester and Leicestershire are benefiting from a range of support activities helping them to develop and introduce new digital technology within their activities. Fully-funded workshops, financial help and free one to one business advice is all on offer.

Champions - a local marketing and communications agency - received support through the programme with staff learning key digital skills in search engine optimisation, website development and social media advertising

**DIGITAL BUSINESS GROWTH PROGRAMME, LEICESTERSHIRE**

£4.6 million ERDF



European Union  
European Regional  
Development Fund

To support this, MHCLG has facilitated performance improvement and sharing of good practice through the regional GDTs and local stakeholders, to build capacity and strengthen standards of delivery in line with programme objectives and targets.

During 2019, a comprehensive package of programme and project level evaluation commenced using national evaluators to carry out a process evaluation of the programme and an interim counterfactual impact evaluation. This interim report will be published in 2020

To further communicate and embed good practice examples of effective local growth design and investment across regions, cities and towns, the third annual edition of: [Supporting Local Growth 2019](#), the MA's case study booklet was published on GOV.UK. This illustrates a selection of projects from the programme, which are helping to support the UK Government's levelling-up agenda and growth priorities, rebalance the economy, and back key pan-regional initiatives such as the Northern Powerhouse and the Midlands Engine.

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### Support for New Projects

ERDF levers local and national investment from both the public and private sectors and complements domestic growth programmes.

Projects are developed in response to published calls<sup>6</sup> for funding applications. The first calls were published in March 2015 and have continued throughout the programme. A full list of projects funded can be found on the: ['Useful Resources'](#) page of the programme's website.

By the end of 2019, 822 projects with a total eligible expenditure worth over £4.5bn, including over £2.1bn ERDF, had been approved. By region this equates to 74% in the Less Developed, 65% in the Transition, and 66% of the More Developed regions' allocations.

At the end of the year, a further 615 applications for ERDF were undergoing appraisal with an ERDF value of over £1bn. The contracting of the full value of this pipeline of applications would bring the programme's total ERDF allocation to 96% committed. However, based on our experience of running the programme to date it is unlikely that all these projects will be contracted.

As the MA for ERDF, MHCLG is committed to fully realise the programme, recognising the scale of impact of the restrictions caused by Coronavirus on ERDF project delivery in 2020. Working pragmatically with all our projects and stakeholders to allow projects to respond to the challenges faced in this situation, to support the economic recovery and implement the flexibilities agreed with the EC, the MA will assess whether additional calls need to be made and whether additional projects are required in 2020 to fully commit the programme. The contracting of projects remains a priority and is being closely monitored to ensure that the total value of contracted projects and their outputs is enough to meet the 2023 targets.



A Gateshead print and design business - JMF Group Ltd - gained help through BEST to identify energy savings which led to a grant to cut their fuel bills. The business used the grant to purchase an air to air heat pump - a low carbon air source that can provide three times as much energy compared to a standard electrical heater.

Businesses in the North East can gain help from BEST to carry out research into energy-saving alternatives and make detailed recommendations, along with costings and potential savings on energy costs which businesses can then take forward

**BEST - BUSINESS ENERGY SAVINGS TEAM, NORTH EAST**

£670,700 ERDF



European Union  
European Regional  
Development Fund

<sup>6</sup> A call is an open invitation for applicants to submit proposals against a published call specification.





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### Overall Progress Towards Priority Axis and Performance Framework Targets

The programme has a range of targets that MHCLG has agreed with the EC which reflect the objectives of ERDF in England and its planned impacts. Key targets are contained within a Performance Framework (PF), broken down into the separate Priority Axes (PA) of the programme.

The programme is already on track to deliver most PF targets by the end of the programme in December 2023 and actions are in place to address those where progress has been slower than expected.



Jennifer Unsworth, founder of Be-Baby Ltd that develops the multi award winning brand 'Tidy Tot,' benefited from the help of Excelerate Labs. Direct support, help to take forward new product ideas and training has helped her achieve success, winning numerous awards such as Amazon's Export Champion of the Year

Excelerate Labs is a business growth support programme focused on diversification and growth. Courses to launch a new enterprise along with advice on growth culture to marketing processes and developing efficient technology is on offer.

