

ERDF

low carbon economic growth
in the East of England

East of England

European Regional Development Fund

Competitiveness Programme

2007-13

Annual Implementation Report 2014

Version 3.0 (October 2015)



EUROPEAN UNION
Investing in Your Future
European Regional
Development Fund 2007-13



Department for
Communities and
Local Government

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Any enquiries regarding this document/publication should be sent to us at:

Department for Communities and Local Government

Fry Building

2 Marsham Street

London SW1P 4DF

Telephone: 030 3444 0000

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1 Programme and Report Identification

OPERATIONAL PROGRAMME	Objective concerned: Competitiveness
	Eligible area concerned: East of England
	Programming period: 2007-2013
	Programme number (CCI No): 2007 UK 162 PO 004
	Programme title: East of England ERDF Competitiveness Programme – Towards Low Carbon Economic Growth
ANNUAL IMPLEMENTATION REPORT	Reporting year: 2014
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2 Executive Summary

As with the previous year, 2014 continued to be a challenging year for the programme. This was due in part to the continued England wide interruption of payments to the programme, which was concluded in March 2014. Although no further new projects were contracted beyond 31 January 2014, the Growth Delivery Team continued to manage and monitor the programme closely to ensure 100% commitment was maintained. Overall, expenditure increased from 65% to 77% for the 53 contracted projects, two of which were external (listed in Appendix F).

The N+2 2014 expenditure target was exceeded by €1.8m. This required exceptional effort on the part of the team and the projects.

2.1 Expenditure Progress

Table 1: Progress per annum for total commitment and certified expenditure (€)

	2008		2009		2010	
	Total commitment Dec 2008	Certified expend. December 2008	Total commitment Dec 2009	Certified expend. Dec 2009	Total commitment Dec 2010	Certified expend. Dec 2010
PA1	1,855,603	0	8,160,950	380,970	12,751,554	521,513
PA2	3,831,954	0	24,569,956	12,933,915	24,811,238	13,661,974
PA3	710,424	0	4,393,039	732,674	9,993,200	2,298,740
PA4	0	0	1,538,469	407,908	1,538,469	407,908
Total	6,397,981	0	38,662,414	14,455,467	49,094,461	16,890,135

	2011		2012		2013		2014	
	Total commitment Dec2011	Certified expend. Dec 2011	Total commitment Dec2012	Certified expend. Dec 2012	Total Commitment Dec 2013	Certified Expenditure Dec 2013	Total Commitment Dec 2014	Certified Expenditure Dec 2014
PA1	19,020,840	5,661,341	25,600,031	9,688,176	29,990,632	12,327,327	27,286,636	17,565,566
PA2	28,878,928	13,583,678	39,369,336	22,789,066	40,983,873	32,993,711	41,597,007	37,645,313
PA3	28,611,256	9,020,552	32,604,391	12,745,428	33,637,736	18,945,174	34,230,770	28,327,108
PA4	3,074,252	1,405,557	3,319,226	1,756,316	3,560,863	2,002,469	4,624,960	2,240,132
Total	79,585,276	29,671,128	100,892,984	46,978,986	108,173,104	66,268,681	107,739,374	85,878,120

2.2 Indicator Progress

With 22% of the contracted profile still to spend, significant progress has been made in meeting Programme targets, as highlighted in Table 2 below.

Table 2-Indicator levels per annum cumulative per PA

Cumulative Indicators achieved	PA1 2008	PA1 2009	PA1 – 2010	PA1- 2011	PA1 2012	PA 1 2013	PA1 2014
Jobs created (R1)	0	1	2.2	150.7	229.1	504	810
Jobs safeguarded (R2)	0	0	8.2	691.2	702.2	737	1,064
No. of innovations (R3)	0	0	0	35	107	488	898
Business start-ups receiving assistance (1.1)	0	0	2	12	25	53	233

Cumulative indicators achieved	PA2 2008	PA2 2009	PA2 – 2010	PA2 - 2011	PA2 2012	PA 2 2013	PA2 2014
Jobs created (R1)	0	2.5	8	218.5	413.5	902	1,106
Jobs safeguarded (R2)	0	79	87	430.5	529	997.5	632
No. of innovations (R3)	0	62	181	319	320	344	385
Business start-ups receiving assistance (2.1)	0	1	6	53	220	695	1,072

Cumulative Indicators achieved	PA3 2008	PA3 2009	PA3 – 2010	PA3 - 2011	PA3 2012	PA 3 2013	PA 3 2014
Jobs created R1	0	0	7	76.6	126.1	153	289
Jobs safeguarded R2	0	0	2	34.71	126.2	128	334

No. of SME's receiving innovation assistance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business start-ups receiving assistance	N/A	N/A	N/A	N/A	N/A	N/A	N/A

In the Programme thus far, a number of projects have fallen behind their contracted expenditure profiles. PA2 Jobs safeguarded (R2) has experienced a significant reduction in 2014 (highlighted in red). This is due to a combination of factors including reductions as a result of the last performance review, A13/A16 actions and figures reported being transposed which were later corrected. However, this has been offset by the overall figure on Jobs safeguarded which has increased and with more accurate recording by projects this figure is set to increase further with the forecast to achieve by the end of the Programme.

Some of the measures which enabled the ERDF investment to be maximised across the East of England have been highlighted below.

Performance Reviews

Following on from last year's comprehensive performance reviews a further performance review was carried out by contract managers to ensure, given the programme is approaching closure, spend and target forecasts remain accurate. Performance reviews were held on all projects to review progress against expenditure and targets forecasts to ensure they were realistic and remained on track to deliver.

This resulted in a significant number of contracts being amended to reflect changes to contractual profiles. The GDT worked closely with the projects to ensure that the appropriate measures were taken during the months preceding the N+2 deadline, thereby ensuring that, momentum is maintained in delivery. As with previous years, other measures included the submission of monthly claims and redeployment of staff resources to ensure that the required level of attention was given to poor performing projects experiencing significant slippage. The robust approaches to monitoring spend and targets with individual projects will continue throughout 2015 to ensure momentum is maintained, building on the work already undertaken.

Compliance

Interruption to payments

As reported last year, in May 2013 the European Commission's Interruptions Committee imposed an interruption to payments to the 10 English 2007-13 ERDF programmes.

The EC imposed the interruption because, in their view, the findings of the Audit Authority highlighted serious deficiencies in the management verifications operated by the Managing Authority.

This conclusion was based on the findings of two Audit Authority systems audits, the first on Article 13 monitoring arrangements and the second on the arrangements for transferring ERDF records to BIS on closure of the RDAs. Both audits resulted in “qualified major” opinions, because it was concluded that there were material weaknesses in the management control systems operated by the MA which needed to be urgently addressed. The EC places huge reliance on the opinion of the Member State’s Audit Authority.

Following several exchanges of correspondence between the EC and MA during 2013 and the early part of 2014, the Managing Authority complied with requests from the Commission for more information and provided detailed assurances on the effectiveness of Article 13 verifications, on the handling of irregularities and on the recording of data on the Management Control Information System. As a result this, the interruption was lifted in March 2014.

DG Regio Bridging the Assurance Gap Audit

In October, DG Regio visited the East of England and East Midlands Programmes to carry out a Bridging the Assurance Gap Audit. The objective of the audit is to obtain reasonable assurance that the management and control systems are functioning effectively, and in particular that there are adequate management verifications in place.

DG-Regio selected a sample of projects from expenditure declared to date and during the week of the audit re-performed the Article 13 on the spot checks. In the East of England this involved visits to 6 projects.

In December we received the preliminary findings of the audit mission and worked through these to provide responses to DG Regio throughout the start of 2015. One of the concerns identified during the visit was the progress of the procurement checking work.

As part of the interruption in 2013, DCLG committed to checking all procurements over OJEU or works contracts over £1m that had not already been tested by another audit body. In the East of England, the lawyers MMS, checked 6 contracts during November and December, and the results of these checks were presented back to DG Regio in early 2015 along with the completed audit action plan, to conclude the audit.

2.2 Contracted Projects and Commitment

As 2013 was the last complete investment year for the programme, 2014 was about maintaining levels of commitment and ensuring projects delivered on expenditure and targets. The effects of the previous slow down in the economy and the business support environment has still impacted on available match funding and, in a less

expansive business investment role, some projects have seen match funding reduced or withdrawn and have struggled to attract new or increase the contributions of existing match funders.

Partnership Working

The Programme's relationship with the East of England's four Local Enterprise Partnerships (LEPs) has continued to grow since their inception and continues to develop as a result of their presence on the Local Management Committee (LMC.) Much of the focus of the relationship with the LEPs now lies with the launch of 14-20 ESIF Growth programme. However, the GDT has been able draw on good practice in the current programme to advise partners going forward.

The GDT also remains committed to engaging with the Enterprise Zones and with other funding streams such as Regional Growth Fund (RGF).

3 Overview of Programme Implementation

The exchange rate used throughout this report is 1.2113

3.1 *Economic Context*

The UK economy is estimated to have grown by 2.6 per cent in 2014.¹ This was the fastest growth since the global financial crisis when the UK experienced one of the deepest recessions of any major economy, contracting 6 per cent in real terms between the second quarter of 2008 and the third quarter of 2009.

The Office of Budget Responsibility had forecast the economy would grow by 2.7 per cent at the start of the year.² However some forecasters had predicted earlier on that GDP growth would be as low as half a per cent.³ Instead the economy is estimated to have grown by 0.6 per cent in the first quarter accelerating to 0.8 per cent in the second quarter and 0.7 and 0.5 per cent in the last two quarters.⁴ Gross Domestic Product is now estimated to be 3.4% higher than the peak it reached before the recession in 2008.

Consumer spending was a key driver to the UK economy strengthening in 2014. Growth in real earnings began to recover in 2014 after a period of stagnation. Regular pay excluding bonuses grew by 1.6 per cent from December 2013 to December 2014, well above the rate of inflation which fell to 0.5 per cent by the end of 2014 mostly due to falling global oil prices.⁵⁶

Business investment also continued to increase. Initial estimates suggest business investment grew at 6.8 per cent in 2014: its fastest rate in any year since 2007.⁷ Housing market indicators also picked up sharply in the year cooling in the final quarter. In the year to December 2014 house prices had increased by 9.8 per cent as measured by the Office of National Statistics.⁸ Export performance weakened in

¹ ONS (2015) see: <http://www.ons.gov.uk/ons/rel/gva/gross-domestic-product--preliminary-estimate/q4-2014/stb-gdp-preliminary-estimate--q4-2014.html>.

² OBR (2014) *Economic and Fiscal Outlook*, March 2014: <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>.

³ OBS (2014) *Economic and Fiscal Outlook*, December 2014, Char 2.4: Forecasts for real GDP growth in 2014, <http://budgetresponsibility.org.uk/economic-fiscal-outlook-december-2014/>.

⁴ ONS (2015) see: <http://www.ons.gov.uk/ons/datasets-and-tables/data-selector.html?cdid=IHYQ&dataset=pgdp&table-id=PREL>.

⁵ ONS (2015) *Average Weekly Earnings*, see: <http://ons.gov.uk/ons/taxonomy/index.html?nscl=Weekly+Earnings#tab-data-tables>.

⁶ ONS (2015) *Consumer Price Indices*, see: <http://ons.gov.uk/ons/rel/cpi/consumer-price-indices/january-2015/stb---consumer-price-indices---january-2015.html>.

⁷ ONS (2015) *Business Investment Q4 2014 Provisional Results*, see: <http://www.ons.gov.uk/ons/rel/bus-invest/business-investment/q4-2014-provisional-results/index.html>.

⁸ ONS (2015) *House Price Index*, see: <http://ons.gov.uk/ons/rel/hpi/house-price-index/december-2014/stb-december-2014.html>.

2014 causing the UK's net trade position to deteriorate slightly over the year.⁹ This was mainly due to low demand for exports from the Eurozone countries.

The labour market – remarkably resilient during the crisis – continued to strengthen. UK employment figures saw quarter on quarter growth and falling unemployment in 2014. By the final quarter of the year employment rate had risen to 73.2 per cent and the unemployment rate had fallen to 5.7 per cent from 7.2 per cent a year earlier.¹⁰ However, the performance of the labour market varied across the UK, with some groups at a particular disadvantage including, young people, disabled people, people from some ethnic minorities, and older people. Underemployment, a measure of net additional hours of work desired at current wages as a percentage of the total hours of labour available, also remained high with just under 1 in 10 employed people wanting more work in 2014.¹¹

Productivity remains below its pre-recession peak. Among sectors there has been strong growth in manufacturing and real estate productivity for example, but this has been counterbalanced by weak growth in the financial services and the oil and gas industries relative to their pre-recession levels.¹² In the third quarter of 2014 output per hour worked for the whole economy was only 0.3 per cent higher than a year before. Increases in productivity this year will be vital if the momentum the economy gained in 2014 is to continue.

3.2 Achievement and Progress

The East of England ERDF Competitiveness Programme in 2014 continued to make progress. No new projects were contracted and remain at 55; 53 internal projects (listed in Appendix F) and 2 external projects are distributed across the priority axes.

At year end the East programme had achieved 97.68% commitment of funds. DCLG policy stipulates that no further projects can be approved once the Programme reaches 100% commitment. Full commitment was achieved in October 2014. The GDT continues to work closely with projects to ensure the commitment level is maintained. This has presented challenges due a number of issues described in this document including irregularities identified and concluded which resulted in a reduction of committed spend.

There was also little or no progress with the projects that had been in the pipeline at this stage due to, amongst other issues, lack of robust financial information and match funding, poor quality outline applications and lack of achievable targets. The open bidding round which had run since June 2013 was formally closed at the end of

⁹ OBR (2014) Economic and Fiscal Outlook, December 2014, Chart 3.39.

¹⁰ ONS (2015) *Labour Market Statistics*, see: <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/february-2015/index.html>.

¹¹ ONS (2014) see: <http://www.ons.gov.uk/ons/rel/lmac/underemployed-workers-in-the-uk/2014/rpt-underemployment-and-overemployment-2014.html>.

¹² ONS (2015) Economic Review January 2015, see: http://www.ons.gov.uk/ons/dcp171766_391094.pdf

January 2014 after the remaining pipeline applicants were withdrawn. No further bidding rounds were held.