**EXCELERATE LABS,  
GREATER MANCHESTER**  
£756,540 ERDF



European Union  
European Regional  
Development Fund

While progress has been positive across many of the 2023 PF targets, a number of factors have slowed delivery of some. The ERDF Operational Programme did not receive EC approval until June 2015, which delayed the start of implementation. Specific issues have also affected the pace of delivery in some PAs, which has been made more challenging across the entire programme by the declining value of sterling against a programme that is valued in euros. The value of targets has been more stretching to achieve as a result.

Overall, at the end of 2019, both non-financial outputs contracted and delivered are making good progress against the 2023 PF targets. Based on committed and pipeline projects, the programme is already expected to meet or exceed its **2023 non-financial output PF targets** for:

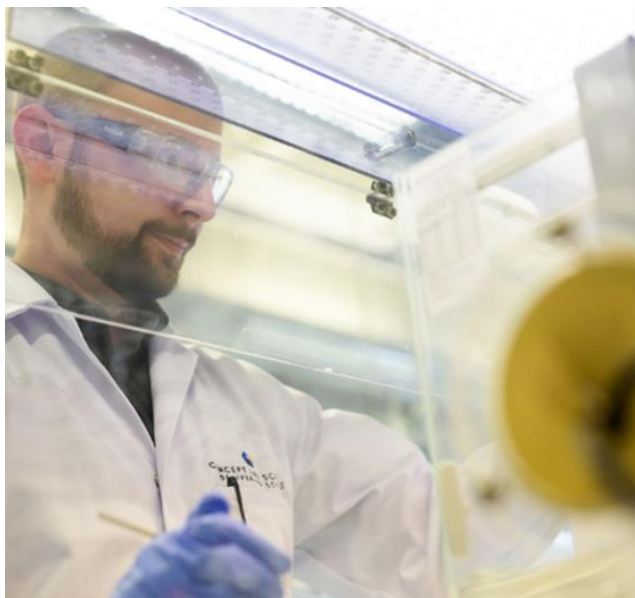
- **Priority Axis 1 – Promoting Research & Innovation:**  
in all CoR;
- **Priority Axis 2 – Enhancing access to and use and quality of ICT:**



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in the Less Developed CoR;

- **Priority Axis 3 – Enhancing the Competitiveness of SMEs:**  
in Less Developed, and More Developed CoR;;
- **Priority Axis 4 – Supporting the Shift towards a Low Carbon Economy in all Sectors:**  
in the More Developed CoR;
- **Priority Axis 5, Promoting Climate Change Adaption, Risk Prevention & Management:**  
in the Less Developed, and Transition CoR;
- **Priority Axis 6 – Preserving & Protecting the Environment & Promoting Resource Efficiency:**  
in all CoR;
- **Priority Axis 7 – Sustainable Transport in Cornwall & the Isles of Scilly:**  
in the Less Developed CoR;
- **Priority Axis 8 – Promoting Social Inclusion & Combating Poverty & any Discrimination:**  
in all CoR.



New and developing life science businesses are being offered help through the multi support Alderley Park Accelerator. A combination of training, business support and networks, together with access to exceptional state-of-the-art laboratories, all provide the perfect mix for business success and growth. Local business Colibri Scientific took advantage of business coaching and an expert mentor network to help them with challenges they faced around uncertain sales forecasting, business systems, funding and marketing

**ALDERLEY PARK ACCELERATOR,  
CHESHIRE**

**£1 million ERDF**



**European Union**  
European Regional  
Development Fund

As regard to financial targets, with three more years to go, the programme is already set to achieve at least 70% of the **2023 financial targets** for:

- **Priority Axis 1 – Promoting Research & Innovation:**  
in the Less Developed, and Transition CoR;
- **Priority Axis 2 – Enhancing access to and use and quality of ICT:**

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in the Less Developed, and Transition CoR;

- **Priority Axis 3 – Enhancing the Competitiveness of SMEs:**  
in all CoR;
- **Priority Axis 4 – Supporting the Shift towards a Low Carbon Economy in all Sectors:**  
in the Less Developed CoR;
- **Priority Axis 5, Promoting Climate Change Adaption, Risk Prevention & Management:**  
in the Less Developed, and Transition CoR;
- **Priority Axis 6 – Preserving & Protecting the Environment & Promoting Resource Efficiency:**  
in the Less Developed CoR;
- **Priority Axis 7 – Sustainable Transport in Cornwall & the Isles of Scilly:**  
in the Less Developed CoR;
- **Priority Axis 8 – Promoting Social Inclusion & Combating Poverty & any Discrimination:**  
in all Categories of Region CoR.