Results Indicators

As reported last year all outputs targets are dedicated to the specific Priority Axis under which the project is funded. This is right and proper as it reflects the nature of the activity and maintains the 'identity' of the Axis. However, in terms of programme results, some of these are also Axis-specific and opportunities are being missed to count legitimate project activity and its contribution to regional economic growth.

In particular, Priority Axis 3 presented considerable limitations on demonstrating the support activities organisations provide to SMEs in addition to provision of incubator space. Within priority Axis 3 projects had included in their applications specific reference to results which can be achieved, but do not form part of, the reportable achievement.

LMC, at its meeting in June 2013, agreed the recommendation to allow all results indicators to be claimed across all three Priority Axes. The EC agreed to the relaxing of rules relating to these results on 7th October 2013. It is anticipated that these will be captured in 2015, as we had already anticipated the return on these would be greater than the 12 months that have elapsed since these results were relaxed.

Performance Reviews

A further and final comprehensive performance review was held with all projects to review progress against spend and targets and a number of revised contracts were issued to ensure achievement against targets were realistic and achievable. The GDT worked closely with the projects and other areas of the team (such as development to assist future projects and audit to ensure compliance was being upheld). For example, specific measures were taken at critical periods (such as around N+2) to be able to accelerate investment, these included monthly claims and redeployment of resources prioritise poor performing projects and slippage. This resulted in 26 contract variations over the mid-year period. This robust approach to monitoring projects will continue through out 2015, the last eligible expenditure period for this programme, in order to maintain and build on current performance.

3.3 Overview of Programme Indicators (aggregated from all Priorities)

The table below provides details of the aggregate targets achieved under each indicator definition by the end of 2014. It also shows the revised total Programme targets. The OP specifies a single overall programme target for each indicator i.e. there are no targets set for individual years.

Projects are not obliged to provide details of projected impacts, but may volunteer to do so. Available data on impact indicators is therefore incomplete and thus of limited value and is not recorded in the aggregated table below or in the individual Priority

Axis indicator tables in Section 3. Impacts will be assessed during programme evaluation and at the closing stage of the programme, when impact indicator data will be determined.

As a result of the revised targets, set in 2013 it was predicated that the programme could still achieve the majority of programme targets which were now set at a more realistic and achievable level. However further programme performance reviews and the impact of the recent EC project audit, described in the previous chapter, has made this quite challenging given the majority of projects are due to close at the end of June 2015. To mitigate these issues the GDT had maintained close monitoring of targets and allowed projects to extend completion dates and re-profiling of spend which should give the additional time to achieve the targets detailed below. Despite this achievement of some targets will remain very challenging. However, with the opening of all targets across priority axis, contract managers continue to encourage projects to look critically at their activities to make sure they are capturing all their outputs and results with the appropriate eligible evidence. This close monitoring will continue until project closure and beyond to ensure all eligible targets are captured.

Outputs				
Ref	Definition	Commitment as at end of 2014	Achievement To end of 2014	Revised Target
O 1.1	Number/type of start-up businesses receiving Priority 1 assistance	415	233	453
O 1.2	Number/type of SMEs receiving Priority 1 assistance – innovation	1,858	1,143	1,446
O 1.3	Number/type of SMEs receiving Priority 1 assistance - non innovation	516	289	364
O 1.4	No of businesses assisted to improve performance through ICT initiatives	1,553	1,467	718
O 1.5	Number/type of low carbon construction enterprise hubs	2	2	5
O 1.6	No of businesses within the region engaged in new collaboration with the new knowledge base	1,054	577	3,524
O 2.1	Number/type of start-ups receiving Priority 2 assistance	1,417	1,072	587
O 2.2	Number/type of SMEs receiving	85	30	52

	Priority 2 assistance - risk capital			
O 2.3	Number/type of SMEs receiving Priority 2 assistance - non risk capital	2,431	1,674	2,858
O 2.4	Number of social enterprises receiving Priority 2 assistance	282	94	67
O 2.5	Number of organisations / SMEs supported engaged in promotion of clean technology/renewable energy	191	117	532
O 2.6	Increase in No of Businesses within the region engaged in business to business networks	261	226	286
O 3.1	Number of organisations receiving Priority 3 assistance	3,345	2,095	1,882
O 3.2	Number/type of low carbon construction and refurbishment initiatives	13	13	12
O 3.3	Number of sq. meters of new or upgraded specialist premises achieving BREEAM standard of 'very good' or better	17,088	15,464	14,113
O 3.4	Number of energy efficiency demonstrator projects	26	24	24

Results				
Ref	Definition			Target
R 1	No of jobs created (FTE and by gender)	3,848	2,205	2,717
R1 (F)	No of jobs created (FTE and by gender)	1,569	638	1,493
R 2	No of jobs safeguarded (FTE and by gender)	2,930	2,030	1,106
R2 (F)	No of jobs safeguarded (FTE and by gender)	1,043	530	1,370
R 3	Number/type of successful innovation related initiatives in SMEs	2,544	1,352	3,068

R 4	Number/type of successful non innovation related initiatives in SMEs	2,370	2,672	1,688
R 5	Number/type of successful environmental related initiatives in SMEs	4,602	2,864	2,665
R 6	Number/type of successful start-up businesses	1,128	507	534
R 7	Leverage of private sector funding	66	63	88.82
R 8	Leverage of public sector funding	40	15	43.26
R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening (%)	780	668	85
R 10	Return (IIR) on OP risk capital investments - 10 years	0	0	10
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	131	56	66
R 12	Number of businesses supplied with low or zero carbon energy	172	24	71
R 13	Number of businesses integrating new products, processes or services	4,371	2,809	4,493

Impacts				
Ref	Definition	Commitment as at end of 2014	Achievement to end of 2014	Target
I 1	Increase in the GVA as a result of the Programme	Not recorded	0	€ 189m
I 2	No of net jobs created (FTE and by gender, sector)	Note recorded	0	2,900
I 3	No of net jobs safeguarded (FTE and by gender, sector)	Not recorded	0	620
I 4	Net additional number of businesses (by sector, size and	Not recorded	0	2,000

	location)			
15	Net additional number of knowledge intensive firms	Not recorded	0	187

Baseline for Impact Indicators

For the Impact Indicators in the above tables, the following table sets out the baseline situation at (or close to) the start of the programming period.

Baseline Indicators			
Indicator	Baseline	Area	Source
GVA (current basic prices)	£93,686m	East of England	ONS
GVA per capita (current basic prices)	£16,906	East of England	ONS
Stock of Businesses	187,600	East of England	ONS
Number of new business registrations in the year	18,450	East of England	ONS
Number of employee jobs (workplace-based)	2,353,014	East of England	ABI/EER A

Core Indicators

In order for the Commission to monitor and evaluate the results of the Cohesion Policy programme, the monitoring of core indicators is required.

Following the 2011 Annual Engagement Meeting (AEM) agreement was reached on the number and type of core indicators that would be monitored across each of the GDTs. The details of the core indicators to be monitored by the East of England GDT can be found in Appendix (B).

Financial information

The programme financial tables are provided in Appendix (C) and proposed indicative expenditure categories are provided in Appendix (D).

3.4 Overview of Expenditure (EURm)

ERDF Priority Axis Expenditure	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority (€m)	Corresponding public contribution (€m)	Private expenditure (€m)	Expenditure paid by the body responsible for making payments to the beneficiaries (€m)	Total payments received from the Commission (€m)
Priority Axis 1 Innovation and knowledge transfer	49,247,492	34,483,650	14,763,841	19,338,988	5,661,341
Priority Axis 2 Enterprise and supporting business	107,046,458	49,479,396	57,567,062	41,722,118	13,583,678
Priority Axis 3 Sustainable development, production and consumption	71,077,465	56,175,951	14,901,513	27,044,491	9,020,553
Priority Axis 4 Technical Assistance	4,836,100	4,836,100	0	2,418,050	1,405,557
Grand Total	232,207,515	144,975,098	87,232,417	90,523,647	29,671,130*

*There has been no change in the total payments received since the last report due to no payments being made from the Commission in 2014 due to the England wide programme interruption.

3.4.1 Contracted Projects – ERDF committed and spent Euros

Priority Axis	ERDF Programme Allocation	ERDF Commitment – contracted projects as at 31 December 2014 ¹³		Expenditure as at 31 December 2014	
		All years	To end of 2014	Actual	Certified
	€	€	€	€	€
1	34,782,413	27,458,530	24,017,293	19,338,988	17,465,566
2	37,313,395	41,859,050	40,091,102	41,722,118	37,645,313
3	34,459,123	34,446,409	29,889,037	27,044,490	28,327,108
4	4,439,788	4,654,096	3,886,554	2,418,050	2,340,132
Total	110,994,719	108,418,085	97,883,987	90,523,647	85,878,120

Euro exchange rate used 1.2113 except for expenditure related values

3.4.2 Contracted Projects – ERDF committed and spent GBP

Priority Axis	ERDF Programme Allocation	ERDF Commitment – contracted projects as at 31 December 2014		Expenditure as at 31 December 2014	
		All years	To end of 2014	Actual	Certified
	£	£	£	£	£
1	28,714,945	22,668,645	19,827,700	15,932,397	14,461,936
2	30,804,421	34,557,129	33,097,583	35,566,905	31,614,330
3	28,448,050	28,437,554	24,675,173	22,453,719	23,416,193
4	3,665,308	3,842,232	3,208,581	2,035,811	1,982,267
Total	91,632,724	89,505,561	80,809,038	75,988,832	71,474,727

The tables above show the amount of expenditure by projects. As at 31 December 2014 certified expenditure amounted to €85m

¹³ Euro values have been calculated using an exchange rate of 1.2113 except for expenditure related values which are taken from MCIS.

3.5 Breakdown of use of the Funds

3.5.1 Lisbon Categories

Under article 9 of Commission Regulation (EC) No 1083/2006 it is a requirement that 75% or more of expenditure under ERDF Competitiveness Operational Programmes targets the priorities of the European Union regarding the promotion of competitiveness and job creation (Lisbon strategy). The East of England OP plans to deliver over 90% of expenditure towards Lisbon categorised interventions.

Article 11 of the Commission implementing Regulation No (EC) 1828/2006 requires that the cumulative allocation of funds by categories and its combination by codes should be reported in the Annual and final Implementation Reports. This data is required for information purposes only.

The indicative breakdown of funds by priority theme as given in the Operational Programme remains unchanged and is reproduced as Appendix (C). The ERDF commitment against priority themes, given in the categorisation spreadsheet 2014 on SFC2007, reveals that €108,418,085 or £89,505,561; 97% of commitment is set against Lisbon earmarked categories. The territory code remains no application (0), as with previous years, because the East of England does not fall under the other specified territories and this has been reflected in the code used in the Categorisation spreadsheet.

Combination of codes of dimension 1 to 5					
Code* Dimension 1 Priority Theme	Code* Dimension 2 Form of Finance	Code* Dimension 3 Territory	Code* Dimension 3 Economic Activity	Code* Dimension 4 Location	Amount €*
Research & technology development (RTD), Innovation and entrepreneurship					
03	01	00	21	UKH	10164635
			12	UKH	4867650
			06	UKH	4480543
04	01	00	19	UKH	1201559
			21	UKH	1123450
05	01	00	21	UKH	311500
06	01	00	12	UKH	3074346
			21	UKH	15252493
			22	UKH	50407604
08	01	00	11	UKH	706753

			21	UKH	5627084
	03	00	15	UKH	24802100
09	01	00	12	UKH	2419717
			21	UKH	6011485
11	01	00	22	UKH	3133502
15	01	00	06	UKH	52992
43	01	00	12	UKH	15904692
			21	UKH	1250197
85	01	00	17	UKH	2992623
TOTAL					108,418,085
* Note: Figures provided are converted from £ GBP Sterling to € Euro using an Exchange Rate of 1.2113					

3.5.2 Complementarity with other funds

As part of the negotiation and approval of the East of England ERDF Competitiveness Operational Programme, agreement was reached on demarcation between different funds, in particular between ERDF, ESF and EAFRD. This is set out in Chapter 7 (Coordination) of the Operational Programme document (a demarcation table [Table 7.1] is included in the OP on page 94).

Partners have continued to work with the Head of the EAFRD East of England Programme Team following the transfer of the Rural Programme team from the RDA to DEFRA. An EAFRD rural programme representative continues to attend the LMC as an observer and the ERDF Delivery Team is represented on the EAFRD regional programme committee, again to ensure coordination and demarcation between the respective funds along the lines agreed in the OP document.

3.5.3 N+2 Target

The N+2 financial target for 2014 was met and exceeded by €1,809,001 as recorded in the table below.

N+2	€	% of Target	£
Target	€83,368,025		
Declared Spent to EC	€85,177,026		
Excess	€1,809,001		

Only certified expenditure declared to the European Commission (EC) by the year end counts towards achievement of the spend target. The figures shown above include a nationally applied self-correction which was proportionately shared by all programmes. For the East of England this equated to €369,172.33

3.5.4 Irregularities, error rate and self correction

Irregularities were raised and/ or concluded across 30 projects in 2014 (see table below). In total 64 irregularities were raised in 2014 and 54 were concluded.

Project Name	Irregularity values	Number of Irregularities	Raised in 2014	Concluded in 2014
ERDF/08/003 Innovation in Crops	€281.22	1	✓	✓
ERDF/08/010 Knowledge Thurrock Innovation Associates	€5,777.85	1	✓	✓
ERDF 09/018 Low Carbon Venture Capital Fund	€5,647.44	1	✓	✓
ERDF/09/022 Low Carbon Short Knowledge Transfer Project	€982.20	1	✓	✓
ERDF/09/024 Sustainable Design Led Innovation	€461.70	1	✓	✓

ERDF/09/028 TGSE	€301,683.48	3	✓	✓
ERDF/09/030 Rev-Active	€100,022.67	1	✓	✓
ERDF/010/032 Low Carbon Business Champions	€44,919.05	4	✓	
ERDF/010/033 OASIS	€2,277,019.68	2	✓	✓
ERDF/011/037 Smartlife Retrofit for Business	€624.94	1	✓	✓
010/041 Town Centre Improvements through Sustainable Procurements	€16,013.25	2	✓	
011/042 Incuba	€303,529.43	4	✓	✓
ERDF/011/043 From Hubs to Spokes	€3,498.11	3	✓	✓
ERDF/011/044 The Future Business Centre	€28,090.83	3	✓	✓
11/046 Innovation Farm	€3,269,774.35	3	✓	
11/046b Innovation Farm	€1,590.57	2	✓	
011/048 EEGr	€343,472.34	2	✓	✓
11/049 Exemplary Low Carbon Building	€36,710.43	2	✓	✓
011/050 SustainaBuild	€137.06	1	✓	✓
011/051 Hethel Innovation	€605,824.02	2	✓	✓
011/052 Technical Assistance 2	€1,961.77	4	✓	✓
011/053 Really	€90,825.96	5	✓	✓

Smart House				
012/054 PRISMS	€71.89	1	✓	✓
ERDF/012/055 ECCE	€145.32	3	✓	✓
012/057 Biological and Thermal Renewable Energy Demonstrator	€39,144.72	1	✓	
012/058 Score	€177.78	1	✓	✓
012/059 IMPACT	€9.18	1	✓	
ERDF/012/064 LEGE	€6,494.91	1	✓	✓
ERDF/12/065 MedTech Low Carbon Innovation	€34,741.60	3	✓	✓
012/068 Ready Set Go – Start Up In Business	€59,527.04	1	✓	✓
ERDF 13/077 Royal Opera House Low Carbon Demonstrator (High House Production Park)	€64,615.59	5	✓	✓
Total:	€7,643,776.41	66		

Two projects in particular stand out with large value irregularities. Both are in Priority Axis One, the first worth €2,277,019.68 and the other worth €3,269,774.35. However, these do not have a large impact on the programme's error rate because they relate to expenditure that was certified prior to 2014. Overall pro-active compliance risk management led to an irregularity error rate of 1.02 % of expenditure certified to end 2014.

3.5.5 Monitoring

The GDT continues to operate robust monitoring measures in line with standardisation introduced in April 2012. These measures include Project Engagement Visits (PEVs) and the introduction of more robust Desk Based Checks, requiring a 10% check of project expenditure for each claim submitted for payment.

Capital projects are closely monitored by the GDT due to the fact these have issues spending to profile due to the restrictions that are often placed on them with regards to planning. Planning is almost always out of the control of the project; however, where possible the GDT has worked with the partners to ensure this has been followed up to ensure a positive conclusion.

CLOSURE PLANNING

During 2014 the GDT developed a closure plan, outlining activities it was undertaking to prepare for closure; this included an exercise to cleanse the indicator data on the M.I. database, reconciling Project level data back to the system. As already described all projects were subject to a performance review whereby any potential issues or obstacles were identified and resolved by the contract managers to avoid unnecessary barriers to closure.

This pre-planning activity fed into DCLG's England wide closure planning work. DCLG have developed Programme and Project procedures to which the GDT are contributing to and this continues into 2015.

ARTICLE 13 - Progress and Verification Visits (PAV) audits.

During 2014 a major revision was made to the Article 13 process which took into account the concerns that DG Regio had raised through their programme audits.

The delivery of Article 13 (2) on the spot verifications (PAVs) was separated from the delivery teams and a new National ESIF Compliance team was formed. This team operates independently from the GDTs and is managed by an independent Head of Team. A major revision was also made to the method for selecting projects chosen for testing. Following agreement with DG Regio, a new process was put into place which chooses undeclared claims to test using a random statistical sampling process. The randomized nature of this approach provides greater levels of assurance for the total population of the projects.

The new processes and team became operational in February 2014 but there were early indications that the demand for visits would peak in the second half of the year and so the team was strengthened with temporary contractors for the final quarter of the year to ensure that the new programme of visits was completed before the final declaration was made at the year end.

It was recognised that, whilst in general the programmes did not display systemic errors, procurement issues had been identified in all programmes. To address this, the MA recruited several teams of Legal Procurement Experts to test all procurements above the OJEU threshold, or over £1,000,000 in value. This specialist testing work commenced in the autumn and was largely completed by the end of April 15 with the residual checks to be finished in June 2016. This programme of verifications has been designed to ensure that any significant procurement errors will have been removed from the programme prior to programme closure.

In the East of England, the National ESIF Compliance Team undertook 28 visits. Expenditure totalling £7,641,939 was tested covering claims to the value of £10,657,820, representing 30.4% of expenditure claimed, and at risk error rate of 1.6% was identified. In addition a visit took place to each live FEI within the region.

Programme	No of Visits	Value of claims covered £	% of Claims paid	Value tested £	At Risk £	% at risk at time of PAV
East of England	28	10,657,820	30.4	7,641,939	124,263	1.6
East Midlands	68	14,042,090	24.2	12,236,971	277,314	2.3
London	15	4,756,551	25.1	1,804,231	72,054	4.0
North East	50	15,899,944	23.8	13,470,342	380,419	2.8
North West	48	35,165,896	21.5	26,049,611	311,091	1.2
South East	13	1,238,942	27.1	1,118,972	258,753	23.1
South West Conv	34	31,199,777	32.2	12,076,144	28,648	0.2
South West Comp	37	10,114,623	23.5	8,604,389	123,731	1.4
West Midlands	54	15,615,197	15.9	9,142,179	572,373	6.3
Yorkshire Humber	54	26,674,130	24.6	21,999,263	3,880,125	17.6

AUDITS OF OPERATIONS (ARTICLE 16)

Audits of Operations are undertaken by the Audit Authority in accordance with its audit strategy and sampling method. The Audit Authority informs the Managing Authority, the delivery network, and the intermediary body of the sample selected and liaises with grant recipients directly to arrange the visit and ask for preliminary information. A draft report is issued to the ERDF delivery team, who in turn share with the grant recipient. The ERDF delivery team has 20 working days to work with the grant recipient to respond formally to each of the findings. Once the responses have been accepted by the auditors, the final report is issued and an action plan is drafted with allotted responsibilities and timescales for completion.

Nationally, the main irregularities arising from Article 16 audits were:

- Procurement irregularities (52.4%)
- Failure to demonstrate an audit trail (18.3%)
- Ineligible activities (17.5%)
- Ineligible expenditure (3.7%)

- Non-compliance with publicity rules (0.3%)
- Other issues (7.8%)

In response to procurement issues raised in findings from Article 16 audits of operations, the ERDF delivery team has increased communication and engagement with projects on compliance with this regulatory control. This is also the case in respect of Article 13 management verifications.

The key principles of the programme monitoring strategy continued to be adhered to without dilution, as the ERDF delivery team focused on achieving the n+2 target for n+2 2014.

Four Article 16 visits were carried out in 2014. They are listed in the table underneath.

Article 16 visits during 2014

AA Ref	MCIS Project Ref	Project Applicant	Project Name
AA/EE02/13	ERDF/011/044	Allia Ltd	Future Business Centre
AA/EE04/13	011/051	Hethel Innovation Ltd	Hethel Innovation
AA/EE06/13	ERDF/09/018	University of East Anglia	Low Carbon Innovation Fund
AA/EO2/11	ERDF/011/048	East of England Energy Group	EEEGr Catalyst for the Energy Industry
AA/EE05/13	ERDF/012/064	Breckland Council	Local Enterprise Growth and Efficiency
AA/EE03/13	ERDF08/009	East of England Development Agency	Intergrated Specialist Business Support Service (ISBSP)

4 Programme Implementation – by Priority Axis

4.1 Priority Axis 1 - Promoting innovation and knowledge transfer with the intention of improving productivity

Achievement of targets and analysis of progress

4.1.1 Physical and financial progress of the priority

In 2014, the number of operational projects under Priority Axis 1 was nineteen. No new projects were contracted under this axis.

Financial Performance as at 31.12.2014

	ERDF Allocation €	Commitment € ¹⁴			Actual Expenditure €	% of commitment to 2014
		Total all years	% of allocation	To end of 2014		
Priority Axis 1	34,782,413	27,458,530	78.94%	24,017,293	19,338,988	80.52%

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2014
		Total all years	% of allocation	To end of 2014		
Priority Axis 1	28,895,837	22,668,645	78.45%	19,827,700	15,932,397	80.35%

Priority Axis 1 Indicators

Outputs				
Ref	Definition	Commitment as at end of 2014	Achievement to end of 2014	Target
O 1.1	Number/type of start-up businesses receiving Priority 1 assistance	415	233	453

¹⁴ Exchange rate used 1.023717, except for actual expenditure

O 1.2	Number/type of SMEs receiving Priority 1 assistance - innovation	1,858	1,143	1,446
O 1.3	Number/type of SMEs receiving Priority 1 assistance - non innovation	516	289	364
O 1.4	No of businesses assisted to improve performance through ICT initiatives	1,553	1,467	718
O 1.5	Number/type of low carbon construction enterprise hubs	2	2	5
O 1.6	No of businesses within the region engaged in new collaboration with the new knowledge base	1,054	577	3,524

Results				
Ref	Definition	Total Commitments at end of 2014	Achievement to 31st December 2014	Target
R 1	No of jobs created (FTE and by gender)	1246	810	1,003
R 1 (F)	No of female jobs created (FTE and by gender)	383	137	551
R 2	No of jobs safeguarded (FTE and by gender)	1,478	1,064	1,106
R 2 (F)	No of female jobs created (FTE and by gender)	595	374	608
R 3	Number/type of successful innovation related initiatives in SMEs	1,841	898	2,658
R 4	Number/type of successful non innovation related initiatives in SMEs	1,214	1,338	1,003
R 5	Number/type of successful environmental related initiatives in SMEs	1,368	479	746
R 6	Number/type of successful start-up businesses	301	79	261
R 7	Leverage of private sector funding	1.73	9.00	19.05
R 8	Leverage of public sector funding	14.00	5.00	18.53

R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening (%)	150	16	85
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	7	7	19
R 13	Number of businesses integrating new products, processes or services	1,876	1,338	2682
Impact indicators				
I 1	Increase in the GVA as a result of the Programme	Not recorded	0	€ 67m (£57.85m)
I 2	No of net jobs created (FTE and by gender, sector)	Not recorded	0	1015
I 3	No of net jobs safeguarded (FTE and by gender, sector)	Not recorded	0	217
I 4	Net additional number of businesses (by sector, size and location)	Not recorded	0	700
I 5	Net additional number of knowledge intensive firms	Not recorded	0	65

4.1.2 Qualitative analysis

PA1 ERDF Commitment & Expenditure

At the end of 2014, €27.46m (£22.67m) or 78.9% of PA1 allocated ERDF funds (for all years) had been committed to contracted projects. No new projects were contracted which reflects the continuing difficulty experienced during 2014 and in previous years in progressing projects through to contract. For example applicants encountering difficulties in securing/retaining match funding and submitting poor quality applications.

Commitment on this priority increased but the expenditure is lower than anticipated with 19.5% of committed spend still to spend with the last 9 months of the programme left. The GDT is closely monitoring spend given the close proximity to the end of the programme.

As with previous years projects spending to profile remains a significant challenge, the GDT's Contract Managers held regular reviews with the projects to enable them to prepare realistic forecasts, challenge existing profiles and ensure compliance and process requirements are followed.

PA1 Output/Results indicators – commitments and achievements

As previously reported the revision of the indicator targets in 2013 made PA1 indicators more realistic in relation to prevailing economic conditions and achievable

overall. However, with no new projects contracted this year it has made achieving the targets challenging.

The outputs for assisting SMEs 01.2, 01.3 and 01.4 total 5,785 SMEs which represents a very positive over commitment of 43.4% against the programme target.

Notably, 01.4 (No. of businesses assisted to improve performance through ICT initiatives) has significantly exceeded its target by 104.3%. A great achievement and indicative of the GDTs work to improve programme reporting.

However in this subcategory, overall achievement is still only 54.7% of the programme targets. The GDTs action with regard to the Oasis project has had a significant impact on both contracted and achieved outputs for this Priority Axis. As reported earlier, following the DG Regio Audit in October 2014, the GDT took the decision to withdraw all funding from the declaration of spend to the EC and remove both contracted targets and achieved targets from this project (Notably against 01.2 and 01.6). This was prior to receipt of recommendations from the EC on this project, received in March 2015.

However work to mitigate this situation and improve the performance of other existing projects output and results continued. For a number of projects compliance issues were of key concern to the GDT, this caused a delay in recording and reporting some outputs and results, as contract managers to work with these projects to ensure what was reported was eligible and well evidenced. As a result of this, there should be a visible improvement in targets by the second quarter of 2015.

We remain optimistic of successes as a result of a number of contract variations some projects in this Priority Axis had their time extended, while others received additional funds.

Outside issues around the Oasis project, Business Start-up 01.1 remains a risk and commitment has slipped this year (416 or 91.83%), last year having been overcommitted by nearly 6%. This is despite achievement improving (51.88% compared to 11.70% of last year), given no further projects are now to be contracted this remains difficult to achieve in the time remaining.

Low Carbon Construction Enterprise Hubs 01.5 is lower than forecast for a number of reasons set out in previous years. Capital construction requires substantial commitment and investment that was increasingly difficult to acquire during this time. The time lag caused by planning applications and a decrease in other forms of public funding, coupled with increasing interest in the new programming period meant that this year has not resulted in achievement of this target.

Despite the revision of results indicators pan axes, some challenges remain. The inevitable time lag in recording results has meant some results will not be captured until the first quarter of 2015. Notably, R6 (commitment for start-ups surviving 1 year) stands at 301 with achievement at 79, only 30.27% of the target. However we are confident that this will increase in 2015 as projects complete.

As reported above the decision made by the GDT around the Oasis project meant that R3 (Successful innovation related initiatives in SMEs) and R13 (Nos. of business integrating new products, processes or services) were impacted and contributed to a significant decrease in contracted and achieved figures.

The achievement of female jobs created and safeguarded, continues to be a challenge. The commitment figures remain healthy and realistic and the GDT is confident that these figures can be achieved (reporting of achievements is very much improved against female targets compared to last year) as more projects complete their activity.