At the end of December 2019, 615 new project applications were under appraisal with an ERDF value of over £1bn. Contracting with these projects in 2020 will strengthen the above position for both financial and non-financial PF targets, as will the additional 'ERDF reserve fund' calls.

The contracting of projects remains a priority for MHCLG and is being closely monitored to ensure that the total value of contracted projects and their outputs is enough to meet all the 2023 PF targets.

**Progress for each Priority Axis is set out below:**

**Priority Axis 1 – Promoting Research & Innovation**

This Priority Axis aims to strengthen research, technological development and innovation. As of the end of 2019 the following has been achieved:

Total Projects Supported	Eligible Spend	Percentage of Regions' Total Allocation		
		Less Developed	Transition	More Developed
214	£911.7m	76.4%	81.9%	64.5%

Calls Launched in 2019	Value of Calls	New Applications Under Appraisal	Value Under Appraisal
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34	£159.1m	156	£247.5m
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Since 2018, the Hub has been supporting local businesses with a desire to innovate digitally. EZ Education aims to build confidence and raise standards in maths through personalised content via their digital learning programmes. Already very popular by parents at home, EZ Education wanted to scale up by targeting UK schools. To make this happen they needed support with structuring a larger sales team. The Hub supported by improving their recruitment processes, establishing business processes and values and helping them prepare for their next phase of growth

**ADVANCE ENGINEERING  
AND DIGITAL INNOVATION  
BUSINESS ACCELERATION HUB,  
BATH**

£1.4 million ERDF



Excellent progress is being made to deliver this Priority Axis, with all 2023 Performance Framework non-financial targets expected to be met in all CoR, along with the financial targets in the Less Developed and Transition regions.

Output Indicator	Achievements to 31 <sup>st</sup> December 2019			
	Less Developed	Transition	More Developed	Total
<b>Expenditure declared in claims to EU</b>	£28.7m	£165.3m	£266.8m	£460.8m
<b>Number of Enterprises Receiving Support</b>	259	2,897	8,455	11,611

MHCLG continued to maintain effective delivery of this Priority Axis during 2019, and no problems or issues arose. Calls were launched inviting applications across most LEP areas, attracting a good level of interest, particularly in those areas with universities who have acted as anchor institutions to catalyse wider engagement and basis for LEP areas to meet PF targets. Of the 37 projects contracted during 2019 70% were from universities, demonstrating the ongoing close involvement of the higher education sector in the delivery of this Priority Axis.

**Priority Axis 2 – Enhancing access to, and use and quality of ICT**

This Priority Axis aims to enhance access to, use of and quality of information and communication technologies. As of the end of 2019 the following had been achieved:

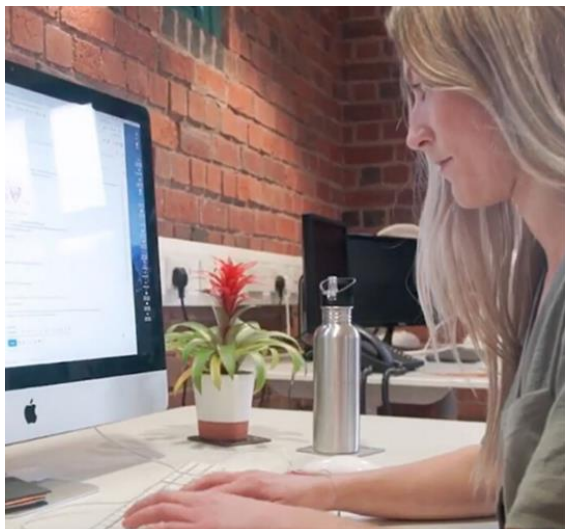


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Total Projects Supported	Eligible Spend	Percentage of Regions' Total Allocation		
		Less Developed	Transition	More Developed
30	£120m	83.5%	70.4%	62.4%


Calls Launched in 2019	Value of Calls	New Applications Under Appraisal	Value Under Appraisal
19	£30.8m	25	£32.7m

Alongside the 2018 Operational Programme modification, remedial actions taken in 2018 and 2019 have continued to impact positively for this Priority Axis, reducing delays in capital infrastructure projects, with realignment also helping to deliver improvements against PF targets in all CoR.



Web design company VoodooChilli have gone from strength to strength after receiving help through the Marches and Gloucestershire Broadband Grant Scheme. With the need to have a fast upload and download speed connection for business running, the help through the scheme has achieved that allowing the business to grow and be more efficient

**MARCHES AND GLOUCESTERSHIRE BROADBAND GRANT SCHEME, MARCHES AND GLOUCESTERSHIRE**  
£1.4 million ERDF



European Union  
European Regional  
Development Fund

Consequently, 2023 non-financial PF targets are already expected to be met in the Less Developed region, along with the financial targets in the Less Developed and Transition regions. Positive progress is being made against the targets in the other CoR with a healthy application pipeline. However, an assessment of whether progress made towards targets is sufficient to ensure their fulfilment will be undertaken in 2020.

Output Indicators	Achievements to 31 <sup>st</sup> December 2019			
	Less Developed	Transition	More Developed	Total
<b>Expenditure declared in claims to EU</b>	£8.9m	£7.5m	£41.5m	£57.9m
<b>Additional businesses with broadband access of at least 30Mbps</b>	710	-	-	710





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<b>Number of Enterprises Receiving Support</b>	-	289	2,521	2,810
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**Priority Axis 3 – Enhancing the Competitiveness of SMEs**

This Priority Axis aim is to enhance the competitiveness of SMEs. As of the end of 2019 the following had been achieved:

Total Projects Supported	Eligible Spend	Percentage of Regions' Total Allocation		
		Less Developed	Transition	More Developed
305	£2,239m	84.5%	86.8%	88.7%

Positive progress is being made towards achieving the 2023 financial and non-financial Performance Framework targets in all CoR. Notably the Less Developed region has already exceeded its non-financial PF target for 2023. If the current momentum is maintained, MHCLG remains confident that all 2023 PF targets will be met.

Calls Launched in 2019	Value of Calls	New Applications Under Appraisal	Value Under Appraisal
39	£317.1m	259	£389.4m

The calls launched in 2019 have taken on board the recommendations of the UK Business Productivity Review to address barriers and challenges UK SMEs still experience to improve productivity.

Output Indicator	Achievements to 31 <sup>st</sup> December 2019			
	Less Developed	Transition	More Developed	Total
<b>Expenditure declared in claims to EU</b>	£105.3m	£348.2m	£755.4m	£1,208.9m
<b>Number of Enterprises Receiving Support</b>	2,661	11,316	29,911	43,888



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Approved projects contributing to this Priority Axis include five access to finance financial instruments which provide loan and equity finance to small and medium sized enterprises in: Cornwall & the Isles of Scilly, London, the Midlands Engine pan-region, the North East, and the Northern Powerhouse pan-region. Also included are three new Urban Development Fund financial instruments approved during 2019 in: Cheshire & Warrington, Lancashire, and Liverpool. (see section on financial instruments).

**Priority Axis 4 – Supporting the Shift towards a Low Carbon Economy in all Sectors**

This Priority Axis aims to support the shift towards a low-carbon economy across all sectors. As of the end of 2019 the following had been achieved:

Total Projects Supported	Eligible Spend	Percentage of Regions' Total Allocation		
		Less Developed	Transition	More Developed
110	£816.2m	95.3%	61.4%	62.4%

Calls Launched in 2019	Value of Calls	New Applications Under Appraisal	Value Under Appraisal
37	£203.8m	128	£283.8m

Positive progress is being made towards achieving the 2023 PF financial and non-financial targets in all 3 CoR. Notably, the More Developed region's 2023 non-financial PF output targets has already been exceeded.



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Output Indicator	Achievements to 31 <sup>st</sup> December 2019			
	Less Developed	Transition	More Developed	Total
<b>Expenditure declared in claims to EU</b>	£55.9m	£53m	£215.3m	£324.2m
<b>Number of Enterprises Receiving Support</b>	240	13,206	34,657	48,103

MHCLG is confident that existing commitments and the pipeline of applications will deliver 100% of all the CoR 2023 financial and non-financial PF targets.