Priority Axis 2 - Stimulating enterprise and supporting successful business by overcoming barriers to business creation and expansion

Achievement of targets and analysis of the progress

4.1.3 Physical and financial progress of the priority

In 2014, the number of operational projects under Priority Axis 2 was fifteen. No new projects were contracted under this axis.

Financial Performance as at 31.12.2014

	ERDF Allocation €	Commitment € ¹⁵			Actual Expenditure € ¹⁶	% of commitment ¹⁷ to 2014
		Total all years	% of allocation	To end of 2014		
Priority Axis 2	37,313,395	41,859,050	112.18%	40,091,102	41,722,118	104.07%
Priority Axis 2 (without VCF)	12,481,745	17,027,400	136.42%	15,259,452	16,890,468	110.69%

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2014
		Total all years	% of allocatio	To end of 2014		
Priority Axis 2	30,998,475	34,557,129	111.48%	33,097,583	35,566,905	107.46%
Priority Axis 2 (without	10,498,475	14,057,129	133.90%	12,597,583	15,066,905	119.60%

¹⁵ € / £ exchange rate = 1.2113

¹⁶ Expenditure rates vary for expenditure figures which has led to some differences between figures

¹⁷ € / £ percentage differences arise owing to variable exchange rates on actual expenditure

VCF)						
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Priority Axis 2 Indicators

Outputs				
Ref	Definition	Commitment as at end of 2014	Achievement To end of 2014	Target
O 2.1	Number/type of start-ups receiving Priority 2 assistance	1,417	1,072	587
O 2.2	Number/type of SMEs receiving Priority 2 assistance - risk capital	85	30	52
O 2.3	Number/type of SMEs receiving Priority 2 assistance - non risk capital	2,431	1,674	2,858
O 2.4	Number of social enterprises receiving Priority 2 assistance	282	94	67
O 2.5	Number of organisations/SMEs supported engaged in promotion of clean technology/renewable energy	191	117	532
O 2.6	Increase in No of Businesses within the region engaged in business to business networks	261	226	286

Results				
Ref	Definition	Commitment at end of 2014	Achievement to end of 2014	Target
R 1	No of jobs created (FTE and by gender)	1,823	1,106	1,046
R 1 (F)	No of female jobs created (FTE and by gender)	760	409	575
R 2	No of jobs safeguarded (FTE and by gender)	987	632	709
R 2 (F)	No of jobs female safeguarded (FTE and by gender)	208	64	389
R 3	Number/type of successful innovation related initiatives in SMEs	387	385	314

R 4	Number/type of successful non innovation related initiatives in SMEs	800	1,190	582
R 5	Number/type of successful environmental related initiatives in SMEs	1,103	1,000	743
R 6	Number/type of successful start-up businesses	662	387	206
R 7	Leverage of private sector funding	47.00	54.00	47.96
R 8	Leverage of public sector funding	4.00	2.00	8.64
R 10	Return (11r) on OP risk capital investments – 10 years	0	0	10.00
R 13	Number of businesses integrating new products, processes or services	1,420	1,263	1,406
Impacts				
I 1	Increase in the GVA as a result of the Programme	Not recorded	0	€47m
I 2	No of net jobs created (FTE and by gender, sector)	Not recorded	0	725
I 3	No of net jobs safeguarded (FTE and by gender, sector)	Not recorded	0	155
I 4	Net additional number of businesses (by sector, size and location)	Not recorded	0	500
I 5	Net additional number of knowledge intensive firms	Not recorded	0	47

4.1.4 Qualitative analysis

PA2 ERDF Commitment & Expenditure

PA2 commitment in contracted projects remained at 15 projects in 2014 equating to a total commitment £34.6m (€41.8m) or 111% of ERDF funds allocated to the priority. No additional money was awarded to the Low Carbon Innovation Fund in 2014.

Cumulative PA2 expenditure reimbursed to projects at the end of 2014 amounted to €41.7m (£35.5m) against profiled expenditure of €33.1m (£40.0m). Both commitment and spend continue to outperform other PAs, and the demand for investment under this priority continued. The tables above demonstrate that even without the

contribution of the Low Carbon Innovation Fund, this priority is exceeding commitment and spend targets.

PA2 Output/Results indicators commitment & achievement

As with other PAs, the revision of the indicator targets for the programme during 2013 has made PA2 indicators more realistic in relation to prevailing economic conditions, and achievable overall. The total contracted projects profiled up to 2015 still remain on track to achieve PA2 programme indicators.

However, as previously reported there are some particular issues and challenges that remain and the GDT is working with the projects to ensure that these targets are achieved by the end of the programme.

Given no new projects were contracted in both 2013 and 2014; there have been some key successes with both outputs and results. Notably 0.21 (start-ups receiving PA 2 assistance), 0.24 (No. of social enterprises receiving assistance), R1 (No. of Jobs created) have all exceeded their programme target. Results R3 through to R7, which covers types of successful SME both innovation and non innovation and successful start up businesses have also exceeded their targets. We are on target to increase this further by the end of the programme.

As with last year, 02.2 (No./type of SMEs receiving priority 2 assistance – risk capital) demonstrated low achievement – LCIF remain confident that a full complement of investments will be made, and the GDT's controls measures put in place last are proving successful in bringing forward outputs and results at a greater pace, which has helped to enhance PA2 achievements overall.

As expected, some results and outputs have fallen behind in their attainment for this PA. As with last year Result R10 (Return on OP Risk Capital Investments) is a long term target (10years) so will not be clear until after the programme has closed, so no progress has been demonstrated in 2014. However the FEI programme in the East of England has committed to a series of evaluations (see 6.1.5) which will contribute evidence to this target in the coming years.

The achievement of female jobs created and safeguarded (55% of the total R1 and R2 targets) present a challenge for this PA, given the male dominated nature of sectors in this PA.

Now that PA2 is fully committed, and with no new projects contracted or likely to be in the current programming period, existing projects are being challenged by the GDT to focus their activity on achieving those deliverables that are under performing.

For this Priority Axis there were issues with recording some of the results, this has since been rectified. This effected R1 (F), R2 and R2 (F). This was due a combination of factors including A13/A16 actions and figures reported being transposed which were later corrected. However, this has been offset by an increase in the overall figures on Jobs created and safeguarded.

4.1.5 Financial Engineering Instruments

Low Carbon Innovation Fund

The only FEI in the East of England Operational Programme is an equity investment Venture Capital Loan Fund (VCLF) targeting low carbon investments in SMEs 'the Low Carbon Innovation Fund' or LCIF. LCIF was contracted in November 2009, but did not launch fully until late 2010. The Fund Operator for LCIF is the University of East Anglia.

To the end of December 2014 26 investments in 30 companies had been completed, worth £13.39m of ERDF. This represents approximately 65% of the allocated funds now invested.

The investments made to the end of 2014 have led to 186 jobs being created and 148 jobs safeguarded, representing 30% and 128% achievement of the total contracted targets respectively and the number of companies assisted or invested in is 42% of the target of 70.

Overall, £13.39m (£8.67m) – 65% of the £20.5m ERDF has been invested, which is an increase of £4.7m since the 2013 report (£5.5m). This has been matched with £34.0m (£26.8m) of co-invested match funding, an increase of over £7m since the end of 2013, and a total investment to date of £47.4m (£35.7m). Despite a slow start, activities had increased over the past 12 months and the fund operator anticipates full investment of the £20.5m ahead of the contracted completion date which is 31 December 2015.

Main Fund

£12.77m (£8.52) – 69% of the £18.5m ERDF has been invested, matched with £33.2m (£27.4m) of co-investment match funding, a total investment of over £46m (£36m). This equates to 36 (25) investments made into 20 (15) companies.

A lesson learnt from experience during 2013 has resulted in the GDT's approval of a request to; increase the maximum investment value from £750k to £1m and; to enable companies supported by LCIF (with more than 12 hours of consultancy support) that do not actually receive investment from the fund as a result to be counted as an output achieved. This change has enabled applications to be considered for larger investments and also achievement of a number of additional companies assisted outputs.

Small Investment Scheme

£621k (£150k) – 31% of the £2m has been invested, matched with £756k (£150k) of co-investment match funding, a total investment of £1.37m (£300k). This equates to 10 (2) investments made into 10 (2) companies.

A lesson learnt from experience during 2013 has resulted in the GDT's approval of a request to reduce the minimum investment value. This change has enabled applications to be considered for smaller investments, which has particularly been an issue in the Creative Industries sector due to a lack of match funding for such small investments, because of this so far there have been no investments made under this measure.

Indicator Performance

	Contracted total over the entire fund	Contracted profile to 31 Dec 2014	Actual achieved to date	Progress against contract total	Progress against profiled target to date
O 2.2 No. of companies assisted - risk capital	70	56	30	80%	79%
R 1 Jobs created	617	240	186	39%	78%
R 1 (F) Jobs created (female)	246	96	36	39%	38%
R 2 Jobs safeguarded	115	92	148	80%	161%
R 2 (F) Jobs safeguarded (female)	46	37	33	80%	90%
R 3 Successful innovation related initiatives in SMEs	29	23	93	79%	404%
R 5 Successful environmental initiatives in SMEs	19	15	65	79%	433%
R 6 Successful start up businesses	6	5	5	83%	100%
R 7 Leverage of private sector funding	£30.2m	£24.2m	£33.88m	80%	140%
R 8 Leverage of public sector funding	£0.6m	£0.5m	£0.87m	86%	174%
R 13 No. of businesses integrating new products, processes or services	14	11	12	79%	109%

The GDT is continuing to closely monitor LCIF's performance against contracted quarterly targets. The GDT set monthly targets for the period July to December 2014 for the number of companies to be assisted (investments in new companies), the value of investments and the number of jobs to be created for the period. These targets, which are based on the contracted annual profiled targets to the end of 2014, were agreed with the LCIF project team and they are now reporting progress to the GDT on a monthly basis.

The table below shows the progress made against these targets specifically during the period July to December 2014.

	Jul-Dec 2014 target	Jul-Dec 2014 actual	Performance
Investment value	£5.1m	£4.72m	92% -£0.38m
Companies assisted	33	14	42% (-19)
Jobs created	97	57	48% (-40)

Despite LCIF achieving 92% of the investment value target for July to December 2014 the companies assisted and jobs created have fallen short of the respective targets by over 50% in each case. This is because a large number of the investments made in this period are follow on investments so there is no new company assist to be reported. Also, as reported previously, due to the inevitable delay to jobs created, as confirmed in many of the investments made by LCIF, tends to be approximately 6-12 months after the investment takes place.

The GDT continues to work closely with the LCIF team and meets with them on a monthly basis to assess and challenge progress against the targets and drive delivery to ensure the fund is delivering the targets. As a result of these actions improvements to targets are expected in 2015.

Progress

LCIF continued to receive a steady amount of applications, with 42 (75) additional registered users onto their website since the last report, totalling 540 by the end of December 2014.

Publicity and Promotion

An event to publicise the new threshold to primarily the creative industry sector was held at the Norwich Playhouse in September. This was attended by both potential applicants and current investee companies. As well as highlighting the fund to applicant companies and individuals, this was a chance for investee companies to network and there is a possibility of investee companies collaborating on future projects.

During September the LCIF team procured media managers to develop and manage an advertising campaign to be launched mid-October. The campaign aims to attract new applicants to the fund by showcasing successful investee companies. This campaign will include advertisements in the magazines New Scientist and Develop (a creative industry title) as well as on the websites of these publications and posters in the trains from Norwich and Cambridge to London.

LCIF procured Tribe, a PR company, to work on the publicity for the lower end of the investment threshold for three months from September to November. This led to articles being published in a number of publications.

To increase the number of applicant companies and to raise awareness of LCIF as a source of venture capital funds there has been intense media activity in a number of channels. There was an advert in the New Scientist magazine published in November. The same advert was placed in the creative industries publication "Develop" in December. The December Develop also featured an interview with the LCIF Creative Industries Officer, Sam Burton. There has also been advertising on the trains between Norwich and London Liverpool Street and Cambridge and London Kings Cross. These were displayed for a maximum of four weeks in both first and standard class.

The advertising campaign launched in November has brought forward a good number of applications, which are being reviewed and assessed for their suitability for investment. There have been applicants to both the main and small fund and it is

anticipated that several of these will be presented to the investment committee as a result.

Interest in the fund has been received from outside the region, with companies being prepared to move to the region to take advantage of the potential investment.

LCIF has been recording the effectiveness of the various strands of advertising from information given by applicants and potential applicants and will use this information to target any future advertising campaign.

Interim Evaluation

Educe Ltd carried out an interim evaluation in 2013 and as a result made a number of recommendations for the operation of the fund, the table below shows these recommendations and the action taken to progress the respective issue.