**Priority Axis 5 – Promoting Climate Change Adaption, Risk Prevention & Management**

This Priority Axis aim is to promote climate change adaptation, risk prevention and management. As of the end of 2019 the following had been achieved:

Total Projects Supported	Eligible Spend	Percentage of Regions' Total Allocation		
		Less Developed	Transition	More Developed
20	£114.2m	117%	101.2%	52.1%

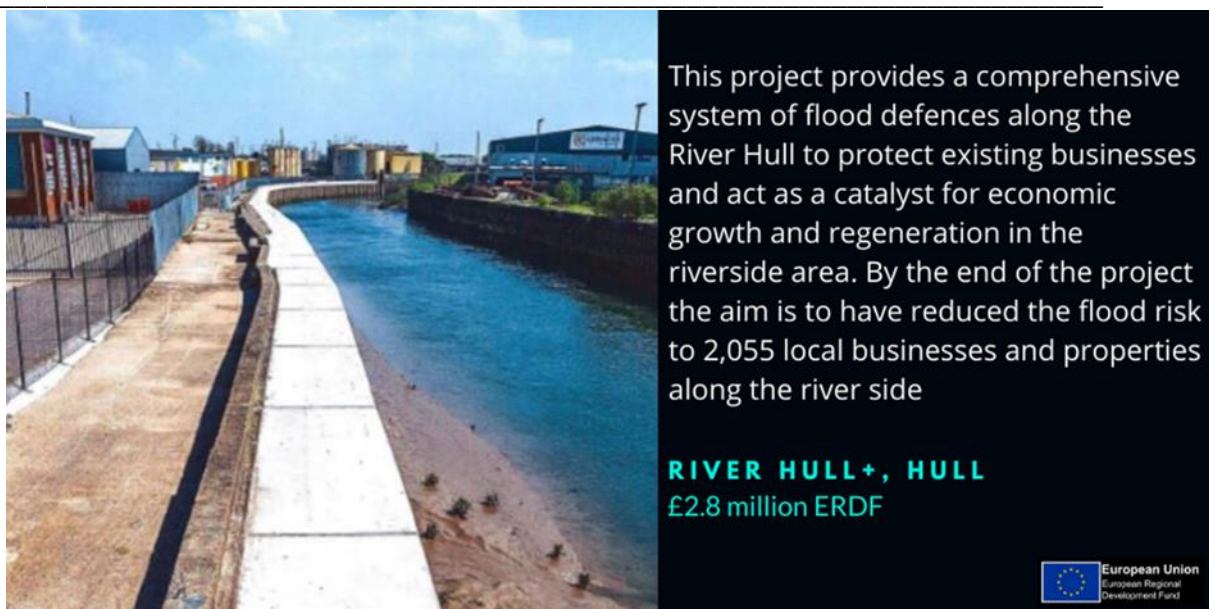
Calls Launched in 2019	Value of Calls	New Applications Under Appraisal	Value Under Appraisal
8	£14.1m	14	£22.1m

Due to long implementation timelines needed for aligning ERDF with domestic funding, and related approvals the 2018 PF financial and non-financial milestones were missed. MHCLG has therefore continued to work closely with the Environment Agency to identify projects during 2019 and accelerate delivery. As a result, and following a reallocation of funds between LEP areas, a number of schemes in Leeds City Region and Humberside are now being taken forward.





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Output Indicator	Achievements to 31 <sup>st</sup> December 2019			
	Less Developed	Transition	More Developed	Total
<b>Expenditure declared in claims to EU</b>	£0.370m	£6.3m	£5.7m	£12.37m
<b>Percentage of planned schemes in place</b>	8%	11%	33%	-
<b>Businesses &amp; properties with reduced flood risk</b>	0	263	88	351

MHCLG are therefore confident that both the 2023 Less Developed and the Transition areas non-financial 2023 PF targets will be exceeded, as will their financial PF targets.

However, the More Developed areas non-financial and financial PF targets are proving more difficult. These may not be deliverable for geographical reasons, as flood protection schemes can only be delivered where they are required, and in More Developed areas this is restricted to localities with a limited concentration of businesses. There are however still projects delivering significant flood protection, enabling greater economic resilience; and ERDF has been instrumental in unlocking several schemes that would not otherwise have been brought forward as the value for money would not be met through the Environment Agency's business case which is based on domestic properties.

**Priority Axis 6 – Preserving & Protecting the Environment & Promoting Resource Efficiency**



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This Priority Axis aim is to preserve and protect the environment and promote resource efficiency. As of the end of 2019 the following had been achieved:

Total Projects Supported	Eligible Spend	Percentage of Regions' Total Allocation		
		Less Developed	Transition	More Developed
37	£82.7m	89.6%	66.9%	47.5%

Calls Launched in 2019	Value of Calls	New Applications Under Appraisal	Value Under Appraisal
13	£21.4m	27	£21.3m

The 2023 financial PF targets are on track to be met in the Less Developed and the Transition areas; and projects in the pipeline once legally committed will contribute further investment in the More Developed areas. MHCLG also expect to see the PA 2023 non-financial PF targets exceeded across all CoR.

Output Indicator	Achievements to 31 <sup>st</sup> December 2019			
	Less Developed	Transition	More Developed	Total
<b>Expenditure declared in claims to EU</b>	£4.6m	£5.9m	£12.5m	£23m
<b>Surface area of habitats supported to a better conservation status</b>	61ha	19ha	228ha	308ha

Sustainable Urban Development investments which contribute to a strong local economy whilst protecting and enhancing the environment make a strong contribution to this PA. The nature of Sustainable Urban Development investment across England's Core City Regions and linked measures in other PAs means that delivery is over an extended timeline. The longer timeframe for Sustainable Urban Development calls has in previous years impacted on funding applications and delivery plans. However, real progress has been made in 2019 by bringing forward new projects as part of calls.



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In addition, river-based projects have continued to come forward with a focus on removing the barriers to fish migration and movement, whilst other applications have successfully supported an area based approach in urban areas, improving their biodiversity.

**Priority Axis 7 – Sustainable Transport in Cornwall & Isles of Scilly**

This Priority Axis aim is to promote sustainable transport and removing bottlenecks in key network infrastructures. As of the end of 2019 the following had been achieved:

Total Projects Supported	Eligible Spend	Percentage of Regions' Total Allocation		
		Less Developed	Transition	More Developed
6	£42.9m	57%	-	-

Calls Launched in 2019	Value of Calls	New Applications Under Appraisal	Value Under Appraisal
2	£17m	6	£27.6m

Delivery of this PA, which is only available in Cornwall and the Isles of Scilly, has been very strong. The funding supports the development of sustainable transport in the region, supporting good connectivity and sustainable forms of transport to aid economic development and growth, primarily through two main routes:





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- The A30 as part of a comprehensive road network. By the end of 2018, the Chiverton to Carland Cross section had completed its development study and consultation phase, and the MA working with the EC had formally appointed the Joint Assistance to Support Projects in European Regions partnership<sup>7</sup> (JASPERS) to progress with the requirements of a Major Project application for the A30 road improvement between Carland and Chiverton Cross interchanges. Highways England required the final report from the planning inspectorate before sending the application to the E-C for appraisal towards the end of 2019. This process was delayed, however, and all partners are now working towards the submission of the Major Project Application to the EC in early 2020, with the completion of the scheme prior to the end of the programme in 2023.



- The rail mainlines from London to Penzance provide an important strategic link to the rest of the United Kingdom and is part of the Comprehensive Trans-European Transport Rail Network. At the end of 2018 all the signalling installation had been completed and 43 km of railway line had been upgraded achieving both the 2018 and 2023 performance framework targets.

Output Indicator	Achievements to 31 <sup>st</sup> December 2019			
	Less Developed	Transition	More Developed	Total
<b>Expenditure declared in claims to EU</b>	£39.7m	-	-	£39.7m
<b>Road length of reconstructed or upgraded roads</b>	0	-	-	0

One of the other projects being delivered by this PA is the provision of Electric Vehicle charge points; MHCLG has been working with the applicant to increase the number of charge points in

<sup>7</sup> JASPERS - [https://ec.europa.eu/regional\\_policy/en/funding/special-support-instruments/jaspers/](https://ec.europa.eu/regional_policy/en/funding/special-support-instruments/jaspers/)

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the area. This project now is moving forward for delivery in 2020, to ensure the 2023 PF target will be met.