Recommendation	Action
Continue the drive to raise awareness of and applications to the Small Investment Scheme.	Small scheme focused advertising Oct/Nov 2014 on regional trains, local media and page in New Scientist.
Extend the thinking behind the engagement strategy for creative industries to other relevant sub-sector/low carbon market opportunities as a basis for proactive marketing.	More direct interventions, via advertising and sector focus have been carried out for the programme as a whole.
Draw on specialist knowledge/contacts in priority sub-sectors to access distinct networks and opportunities for promotion and referrals.	Creative sector referrals have been encouraged by the interaction with the following: Creative England, Skillset, TIGA, SyncNorwich, Creative Front, Arts Council, Design Council, Creative Industries KTN, RIBA, British Council, UKTI (to name a few). Referrals in the Agri-tech sector has been encouraged through further involvement with players in the Agri-tech sector including Agri-tech East, Young Innovators, etc.
Make greater use of “good news” stories and case studies to illustrate the relevance of LCIF to different sub-sectors (to include use of updated case studies as well as new ones).	Greater promotion of case studies on the website, for example the recent focus article and videos on female CEOs.
Maintain a presence/involvement in events and	Example events: Agri-tech

communication channels where potential applicants and/or referrers come together.	Pollinator Events, Local/Regional Business Events, Exhibitions, etc.
Prioritise links with private sector intermediaries (accountants, commercial lawyers, patent agents etc.) including advisors in London to whom potential high growth SMEs may turn.	Ongoing
Promote website registration and e-bulletin circulation amongst business intermediaries (public as well as private sector) to ensure wider awareness and referrals.	Newsletter circulation.
Make the website more “live”, including ensuring a steady flow of content (e.g. from the Twitter feed, links to news stories about investee companies), including more items which connect with users from creative industries.	More active twitter account, linked to the website 258 tweets, 462 followers. Updating the News section of the LCIF website and adding information about new investee companies.
Participate in and jointly promote access to funding events and programmes e.g. with angel groups and Growth Accelerator (and specifically, promotion to Growth Managers and Coaches).	Focus on Angel groups, Cambridge Capital and most recently New Anglia Capital where LCIF has taken a leading role.
Address “cold spots” where there has been little investment to date: actions include the planned promotions by LEP area and specific suggestions by some LEPs to approach their sector groups.	Medtech focus in Essex and Creative sector in Herts has been maintained by presence at events and some direct interaction with the LEPs.
Monitor the effectiveness of promotional activities, website use etc., to sharpen marketing and communication activities.	Standard feedback on all applicants to discover referral point. Web analytics conducted to monitor traffic etc.
Monitor progress closely against LCIF targets, using the recently introduced profiling.	Targets placed on traffic light system, profiles adjusted to reflect more plausible data. Monitoring conducted with internal team provides more accurate data and better company engagement.
Include projections for job creation as part of regular monitoring, starting with estimates for end 2015.	Ongoing – this is now being provided where it is provided as

	part of the application although for the majority of the applications this is only confirmed at the point of investment.
Gather evidence of environmental impact against baseline where this is a requirement for LCIF reporting achievement of the ERDF target for environmental initiatives.	Procurement of GEP environmental consulting to deliver reports for suitable SIS applicants. Provides better assessment and plan for the venture company.
Refresh case studies of LCIF companies as more information becomes available to highlight low carbon innovation business benefits.	A major study into the overall/projected carbon savings of a number of successful LCIF portfolio companies is under way.
Undertake a short and sharp evaluation of SIS in June 2014 to review its progress and prospects in order to make the most of delivery in the remaining life of the Fund.	SIS has been subject to regular reviews at IC face-to-face meetings. Outcomes were the advertising campaign in autumn 2014 and several beneficial enhancements of process and legal documents.

Appendix D, page 109 Line IV.5.1 reflects the joint figure of jobs created and safeguarded which is separated out above in R1 and R2.

Appendix E -FEI Performance is appended which provides statistical analysis on the FEI during 2014.

4.2 Priority Axis 3 - Ensuring sustainable development, production and consumption

Achievement of targets and analysis of progress

4.2.1 Physical and financial progress of the priority

In 2014, the number of operational projects under Priority Axis 3 was twenty one. No new projects were contracted under this axis

Financial Performance as at 31.12.2014

	ERDF Allocation €	Commitment € ¹⁸			Actual Expenditure €	% of commitment ¹⁹ to 2014
		Total all years	% of allocation	To end of 2014		
Priority Axis 3	34,459,123	34,446,409	99.96%	29,889,037	27,044,490	90.48%

	ERDF Allocation £	Commitment £			Actual Expenditure £ ²⁰	% of commitment to 2014
		Total years all	% of allocation	To end of 2014		
Priority Axis 3	28,627,260	28,437,554	99.34%	24,675,173	22,453,719	91.00%

Outputs				
Ref	Definition	Commitment as at end of 2014	Achievement To end of 2014	Target
O 3.1	Number/type of start-ups receiving Priority 3 assistance	3,345	2,095	1,882
O 3.2	Number/type of low carbon construction and refurbishment initiatives	13	13	12

¹⁸ €/£ exchange rate = 1.2113

¹⁹ €/£ percentage differences arise owing to variable exchange rates on actual expenditure

²⁰ €/£ percentage differences arise owing to variable exchange rates on actual expenditure (MCIS)

O 3.3	Number of sq. meters of new or upgraded specialist premises achieving BREEAM standard of 'very good' or better	17,088	15,464	14,113
O 3.4	Number of energy efficiency demonstrator projects	26	24	24

Results

Ref	Definition	Commitment at end of 2014	Achievement to end of 2014	Target
R 1	No of jobs created (FTE and by gender)	779	289	668
R 1 (F)	No of female jobs created (FTE and by gender)	426	92	367
R 2	No of jobs safeguarded (FTE and by gender)	465	334	678
R 2 (F)	No of female jobs safeguarded (FTE and by gender)	240	92	373
R 3	Number/type of successful innovation related initiatives in SMEs	316	69	96
R 4	Number/type of successful non innovation related initiatives in SMEs	356	144	103
R 5	Number/type of successful environmental related initiatives in SMEs	2,131	1,385	1,176
R 6	Number/type of successful start-up businesses	165	41	67
R 7	Leverage of private sector funding	17.00	0.064	21.81
R 8	Leverage of public sector funding	22.00	8.00	16.09
R 9	Occupancy rate of new or upgraded specialist premises after 3yrs opening (%)	630	652	85
R 10	Return (11r) on OP risk capital investments – 10 years	0	0	0
R 11	No. of new or existing businesses locating to eco-efficient high quality	124	49	47

	work spaces			
R 12	Number of businesses supplied with low or zero carbon energy	157	24	71
R 13	Number of businesses integrating new products, processes or services	1075	208	405
Impacts				
I 1	Increase in the GVA as a result of the Programme	Not recorded	0	75
I 2	No of net jobs created (FTE and by gender, sector)	Not recorded	0	1160
I 3	No of net jobs safeguarded (FTE and by gender, sector)	Not recorded	0	248
I 4	Net additional number of businesses (by sector, size and location)	Not recorded	0	800
I 5	Net additional number of knowledge intensive firms	Not recorded	0	75

4.2.2 Qualitative analysis

PA3 ERDF Commitment & Expenditure

ERDF commitment in PA3 in 2014 remained around the same figure as last year with €34.4m (£28.4m) reported in 2014. There were no new projects contracted in this Priority Axis in 2014.

Cumulative ERDF expenditure under PA3, reimbursed to projects at the end of 2014, amounted to €29.8m (£24.7m).

In common with Priority 1, there have been difficulties experienced by projects to spend to profile and submit timely claims. The changes to controls following the interruption to the English programmes, and the additional compliance requirements, led in some cases to additional scrutiny delaying payment of these claims. The issues reported last year with delays with capital projects caused by planning consent have in main been resolved and with our last major capital project the majority of the capital spend has now been claimed in 2014, which equates to approximately £1.5m. Demonstrated in the increased spend reported above.

PA3 Output/Results indicators commitment and achievement

All four output indicators have exceeded programme target, the same as last year. All output targets have improved since 2013; with 03.1 (Number of organisations receiving priority 3 assistance at 2,095 (in comparison to 1550 in 2013)).

As with PA1, Job creation and safeguarding (R1 and R2) achievements remain challenging targets and given the prevailing economic climate and the continuing

difficulties described above this will be difficult to turn into achievements. However, commitment levels continue to remain on or above target.

However the GDT remain optimistic about achievement and has undertaken robust activities to mitigate these targets and continues to maintain close monitoring of targets, as with PA1, allowing projects to extend completion dates and re-profiling of spend which should give the additional time to achieve the remainder of the targets. For this priority in particular achievement of some targets is time sensitive. These results should start to emerge by the middle of 2015.

R4 (Number and type of successful non innovation related initiatives in SMEs) and R5 (Number and type of successful environmental related initiatives in SMEs) has continued to perform exceptionally well and has exceeded both targets in 2014.

Achievement of female jobs, as with other axes, remains a challenge in light of the challenging targets set in this area. As with last year some improvement has been seen in this priority, although it is significantly lower than other axes. The commitment level for female jobs created has remained above the target but achievement remains behind, but improved, since last year with 24.6% compared with 20.4% of target achieved last year. As with PA1 funded activity it is a male dominated environment, and the GDT continues to ensure projects implement measures they have put in place to attract female candidates.

Priority Axis 4 – Technical Assistance

4.2.3 See Section 7 – Technical Assistance for a breakdown of expenditure and performance.

4.3 Significant problems encountered and measures taken to overcome them, across all PAs

Following on from 2013 where there was considerable slippage on spend and achievement of profiled indicators which led to the two major performance review exercises, a further comprehensive follow up review was undertaken in 2014 this resulted in 26 contract variations and the subsequent early closure of non performing projects. An EC Audit, previously mentioned, impacted one particular project, Oasis, which presented significant issues. This is covered in the PA1 section above.

However, delays associated with capital build projects reported last year where profiled expenditure and targets were not being consistently achieved has seen a turn around with our biggest capital project where the majority of the capital spend has been claimed.

Reduction in interest in the programme has been an increasing factor. As with last year the quality of potential applications remained an issue, rejection of outline applications in the early stages of consideration led to the pipeline being closed in early 2014.

As with last year, there continued to be a number of commonly occurring issues that have had a bearing on performance. Facts identified include lack of understanding by partner organisations of indicator definitions and lack of understanding of evidence requirements, as well as unrealistic and inaccurate financial forecasting. This led to the GDT conducting a further performance review to “test” the accuracy of the forecasting processes. As already stated this resulted in a further 26 contract variations. While some were reducing expenditure and targets, as a result of this exercise a number of good performing projects were able to benefit from this to increase targets and expenditure. This should produce outcomes and results in 2015.

The achievement of female jobs created and safeguarded remains a challenge where traditionally those sectors, being supported by funding, are often male dominated. The GDT continues to work closely with projects to ensure beneficiaries are giving full consideration to female applicants and that achievements in this area are being accurately captured.

Interruption of the English programmes presented challenges in terms of resources being diverted to address the issues under scrutiny and the creation of additional reporting to evidence the position, to lift the interruption, to the EC.

The complexity of regulations and what can or cannot be included as match funding has often proved to be a barrier to investment. Conversely some existing projects are including costs that are difficult to justify. The GDT continued to work with projects to ensure match funding commitments are robust and contingencies are in place to reduce the likelihood of compliance and eligibility issues at a later date.

GDT staffing levels continued to fluctuate and present challenges. However, as reported last year the team recruited two new staff, which started in the last quarter of the year. Three members of staff left in 2014. The team structure continued to evolve in response to changing priorities to reflect the programme nearing its close. Resources are being used flexibly to respond to demands and to ensure that all key functions are adequately covered. This includes staff dedicated to closure activities.

4.4 Promotion of Equal Opportunities across all PAs

See Section 5.2. The programme is fully committed to equality of opportunity in both implementation and delivery. Processes in place are designed to embed equality and diversity into all aspects of project planning and implementation, including monitoring and evaluation.

5 Cross Cutting Themes

5.1 Overview

Equality of opportunity and environmental sustainability are core values of the programme that are progressed in three principal ways during the development of projects:

- Advice and guidance during project development – this is available in the programme prospectus, business case guidance notes and via thematic facilitators.
- Cross cutting themes sub-criteria are part of the formal project selection criteria for the programme – projects are required to meet these criteria as part of the project approval process.
- Dedicated cross cutting theme groups – the Equalities Group and Environmental Sustainability Group, as strategic sub-groups of the LMC, are charged with advancing the delivery of the cross cutting themes to the East of ERDF Competitiveness Programme.

Once contracted, projects are subject to robust monitoring by the ERDF GDT Contract Management Team which is tasked with ensuring that projects fulfil their obligations under the terms of their ERDF grant offer conditions.

These processes together seek to ensure that equality of opportunity and environmental sustainability are promoted horizontally across project activity during project development and delivery.

5.2 Equal Opportunities

The programme is fully committed to equality of opportunity in both implementation and delivery. Processes in place are designed to embed equality and diversity into all aspects of project planning and implementation, including monitoring and evaluation.

5.2.1 Equalities Group (EG)

The Equalities Group is an executive sub-committee of the Local Management Committee (LMC). The group is chaired by an equality expert, chosen from the regional partnership, who is also a member of the LMC. Members of the EG, who have equality and diversity expertise/experience, are drawn from across the regional partnership. The role of the Equalities Group is to provide advice and expertise to the LMC and promote excellence in the delivery of equality of opportunity ERDF Competitive Programme.

Terms of Reference for the Equalities Group are:

- Develop strategic objectives with an action plan to set out methods for equalities
- Mainstreaming across all of the region's ERDF programmes.
- Identify and promote good practice
- Monitor the equalities aspects of project selection criteria
- Prepare quarterly reports

- Monitor the implementation of equalities mainstreaming objectives and action plan

5.2.2 Integration of Equality into projects

Early discussion between the programme facilitation team and project leads has helped to ensure equality and diversity issues are built into projects during the outline application stage and the subsequent development of the full application form. The project development process required all project applicants to complete an Equality Impact Assessment.

Equalities Group representation on the CDG provides an additional opportunity to ensure that equality standards are being met in project proposals through all stages of the application and approval process.

5.2.3 Equal Opportunities targets

The programme job creation and safeguarding targets are weighted towards creation/safeguarding of jobs for women. Shown in the table below are the achievement and commitment levels for creating and safeguarding jobs for women.

Results				
Ref	Definition	Commitment Total	Achievement of Female as at the end of 2014	Commitment Female as % of Total
R 1	No of jobs created (FTE and by gender)-55%	1,569	638	40.6%
R 2	No of jobs safeguarded (FTE and by gender)	1043	530	50.8%

The East of England has set the most ambitious female jobs created and safeguarded of any of the English GDTs. Although the commitment to creating and safeguarding female jobs currently falls.

Actions taken by the GDT to address this issue included

- Asking projects to demonstrate that they had carried out outreach activities to work on attracting women into their sectors. Some projects have provided good evidence of appropriate outreach.
- Encouraging projects to set stretching targets where appropriate to do so.
- Obtain LMC endorsement to monitor this indicator closely at all LMC meetings.

5.2.4 Gender representation on OP committees

The governance arrangements for managing, delivering and monitoring the ERDF Competitiveness Operational Programme involve a number of committees/groups. Membership is drawn from a variety of partner organisations in the region that nominate representatives, many of whom serve on the groups on a voluntary basis.

The East of England GDT therefore, has limited control over the composition of groups but nevertheless aims to achieve gender balance at meetings as far as possible.