**Priority Axis 8 – Promoting Social Inclusion & Combating Poverty & any Discrimination**

This Priority Axis aim is to promote social inclusion, combat poverty and discrimination. As of the end of 2019 the following had been achieved:

Total Projects Supported	Eligible Spend	Percentage of Regions' Total Allocation		
		Less Developed	Transition	More Developed
45	£46m	86%	87%	92%

Calls Launched in 2019	Value of Calls	New Applications Under Appraisal	Value Under Appraisal
0	£0	0	£0

Community-Led Local Development (CLLD) projects seeks to target persistent disparities in economic performance and continued concentration of relative deprivation in smaller areas in England. Their use is intended to complement mainstream provision by facilitating bottom-up, integrated investment strategies that bring ERDF and ESF together in support of community investment priorities.

There has been significant progress in implementation of CLLD during 2019 and Local Action Groups and CLLD accountable bodies have significantly increased commitment of their grant programmes.

Output Indicator	Achievements to 31 <sup>st</sup> December 2019			
	Less Developed	Transition	More Developed	Total
<b>Expenditure declared in claims to EU</b>	£0.809m	£0.259m	£0.842m	£1.910m
<b>Number of local development strategies agreed</b>	4	4.5	12.5	21
<b>Number of Enterprises receiving support</b>	14	0	2	16



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Some of the most disadvantaged communities in Newcastle and Wallsend, are being helped to find employment and take forward entrepreneurial and business ideas. Through North of Tyne CLLD, Millin Charity, has been helped to set up. After receiving a grant, the business launched its 'A Chance to Trade' project, which aims to support unemployed women who face a multitude of barriers, but want to become self-employed. Local women, often from diverse ethnic minority backgrounds, have access to support packages including accredited training, enterprise workshops and tailored business advice

**NORTH OF TYNE CLLD ,  
NEWCASTLE & WALLSEND**  
**£896,580 ERDF**



Therefore, all 3 CoR are showing good progress towards achieving the 2023 non-financial PF targets, and MHCLG is confident that existing commitments will deliver 100% of their target.

However, implementation has taken longer than originally anticipated due to the longer lead in time for CLLDs to organise and issue calls for their grant programmes, and for applicants to apply and successful applications to translate into delivery activity in CLLD areas. This has resulted in a slow start towards achieving the 2023 financial PF targets, although this is in line with the CLLD delivery model this PA relies upon, where the focus of interventions in the early years is on building community capacity and plans rather than spending on activities, which follows in later years.

MHCLG implemented measures during 2019 to improve performance including facilitating CLLDs sharing learning and experience and requiring CLLD projects to implement recovery plans following project reviews. This has resulted in significant upturn of commitment of grants programmes during the year.

MHCLG is therefore confident the 2023 targets will be met in all CoR.

### Priority Axis 9 – Technical Assistance

This Priority Axis aim is to help access to the programme ensuring that the activities that can be funded are delivered effectively and efficiently. As of the end of 2019 the following had been achieved:

	Eligible Spend	Percentage of Regions' Total Allocation
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**2014 TO 2020 ERDF PROGRAMME:  
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<b>Total Projects Supported</b>		<b>Less Developed</b>	<b>Transition</b>	<b>More Developed</b>
46	£166.5m	68%	68%	74%

<b>Calls Launched in 2019</b>	<b>Value of Calls</b>	<b>New Applications Under Appraisal</b>	<b>Value Under Appraisal</b>
0	-	-	-

Good progress was made for this PA and, based on contracted and pipeline applications.

There are no 2023 PF targets for this Priority Axes.

<b>Output Indicator</b>	<b>Achievements to 31<sup>st</sup> December 2019</b>			
	<b>Less Developed</b>	<b>Transition</b>	<b>More Developed</b>	<b>Total</b>
<b>Expenditure declared in claims to EU</b>	£19.9m	£46.9m	£99.8m	£166.6m

### **Financial Instruments**

Financial instruments are a sustainable and efficient way to invest in the growth and development of both individuals and enterprises. They support a range of development objectives and benefit of a wide range of organisations. European Union funds lever in additional public and private contributions with returns reused for further investments. Major advantages of financial instruments are:

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- Leverage of resources and increased impact of European Structural Investment Fund programmes;
- Efficiency and effectiveness due to the revolving nature of funds;
- Moving away from “grant dependency” culture;
- Better quality of projects as the investment must be repaid;
- Access to a wider range of financial tools for policy delivery and private sector expertise; and
- Attract private sector support and financing for public policy objectives.