During 2014 the gender composition of groups related to the ERDF Competitiveness Programme remained the same, as follows:

Group (update from ToR)	Number of Members	
	Male	Female
Local Management Committee	16	7
Competitiveness Delivery Group (CDG)	12	9
Performance Improvement Group (PIG)	4	1
Equalities Group (EG)	2	3
Environmental Sustainability Group (ESG)	2	2

5.3 Environmental Sustainability

The programme theme “towards low carbon economic growth” should ensure that the principles of environmental sustainability are totally embedded within the programme at the highest level. The programme supports sustainable development vertically through a series of specific actions including the development of clean technology and energy-efficient products and services, addressing resource efficiency, and encouraging the adoption of environmental management systems, with the aim of reducing the carbon footprint of the region’s communities and business base.

The programme also seeks to ensure that sustainable development is promoted horizontally across the range of project activity supported, by taking account of environmental factors when projects are considered for funding, via measures described below.

5.3.1 Environmental Sustainability Group (ESG)

The Environmental Sustainability Group is an executive sub-committee of the Local Management Committee (LMC). The group is chaired by an official of the Environment Agency, who is also a member of the LMC. Members of the ESG, with appropriate expertise/experience, are drawn from across the regional partnership. The role of the ESG is to provide advice and expertise to the LMC and promote best practice in the delivery of environmental sustainability to the ERDF Competitiveness Programme.

Although no new projects were contracted in 2014, the environmental lead remained an active member of the LMC and its sub-groups, providing input to performance updates.

5.3.2 Integration of Environmental Sustainability into projects

In accordance with Article 17 of Council Regulation (EC) No 1083/2006 processes are in place to support the principles of sustainable development and to promote the goal of protecting and improving the environment in the delivery of activities funded by the Operational Programme. During 2013 these processes included advice and guidance during the development of projects; the application of environmental sustainability appraisal criteria as part of the revised selection criteria process; and overall monitoring by ESG members active on the Competitiveness Delivery Group (CDG).

Although no new projects were contracted in 2014, ESG representation on the CDG provided a further opportunity to ensure that environmental sustainability standards were being met in contract variation proposals through all stages of the change request and approval process.

6 Major Projects

No major projects were approved in 2014.

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7 Technical Assistance

7.1 Overview

The East of England ERDF Competitiveness Operational Programme Technical Assistance (TA) strategy approved by the LMC has four strands:

- Central management and control, co-ordination and liaison
- Facilitation
- Communication and publicity
- Research and evaluation

The TA strategy was designed to support the successful implementation and delivery of the programme in the region in accordance with the European structural fund regulations. The strategy was updated in 2013 and further reviewed in 2014 to reflect that we are approaching the end of the programme and to enable the East of England programme to feed into the national evaluation work being carried out on the programme. Research and studies are also planned to gather further socio-economic and environmental information to advise continued programme development and future interventions and as part of the baseline material against which the success of the Programme will be finally judged.

Provision of Technical Assistance under the current competitiveness programme also allowed for assessments and evaluation of the programme, the emphasis of which is becoming clearer as we come to the end of the programme. Going forward into the next Programme, this has meant we could actively support the four Local Enterprise Partnerships (LEPs) in the East of England undertake scoping and preparatory activity in preparation for the new programme. One TA project (see 7.2.1) covering two LEP areas has continued to be active in fulfilling this support and evaluation role.

7.1.1 Central management and control, co-ordination and development

The ERDF Competitiveness Programme embraces the whole of the East of England. Its delivery requires considerable management and co-ordination at both strategic and operational working levels. As a result of the transfer to DCLG on the 1st July 2011, the East of England GDT now forms part of the Managing Authority and so receives 50% of its core funding directly from Central Government to help with the management of the programme and 50% from the ERDF programme.

Co-ordination of facilitators and oversight of the development of regional projects is vital given the region-wide coverage of the programme as well as the need to have demarcation of programme activity with other EU funds available in the region.

In addition, the management and control of programme activity to ensure programme compliance and the tools required to undertake this activity are essential for the successful delivery of the programme. Furthermore, resource is needed to deliver the programme communications strategy and programme evaluation.

Accordingly, TA funds for central management and co-ordination are used to:-

- advise, co-ordinate and give strategic direction to projects; check on projects' effectiveness and value for money; provide a channel for communications and accountability between the GDT and the LMC in its role as the Programme Monitoring Committee;
- ensure appropriate processes and systems are established and maintained to enable effective monitoring and control of the programme
- develop and undertake the management and control functions necessary to successfully implement, monitor and report on the programme
- lead the development and implementation of a communications strategy/plan
- initiate and coordinate research and evaluation of programme impacts and activity
- ensure adequate operational support to ensure the effective management of the programme

7.1.2 Facilitation

Effective facilitation of project development was key contributor to the success of the programme. It is essential that the programme delivers against its key aim 'Towards Low Carbon Economic Growth' and that it achieves its spend and output targets by way of excellent quality strategic projects. The role of facilitation included working with local and regional partners to develop and bring forward eligible projects which contribute to achieving the goals and targets of the OP and assisting in monitoring and evaluation of the programme in the region.

The TA strategy encompasses a thematic rather than a spatial focus for the programme facilitator who worked in close collaboration with local and regional partners. From early 2014, with no further projects contracted and the withdrawal of the remaining projects in the pipeline, the role reduced but remained active in encouraging the take up of TA by LEP area partners. This resulted in the extension of the Building Bridges TA project to encompass the neighbouring LEP area. However, negotiations on a potential further project were unsuccessful.

7.1.3 Communication and Publicity

Technical assistance is used to support the development and implementation of the Communications Strategy and Plan (see section 7.1).

7.1.4 Research and Evaluation

Research and evaluation costs for the programme are supported by technical assistance.

Throughout the course of the programme research and studies are required to gather further socio-economic and environmental information to inform continued programme development and interventions and as part of the baseline material against which the success of the programme will be finally judged. Examples of studies where TA expenditure was used during 2014 was the Building Bridges project which continued to evaluate the current programme, learn lessons from this and undertake scoping work to determine local needs in preparation for the next period 2014-20 in the Norfolk and Suffolk area and as explained above this was

subsequently extended to include the greater Cambridge and Peterborough area. (See Section 7.2 below for details).

7.2 Finance

The funding allocated for TA is set out in the financial tables (Priority Axis 4) of the Operational Programme. The ERDF contribution allocated to TA is €4.4m (£3.7m) representing 4% of the programme allocation. The ERDF intervention rate is 50% for all purposes.

7.2.1 Physical and financial progress of the priority

There are three projects under Priority Axis 4. There were no new projects contracted in 2014.

Financial Performance as at 31.12.2014

	ERDF Allocation €	Commitment €			Actual Expenditure €	% of commitment to 2014
		Total all years	% of allocation	To end of 2014		
Priority Axis 4	4,439,788	4,654,096	104.83%	3,886,554	2,418,050	62.22%

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2013
		Total all years	% of allocation	To end of 2013		
Priority Axis 4	3,688,398	3,842,232	104.17%	3,208,581	2,035,811	63.45%

7.2.2 Qualitative analysis

PA4 ERDF Commitment & Expenditure

ERDF committed to Technical Assistance (TA) covering six years of the programme (October 2007-March 2014) amounted to €4,654,096 (£3,842,232). At year end the TA expenditure claims amounting to €2,418,050 (£2,035,811) had been paid, representing 63.5% of profiled expenditure to the end of 2015. A second Technical Assistance project covering the period 1 July 2011 to 31 March 2014 which was subsequently extended to December 2015 was created to ensure the full allocation of TA would be spent on activities to support the monitoring and management of the programme.

In 2014, there was continued interest in the use of technical assistance by Local Enterprise Partnerships on evaluation activities, however as explained before this did not result in any further projects.

Also recruitment and retention policies has meant that it takes longer than expected to fill vacant roles, and therefore funds have not been spent.

PA 4 Results

PA 4 is different from other PAs, given that there are no quantitative measures. The new external TA project “Building Bridges” with Norfolk County Council and the New Anglia and Greater Cambridge Greater Peterborough Local Enterprise Partnerships, will undertake an evaluation of its activities so we are able to assess, upon completion, the success of such a project.

8 Information and Publicity

8.1 Communication approach

An ERDF GDT Communications Network (which the East of England forms part of) has been established as the main advisory body to ensure DCLG ensures compliance with the EC regulations. The East of England GDT contributed to the weekly telekit meetings and is working as part of the network to support effective communications between the central team and the locally based teams to deliver effective ERDF communication activities.

In June 2010 the Government put into place restrictions on marketing and communications which prohibit any new budget spend on marketing activities. All spend requires approval through submission of an exemption request which the network will make annually. The exemption impacts the budget which is available to be spent and the activities which can be delivered.

8.2 Nominated Contact for Information and Publicity

The GDT delivered this activity, working in conjunction with the ERDF Programme Delivery team Communications Network. This ensured that effective communications and consistent messaging was in place between DCLG Marsham Street office and the locally based teams within England when delivering ERDF communication activities.

The move to DCLG had led to some changes to the approach taken to deliver the communications plan including greater dependence on stakeholders and beneficiaries to promote the Programme.

The contact for the East of England GDT is

Julie Logue

Programme Management Executive

8.3 Communications Activities

ERDF Competitiveness programme publicity and information activities undertaken during 2014 included:

- Press coverage on approved projects
- Website updates to provide up-to-date guidance, programme information and announcements of closure of the last bidding round
- News letter
- Project case studies prepared and published on the East of England ERDF page on the DCLG website
- Local Economies, Regeneration and European Programmes e-shots
- Project managers ERDF 'Linked in' social networking website
- Participation within the DCLG ERDF Communications Network
- Participation of ERDF funded projects within the EU open days

- Participation in DCLG publicity activity including the 'One Department Day' on the 17 November 2014 at Marsham Street, London and project visits by senior DCLG staff and Ministers in locations around the country.

The Future Business Centre in Cambridge was awarded a commendation at Cambridge Design and Construction Awards on the 25th March 2014. The innovative incubation centre received a commendation in the 'Social, Economic and Environmental Sustainability' category for 2013 in recognition of its contribution to the buildings and townscape of the City of Cambridge. The costs of construction have been partly funded by a range of grants and donations, including from the European Regional Development Fund. Read more at <https://www.cambridge.gov.uk/cambridge-design-and-construction-awards> or through their website at www.futurebusinesscentre.co.uk;

On the 5th November 2014, **The Royal Opera House's Culture Change** programme, for business sustainability, ran a 'Skills and Networking Session for Social Media and Environmental Action Planning' event to help small businesses in the creative industries, attended by members of the ERDF Team and formed part of the business support activities for their Costume facility and business support ERDF funded project in the East of England.

The Culture Change programme is aimed at freelancers, small and medium enterprises and microbusinesses (fewer than 250 employees and an annual turnover of less than €50 million) in the creative and cultural industries across the East of England. Events have been running across the region since February 2014. During this time, Culture Change has engaged more than 140 individuals and businesses in free workshops, networking events and practical sessions helping them future-proof their work, cut their bills and reduce their environmental footprint. Read more at <http://static.roh.org.uk/for/pdfs/press-releases-14-15/Culture-Change-Social-Media.pdf>

8.3.1 Major information activity

In accordance with Article 7 of the implementing provisions of Commission Regulation (EC) No 1828/2006, there were a number of major information and publicity activities including the annual information event summarised below.

On the 30th April 2014, the East of England ERDF team took Baroness Stowell, DCLG Minister of ERDF and growth to visit two top performing projects from the programme which as a result received a lot of positive publicity for both projects and the programme as a whole. Key stakeholders were invited to the event, which highlighted the benefits of the programme, to meet some of the small businesses who have directly benefitted from ERDF funding both in the Future Business Centre Incubator Units and through the PRISM programme.

The first part of the event included stakeholders, and the Minister, visiting the Institute for Manufacturing (IfM) in Cambridge to hear about the PrISMS programme, which helps start-ups and small manufacturing firms develop their business strategy, become more sustainable, and identify the best markets and products for their business they met and heard from beneficiaries of the project PrISMS, started in July

2012 as a three-year programme, which aims to provide up to 70 SMEs and 50 start-ups with fully-funded support to achieve sustainable growth. Almost 100 firms have been helped to date, with the programme funded by the European Regional Development Fund, the EPSRC Centre for Innovative Manufacturing in Industrial Sustainability, ideaSpace, IfM ECS and local councils. For more information visit [http://www.ifm.eng.cam.ac.uk /services/prisms/](http://www.ifm.eng.cam.ac.uk/services/prisms/)

The second part of the event was a visit to the Future Business Centre in Cambridge to find out about the aims of the Centre. The Centre offers affordable workspace for growing businesses which want to make a difference on social or environmental issues. While at the Future Business Centre, the Minister and stakeholders heard about the aims of the Centre with talks from Allia the charity behind the Centre and partner Cambridge Cleantech and was also given a tour of the space and business support on offer for social and environmental enterprises. Baroness Stowell was full of praise of the Future Business Centre and its wide array of tenants. Read more at <http://futurebusinesscentre.co.uk/archives/1327>

In addition to the annual event stakeholders and the Growth Delivery Team attended an event with Vince Cable, the then Secretary of State for Business Innovation and Skills. This high profile Minister opened Central Bedfordshire's college's new enterprise centre in April 2014 and praised it as a prime example of how further education works with businesses to promote employment and prosperity. The event was also attended by members of the ERDF Team, who later returned to hold an LMC meeting at the centre during the summer.

The Incuba green innovation business centre welcomes start-up businesses - particularly those which contribute directly to the green economy. The Incuba Centre provides office space, business support, meeting rooms and a conference / demonstration area to support growing businesses. The centre was developed by Central Bedfordshire College in partnership with Central Bedfordshire Council and the European Regional Development Fund. Due to funding from the ERDF they are able to offer very competitive rates for offices in a professional environment. Read more at <http://www.theincuba.com/about-us.html>

8.4 Publication of beneficiary information

In accordance with Article 2(b) and Article 7(2) (d) of the implementing regulations a list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations was published on the DCLG 's web pages. This was periodically updated following approval and contract of projects- Appendix (h) contains the 2014 Beneficiaries list.

The website address for information on the ERDF Competitiveness programme is here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/131634/Beneficiaries_list_January_2014.pdf

8.5 *Assessment of Information and Publicity Measures*

Article 4(2) of Commission Regulation (EC) No 1828/2006 (the Implementing Regulation) requires the results of an assessment of information and publicity measures to be included in this Annual Implementation Report for 2014.

Analysis of activities undertaken to achieve the communication activities indicated that the ERDF GDT was pro-active in adapting to the changing communications activity as required. The availability/accessibility of programme documentation, guidance and assistance now available together with partner participation on programme monitoring and decision-making groups and open processes pointed to a highly visible and transparent programme.

A high level assessment of engagement with prospective grant applicants, the response to bidding round invitations and a high level of compliance with publicity regulations by successful grant applicants overall indicated that audience awareness and responses amongst relevant stakeholders was generally good.

Conclusion

The East of England ERDF programme has delivered a range of communications activity including updates on Programme progress, detailed and up-to-date web pages dedicated to the Programme, an annual information activity for the Programme and regular PR. The East GDT is committed to ensuring that communications requirements are met for the remainder of the programme. These include greater use of low cost no cost measures to promote the programme, and increased engagement with key stakeholders to promote best practice in this programme to ensure that we contract robust, eligible and high performing projects for the new ESIF growth programming period.

9 Appendix A – Core Indicators

Core Indicator Number	Core Indicator	Cumulative Achievement up to 31/12/2014	Overall Final Target
1	Jobs Created	2205	2717
2	Jobs Created for Men	1567	1224
3	Jobs Created for Women	638	1493
4	Number of RTD Projects	2	No target
5	Number of Co-operation projects Enterprises-research institutions	12	No target
7	Number of Projects (Direct investment aid to SME)	5	No target
8	Number of Start-Ups Supported	507	297 (operating after a 12 month period)
10	Investment Induced (million €)	(£78m)	85.55 (£68.41m)
11	Number of Projects (Information Society)	2	No target

Indicator 1: Remains particularly challenging for target but GDT is working with projects to target females and to ensure achievements are accurately captured.

Indicator 2 and 3: The number of female jobs achieved remains a challenge, male dominated sectors continue to be the SME supported, however the GDT have made improvements to how female jobs are reported and this continues to rise.

Indicator 8: This target has been exceeded – this is a major achievement compared to 2013 (where just under the target 296 had been achieved), and demonstrates the continuing success of the majority of SMEs that have started.

Indicator 10: This is a long term target (10 years) and this will not be clear until after the programme has closed, so it is expected that no progress can be demonstrated in 2013.

Overall the ERDF contract management team have worked closely with projects to understand the issues responsible for underperformance across all priority axes. The East of England GDT has worked to mitigate the wider impact of under performance by building links with new organisations such as LEPs and Enterprise Zones and reinforcing links with existing stakeholders, as well as extending well performing

projects to add value to the ERDF investment in the East of England. (See also Section 4 Programme Implementation by Priority Axis, for more detailed explanations).

10 Appendix B – Financial Tables

Operational Programme - Table 1 (EUR M)

Programme Reference Number (CCI number):

Year	ERDF	Total
2007		
In regions without transitional support	€ 14,930,117	€ 14,930,117
In regions with transitional support	€ 0	€ 0
Total 2007	€ 14,930,117	€ 14,930,117
2008		€ 0
In regions without transitional support	€ 15,228,719	€ 15,228,719
In regions with transitional support	€ 0	€ 0
Total 2008	€ 15,228,719	€ 15,228,719
2009		
In regions without transitional support	€ 15,533,294	€ 15,533,294
In regions with transitional support	€ 0	€ 0
Total 2009	€ 15,533,294	€ 15,533,294
2010		€ 0
In regions without transitional support	€ 15,843,959	€ 15,843,959
In regions with transitional support	€ 0	€ 0
Total 2010	€ 15,843,959	€ 15,843,959
2011		
In regions without transitional support	€ 16,160,838	€ 16,160,838
In regions with transitional support	€ 0	€ 0
Total 2011	€ 16,160,838	€ 16,160,838
2012		
In regions without transitional support	€ 16,484,055	€ 16,484,055
In regions with transitional support	€ 0	€ 0
Total 2012	€ 16,484,055	€ 16,484,055
2013		€ 0
In regions without transitional support	€ 16,813,737	€ 16,813,737
In regions with transitional support	€ 0	€ 0
Total 2013	€ 16,813,737	€ 16,813,737
Totals		
In regions without transitional support	€ 110,994,719	€ 110,994,719
In regions with transitional support	€ 0	€ 0
Grand Total 2007-13	€ 110,994,719	€ 110,994,719

Table 2 Financial Allocation by Priority (Euro M) To Update									
Priority Axes	Community Funding (a)	National Counterpart	Indicative Breakdown of National Counterpart		Total Funding	Co-Financing Rate	For Information		
			National Public Funding (c)	National Private Funding (d)			EIB Contribution	Other Funding	% of ERDF Allocation
Priority 1 - innovation and knowledge transfer	€34,782,413	€52,172,550	€28,694,483	€23,478,067	€86,954,963	40%	€0	€0	31.34%
Priority 2 - Enterprise and supporting businesses	€37,313,395	€55,972,093	€10,786,047	€45,186,046	€93,285,488	40%	€0	€0	33.62%
Priority 3 - Sustainable development, production and consumption	€34,459,123	€51,688,685	€34,459,123	€17,229,562	€86,147,808	40%	€0	€0	31.05%
Priority 4 - Technical Assistance	€4,439,788	€4,439,788	€4,439,788	€0	€8,879,576	50%	€0	€0	4.00%
Total	€110,994, 719	€164,273,116	€78,379,441	€85,893,675	€275,267,835	40%	€0	€0	100%

11 Appendix C – Categories of Assistance

It is a requirement that 75% or more of expenditure under ERDF competitiveness Operational Programmes is delivered against Lisbon categories. The East of England OP plans to deliver over 90% of expenditure towards Lisbon categorised interventions. 4% of identified non-Lisbon spend will be programme technical assistance as set out below.

The following table sets out proposed indicative expenditure. During implementation there are likely to be variances against these indicative levels of expenditure and categories listed.

Table B-1: Categorisation

Code	Codes for the priority theme dimension	Total ERDF €
Research and technological development (RTD), innovation and entrepreneurship		
1	RTD activities in research centres	
2	RTD infrastructures (including equipment, instrumentation and high speed computer networks between research institutes) and specific technology competence centres	
3	Technology transfer and improvement of cooperation networks between SMEs and research institutes	18,928,993
4	Aid for the RTD in particular in the SMEs (including access to RTD services in the research centres)	2,403,128
5	Advanced supporting services in companies and groups of companies	321,966
6	Assistance to SMEs for the promotion of environmentally products and processes	21,172,236
7	Investments in companies directly related to research and innovation (innovative technologies, creation of new companies by the universities, RTD institutes and existing companies, ...)	2,000,000
8	Other investments in firms	33,363,259
9	Other actions aiming at stimulation of research and innovation and entrepreneurship in SMEs	5,797,399
Information society		

Table B-1: Categorisation

Code	Codes for the priority theme dimension	Total ERDF €
10	CI infrastructures (including broad-band networks and all CI infrastructure, including last mile in broadband)	
11	Information and communication technology (access, safety, interoperability, prevention of risks, research, innovation, e-content...)	2,381,895
12	Information and communication technology (TEN-TIC)	
13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion, ...)	
14	Services and applications for the SMEs (electronic trade, education/training, networking, ...)	
15	Other actions aiming at access to the TIC by the SMEs and their effective use	54,722
16	Rail	
17	Rail (TEN-T)	
18	Mobile rail assets	
19	Mobile rail assets (TEN-T)	
20	Motorways	
21	Motorways (TEN-T)	
22	Trunk roads	
23	Regional/local roads	
24	Cycle tracks	
25	Public transport	
26	Multimode transport	
27	Multimode transport (TEN-T)	
28	Intelligent transport systems	
29	Airports	

Table B-1: Categorisation

Code	Codes for the priority theme dimension	Total ERDF €
30	Ports	
31	Internal inland waterways (<i>regional and local</i>)	
32	Internal inland waterways (TEN-T)	
	Energy	
33	Electricity	
34	Electricity (TEN-E)	
35	Natural gas	
36	Natural gas (TEN-E)	
37	Petroleum products	
38	Petroleum products (TEN-E)	
39	Renewable energy: wind	
40	Renewable energy: solar	
41	Renewable energy: biomass	
42	Renewable energy: hydroelectric, geothermal, and others	
43	Energy efficiency, combined heat and power, control of energy	20,131,283
	Environment and risks prevention	
44	Domestic and industrial waste management	
45	Drinking water management and distribution	
46	Waste water (<i>treatment</i>)	
47	Air quality	
48	Prevention and integrated pollution control	
49	Mitigation and adaptation to climate change	
50	Rehabilitation of factory sites and contaminated land	
51	Promotion of biodiversity and nature	

Table B-1: Categorisation

Code	Codes for the priority theme dimension	Total ERDF €
	conservancy (<i>including Natura 2000</i>)	
52	Promotion of clean urban public transport	
53	Risks prevention (including the development and implementation of plans and actions to prevent and manage the natural and technological hazards)	
54	Other actions aiming at the safeguarding of the environment and the prevention of risks	
	Tourism	
55	Promotion of natural assets	
56	Protection and development of natural inheritance	
57	Aid for the improvement of tourist services	
	Culture	
58	Protection and safeguarding of cultural heritage	
59	Development of cultural infrastructure	
60	Other assistance for the improvement of cultural services	
	Urban/rural rehabilitation	
61	Integrated projects for urban/rural rehabilitation	
	Increasing adaptability of workers and enterprises	
62	Development of lifelong learning systems and strategies in companies; training and services for workers and managers to increase their adaptability to change	
63	Design and dissemination of innovative and more productive forms of work organisation	
64	Development of specific employment, training and support services for company and sector restructuring, and the development of systems to anticipate economic change and future	

Table B-1: Categorisation

Code	Codes for the priority theme dimension	Total ERDF €
	occupational and skills requirements	
	Enhancing access to and sustainability of employment	
65	Modernisation and strengthening of labour market institutions	
66	Implementation of active and preventive labour market measures, including encouraging active ageing and prolonging working lives	
67	Encouraging active ageing and prolonging working lives	
68	Supporting self-employment and entrepreneurship	
69	Actions to increase the sustainable participation and progress of women in employment; to reduce gender-based segregation in the labour market and to reconcile work and private life including by facilitating access to childcare and care for dependent persons	
70	Actions to increase migrant's participation in employment and thereby strengthen their social integration	
	Reinforcing social inclusion of people at a disadvantage	
71	Pathways to integration in employment for disadvantaged people including in the social economy; combating discrimination in accessing the labour market and promoting diversity in the workplace	
	Enhancing human capital	
72	Design and introduction of reforms in education and training systems, in order to improve the labour market relevance of education and training; to raise their responsiveness to the needs of a knowledge-based society and continually update the skills of teaching and other personnel	

Table B-1: Categorisation

Code	Codes for the priority theme dimension	Total ERDF €
73	Increase participation in education and training; including initial vocational and tertiary education; and actions to achieve a significant decline in early school leaving	
74	Raising potential human capital in research and innovation, notably through post-graduate studies and training of researchers and related networking activities between universities, research centres and enterprises	
	Investments in social infrastructures	
75	Infrastructures for education	
76	Infrastructures for health	
77	Infrastructures for childcare	
78	Infrastructure for housing	
79	Other social infrastructures	
	Mobilising for reforms in the fields of employment and inclusion	
80	Promoting partnerships, pacts and initiatives through networking of relevant stakeholders at national, regional and local level	
	Strengthening institutional capacity at national, regional and local level	
81	Mechanisms to improve the design and delivery of good policy and programmes at national, regional or local level, capacity building in the delivery of policies and programmes.	
82-84	Reduction of additional costs hindering the outermost regions' development	
	Technical assistance	
85	Preparation, implementation, follow-up and control	3,551,830
86	Evaluation, studies, conferences, publicity	887,958

Table B-2: Coding of the form of financing dimension

Code	Form of financing	Total ERDF €
1	Non-refundable aid	
2	Refundable aid (loan, interest subsidies, guarantee)	
3	Venture capital (public capital holding, venture capital fund)	
4	Other form of financing	

Table B-3: Coding of the territory dimension

Code	Territory	Total ERDF €
1	Urban centre	
2	Mountains	
3	Islands	
4	Sparsely populated areas	
5	Rural areas (not covered by 01-04)	
6	Former EU external borders	
7	Outermost region	
8	Cross-border cooperation area	
9	Transnational cooperation area	
10	Interregional cooperation area	
0	No application	110,994,719

12 Appendix D – Financial Engineering

Template 1: Financial Engineering Instruments operations implemented with Holding Fund