The main financial products offered by financial instruments are loans, guarantees, equity and quasi-equity.

By the end of 2019, the programme had eleven financial instrument projects with commitments worth £519m ERDF following acceptance of their ex-ante assessments (which established the market case for each) by the MA.

These comprise six **access to finance** fund of funds:

- the Northern Powerhouse Investment Fund, a £402m project utilising £140.4m ERDF;
- the Midlands Engine Investment Fund, a £266.1m project utilising £78.5m ERDF;



Telford based Blue Hire is audio-visual hire company, supporting big names such as ASOS, eBay, Nike and Budweiser. The company are using a £100,000 investment to create new jobs and move into a larger warehouse helping to increase their capacity and support its growth and development

**BLUE HIRE, TELFORD**  
Midlands Engine Investment Fund



**European Union**  
European Regional  
Development Fund

- the London SME Fund, a £100m project utilising £35m ERDF;
- the Cornwall & Isles of Scilly Fund, a £40m project utilising £32m ERDF;
- the Low Carbon Innovation Fund II, a £22.56m project utilising £11.2m ERDF; and



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- the North East Fund, a £140m project utilising £58.5m ERDF.



Premium mens sports and urban wear company Fresh Couture from North Tyneside are using an investment to take forward new IT systems, brand building and marketing activities. This will help the company to expand its product range including introducing denim and outerwear products, increase sales and improve systems and controls. New staff will also be taken on to fulfil specialist areas of graphic design and garment technology

**FRESH COUTURE, NORTH TYNESIDE**  
North East Fund




European Union  
European Regional  
Development Fund

and five **urban development funds**:

- the Greater Manchester Fund of Funds, a £120m project utilising £60m ERDF;
- the Mayor of London's Energy Efficiency Fund, a £86m project utilising £43m ERDF;
- the Liverpool UDF, a £43.2m project utilising £25m ERDF;
- the Cheshire & Warrington UDF, a £40m project utilising £20m ERDF; and
- the Lancashire UDF, a £25m project utilising £15m ERDF.

Three of these have made their first claim of ERDF (Cornwall & Isles of Scilly Fund, London SME Fund, and the Greater Manchester Fund of Funds), and four (Northern Powerhouse Investment Fund, The North East Fund, Midlands Engine Investment Fund, and the Mayor of London Energy Efficiency Fund) have made two. The remainder will make their first claim during 2020. Overall, by the end of December, £192m (€212m) ERDF had been drawn down by financial instruments.

No new financial instruments are in the pipeline for approval in 2020.

### **European Claim and Information Management System (E-CLAIMS)**

E-CLAIMS is the electronic management information system developed by MHCLG to hold data on projects and to enable claims to be made and paid. It has been used internally by MHCLG since 2017, with the build formally ending in May 2018. The roll out to external applicants has





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accelerated following successful pilots and by 2019 the system was being used by 200 external organisations.

The system can:

- Manage the ERDF business process from outline project application to project closure;
- Manage debt recovery, including the automatic calculation of Flat Rate Indirect Costs;
- Support the creation of claims for reimbursement from the EC by running reports to identify MA Grant payments to applicants for certification by the Certifying Authority<sup>8</sup>; and
- Pay applicants grant claims through the system; which means that they get their money faster; lessens the risk of audit issues and saves the Managing Authority, Certifying Authority, and MHCLG finance team resources.

### **Payment Applications to the European Commission**

MHCLG was appointed as the MA for England by the EC in November 2016. This enabled the submission of grant claims to the EC by the Certifying Authority for the reimbursement of ERDF paid to projects, (these claims are made in Euros). The first payment application for €2.156m was made in December 2016.

The Certifying Authority submitted 5 payment applications to the EC in 2019, and a further 1 in early 2020 containing expenditure to 31 December 2019. Overall, since 2015 the total applications submitted to the EC for reimbursement of eligible expenditure is £1.798bn (€1.990bn).

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<sup>8</sup> Part of the MA and responsible for paying ERDF claims and submitting expenditure declarations (grant claims) to the EC.