Description and identification of the entities which implement the financial engineering instrument(s) - level of holding fund (Article 67(2)(j)(i&ii) of Council Regulation (EC) No 1083/2006)		
I.1	Holding Fund (name and registered place of business)	Low Carbon Innovation Fund (LCIF), University of East Anglia, The Registry, University of East Anglia, Ealham Road, Norwich, Norfolk, NR4 7TJ.
I.2	Legal status of the Holding Fund	
	independent legal entities governed by agreements between the co-financing partners or shareholders	<input checked="" type="radio"/>
	separate block of finance within a financial institution	<input type="radio"/>
I.2.1*	name, legal status and registered place of business of co-financing partners	Co-financiers identified on a deal by deal basis
I.3	Holding Fund manager	
	European Investment Bank (EIB)	<input type="radio"/>
	European Investment Fund (EIF)	<input type="radio"/>
	financial institution other than the EIB/EIF	<input type="radio"/>
	other body	<input checked="" type="radio"/>
I.3.1	name, legal status and registered place of business of other body	University of East Anglia, (A charity) The Registry, University of East Anglia, Ealham Road, Norwich, Norfolk, NR4 7TJ.
I.4	Procedure for selecting the Holding Fund manager	

	award of a public contract in accordance with applicable public procurement law	<input type="radio"/>
	award of a grant (in the meaning of Article 44, second paragraph, point (b) of Council Regulation (EC) No 1083/2006)	<input checked="" type="radio"/>
	award of a contract directly to the EIB or the EIF	<input type="radio"/>
I.5	Date of signature of funding agreement with Managing Authority	2009
I.6	Number of financial engineering instruments implemented under this specific Holding Fund	1
III	Operational Programme contributions paid to the financial engineering instrument (Article 67(2)(j)(iii) of Council Regulation (EC) No 1083/2006)	
III.2	Operational Programme contributions paid to the holding fund	
III.2.1	Amounts of assistance from the Structural Funds paid to the holding fund	
III.2.1.1*	ERDF amounts of assistance committed in the funding agreement with Managing Authority (in EUR)	24,831,650 (An exchange rate of 1.2113 was used in line with other figures presented in the AIR (GBP 20,500,000))
III.2.1.2	ERDF amounts of assistance paid to the holding fund (in EUR)	24,831,650 (An exchange rate of 1.2113 was used in line with other figures presented in the AIR (GBP 20,500,000))
III.2.1.3*	ESF amounts of assistance committed in the funding agreement with Managing Authority (in EUR)	0
III.2.1.4	ESF amounts effectively paid to the holding fund (in EUR)	0
III.2.2	Amounts of national co-financing paid to the holding fund	
III.2.2.1*	National public co-financing committed in the funding agreement with Managing Authority (in EUR)	0
III.2.2.2	National public co-financing effectively paid to the holding fund (in EUR)	0
III.2.2.3*	National private co-financing committed in the funding agreement with Managing Authority (in EUR)	0
III.2.2.4	National private co-financing paid to the holding fund (in EUR)	0
	Other ERDF or ESF Operational Programme(s) provide(s) contributions to the holding fund	
III.2.3	Yes	<input type="radio"/>

	No	<input checked="" type="radio"/>
III.3*	Amounts of other assistance paid to the holding fund outside this Operational Programme (in EUR)	0
III.4	Management costs and fees paid to the holding fund (in the meaning of Article 78(6)(d) of Council Regulation (EC) No 1083/2006) (in EUR)	3,922,900 (Total FO and FM fees and costs incurred to end 2014 – UEA)
II	Description and identification of the entities which implement financial engineering instrument - level of the specific financial engineering instrument implemented with a holding fund (Article 67(2)(j)(i&ii) of Council Regulation (EC) No 1083/2006)	
II.1	Financial engineering instrument (name and registered place of business)	Early stage equity investments (Low Carbon Innovation Fund, Norfolk)
II.2	Attributable to Article 44, first paragraph (a), (b) or (c) of Council Regulation (EC) No 1083/2006)?	
	(a) financial engineering instruments for enterprises	<input checked="" type="radio"/>
	(b) urban development funds	<input type="radio"/>
	(c) funds or other incentive schemes providing loans, guarantees for repayable investments, or equivalent instruments, for energy efficiency and use of renewable energy in buildings, including in existing housing	<input type="radio"/>
II.3	Type of financial product offered by the financial engineering instrument to the final recipients	
II.3.1	equity	<input checked="" type="checkbox"/>
II.3.2	loan	<input type="checkbox"/>
II.3.3	guarantee	<input type="checkbox"/>
II.3.4	other (interest rate subsidies, guarantee fee subsidies and equivalent measures)	<input type="checkbox"/>
II.4	Financial engineering instrument manager (its name, legal status and	Turquoise International Ltd, 2 Lambeth Hill,

	registered place of business)	London, EC4V 4GG. (Limited Company Registered 799081867 at this address.)
II.7	Legal status of the financial engineering instrument	
	independent legal entities governed by agreements between the co-financing partners or shareholders	☉
	separate block of finance within a financial institution	☉
III	Operational Programme contributions paid to the financial engineering instrument (Article 67(2)(j)(iii) of Council Regulation (EC) No 1083/2006)	
III.5	Operational Programme contributions paid from the holding fund to the specific fund	
III.5.1*	Operational Programme contributions committed to the specific fund in the legal agreement with holding fund (in EUR)	16,226,385 total value of ERDF invested to end 2014
III.5.1.1*	out of which amounts of assistance from the Structural Funds (in EUR)	16,226,385 total value of ERDF invested to end 2014
III.5.2	Operational Programme contributions paid to the specific fund in line with the legal agreement with holding fund (in EUR)	43,103,549 total value invested to end 2014
III.5.3	out of which amounts of assistance from the Structural Funds (in EUR)	16,226,385 total value of ERDF invested to end 2014
III.5.4	out of which national public co-financing paid to the specific fund (in EUR)	668,199 total value of public matched investment to end 2014
III.5.5	out of which national private co-financing paid to the specific fund (in EUR)	26,208,965 total value of private match investment to end 2014
III.6	Management costs and fees paid by the holding fund to the specific fund (in the meaning of Article 78(6)(d) of Council Regulation (EC) No 1083/2006) (in EUR)	1,653,981 Fees and costs charged by FM / legal to end 2014
IV	Operational Programme contributions paid by financial engineering instrument(s) to final recipients (Article 67(2)(j)(iv) of Council Regulation (EC) No 1083/2006)	
IV.5	Indicators	
IV.5.1*	Number of jobs created	185
IV	Operational Programme contributions paid by financial engineering instrument(s) to final recipients (Article 67(2)(j)(iv) of Council Regulation (EC) No 1083/2006)	
IV.3	Operational Programme contributions paid to final recipients in equity/venture capital	
IV.3.1	Name of equity/venture capital product	Low Carbon Innovation fund (LCIF)
IV.3.2*	Number of final recipients supported	30

IV.3.2.1*	out of which large enterprises	0
IV.3.2.2*	out of which SMEs	30
IV.3.2.2.1*	out of which micro-enterprises	0
IV.3.2.3*	out of which urban projects	0
IV.3.2.4*	out of which other recipients supported	0
IV.3.3*	Number of equity/venture capital investments made in line with agreements signed between holding fund and specific (equity/venture capital) fund	30
IV.3.4	Amounts of Operational Programme contributions paid to investments made in line with agreements (in EUR)	16,226,385 exact total value of ERDF invested to end 2014
IV.3.4.1	out of which amounts of assistance from the Structural Funds (in EUR)	16,226,385 exact total value of ERDF invested to end 2014
IV.3.5	Date of signature of funding agreement between holding fund and specific fund for this equity/venture capital product	2010

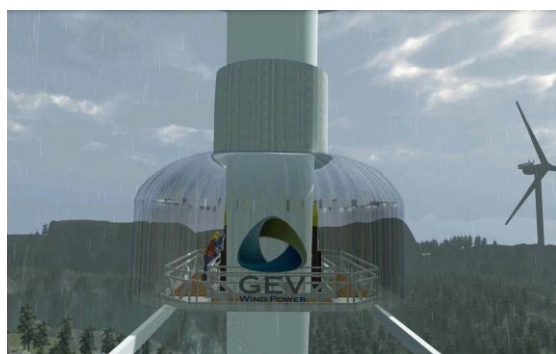
13 Appendix E – Project Case Studies

13.1 *SCORE - Priority Axis 1*

The Orbis Energy Supply Chain innovation for Offshore Renewable Energy (SCORE) Programme is a supply chain innovation programme with a delegated grant investment package that is designed to support at least 100 companies, create at least 90 new jobs and address the supply chain and innovation needs of East of England SMEs operating in, or with the capabilities to work in, the offshore renewable energy industry.

The programme targets East of England businesses that have the expertise and capability to support the offshore renewable energy supply chain. It offers specialist and expert information, advice, guidance and direct investment where appropriate to maximise the potential of such capability and building on indigenous capacity. Companies that were not currently active in the offshore renewable energy sector were specifically targeted, therefore encouraging new entrants to the supply chain.

Recently, Orbis published details of Small and Medium Enterprises helped, one outstanding example is where: SCORE funding was instrumental in helping GEV Wind Power take its pioneering Habitat structure for the offshore renewable sector to the next phase, and closer to launch. As the unpredictable nature of the weather presents considerable challenges to those tasked with the maintenance, inspection and repair of wind turbines, GEV's innovative artificial habitat venture has been used to revolutionise the scheduling of maintenance in the offshore energy sector enabling maintenance work to be carried out even during bad weather.



Further details, can be found at: www.orbisenergy.co.uk

Key achievements to date include 65 business supported, 67 successful start-up businesses assisted as well as significant progress towards job creation and safeguarding, including the creation of 67 jobs.

13.1.1 Priority Axis 1			
Funding:	Total Project Cost: £2,500,000		
	ERDF: £1,000,000		
Scope:	East Coast of England	Project Duration:	August 2013- July 2015
More Information:	John Balch, Strategic Director NWES Property Services Ltd, Wilde Street, Lowestoft Suffolk, NR32 1XH john.balch@nwes.org.uk or 01502 563368		

13.2 LEGE - Priority Axis 2

The Local Enterprise Growth and Efficiency (LEGE) Programme is focused on the administration and distribution of:

a. capital grants as a catalyst for investment by SMEs to purchase/install efficient new processes, production facilities and clean tech/efficiency equipment, helping them invest-to-grow, and

b. revenue grants and other direct assistance to support SMEs to promote Low Carbon and Environmental Goods and Services (LCEGS) products/services such as clean technology and renewable energy.

The project delivered over a large proportion of the East of England area in partnership with the 4 Local Enterprise Partnerships (LEPs).

The focus is on clean tech and the use of a) capital grants to help SMEs realise efficiency savings, increased competitiveness, growth and resilience, and b) revenue grants and direct assistance for SMEs to help foster the necessary conditions and success factors to develop the strategic regional Low Carbon and Environmental Goods and Services (LCEGS) supply chain.

Embedding the LEGE Programme within these organisations and aligning its local sensitive branding with them ensures a) that it is responsive to local economic circumstances, and b) its visibility to and accessibility by local SMEs. There will also be significant opportunities to synergise with established business networks and marketing / communications.

Main achievements: 120 jobs created, 200 safeguarded and 60 small businesses assisted.

14.2.1- Priority Axis 2			
Funding:	Total Project Cost: £14,955,622		
	ERDF: £3,361,423		
Scope:	East of England	Project Duration:	November 2012- August 2015
More Information:	Mark Stanton, Economic Development Manager, Economic Development Service, Breckland Council, Elizabeth House, Walpole Loke, Dereham, Norfolk NR19 1EE mark.stanton@breckland-sholland.gov.uk 01362 656285 or 07748 116933		

13.3 ROH Costume Facility & Business Support- Priority Axis 3

The Royal Opera House (ROH) in partnership with High House Production Park (HHPP), Creative and Cultural Skills (CCS Skills), Thurrock Council (TBC), South Essex College (SEC), and Julie's Bicycle (JB) have established the creative sector's first industry led green demonstrator and knowledge sharing hub to support creative and cultural businesses across the east of England and beyond. The project undertook the construction of a purpose built, low carbon facility that will accommodate the ROH's costume making and allied crafts, (specialist making of shoes, wigs, small props, accessories). The building has achieved Building Research Establishment Environmental Assessment Method (BREEAM) 'Excellent' standard.

The facility will reduce the environmental impact of ROH's operation and be a live demonstrator offering business support and peer to peer learning network opportunities to Small and Medium Enterprises (SMEs) and microbusinesses in the creative and cultural sector in the East of England. A programme of demonstration and dissemination events will promote the knowledge and expertise for embedding environmental sustainability into technical production for the backstage industry and how environmental sustainability becomes intrinsic to business resilience and growth.

High House Production Park has attracted a large number of SMEs to events on the business support side of the project, while the building is under construction. A Culture Change conference held at the Park on 4th June 2014 attracted over 60 SMEs. These businesses heard from organisations offering support and funding opportunities to creative businesses. Workshops covered how to network effectively to win new business, how to use social media to market business, environmental action planning, creative industry finance and help to find and apply for funding. SMEs were also able to network with their Local Enterprise Partnerships to find out how they work and can also support their businesses.

Key Achievements: 30 jobs created, 48 jobs safeguarded and 280 small businesses in the creative sector assisted.

13.3.1 - Priority Axis 3			
Funding:	Total Project Costs: £5,327,875		
	ERDF: £2,131,150		
Scope:	South Essex Thurrock & wider East of England	Project Duration:	September 2013 – June 2015
More Information:	Andrea Stark, Chief Executive High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1AF andrea.stark@highhouse.org.uk 07515 190 498/01708 892 622		

14 Appendix F – Beneficiaries list 2014

EAST OF ENGLAND REGIONAL COMPETITIVENESS AND EMPLOYMENT PROGRAMME 2007-2013

PROJECT BENEFICIARIES OF FUNDING THROUGH THE EUROPEAN REGIONAL DEVELOPMENT FUND

PRIORITY AXIS 1 – Promoting innovation and technology transfer with the intention of improving productivity

Project	Beneficiary	Application Route	Year of Funding Allocation/Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
i10 Low-Carbon Knowledge Transfer	University of Cambridge	OB	2008	192,600	379,207	0	182,261.32	379,207	0
Innovation in Crops (InCrops)	University of East Anglia	OB	2008	1,153,500	1,570,000	1,140,000			
Low Carbon Environmental Enabling Programme	Pera Innovation	OB	2008	221,000	91,500	240,000			

Project	Beneficiary	Application Route	Year of Funding Allocation/Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
(LEEP)									
Knowledge Thurrock	Thurrock Council	OB	2009	190,000	150,000	167,500	155,521	251,485	8,400
Small Business Research Initiative – East (Health Pilot)	NHS - East of England	OB	2009	800,000	1,200,000	0			
Sustainable Design-Led Innovation	Cranfield University	OB	2009	815,510	0	1,223,266			
Built Environment Supply Chain Transformation (BEST East)	Construction Excellence East (Coop) Limited	OB	2009	2,000,000	2,090,000	910,000			
TakeITon	East of England		2009	2,020,626	1,193,439	1,837,500			

Project	Beneficiary	Application Route	Year of Funding Allocation/Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
	Development Agency	OB							
Oasis	Cranfield University – School of Engineering	OB	2010	1,316,000	1,974,000				
Innov8 with Evalu8	University of Hertfordshire	OB	2010	906,000	1,044,000	480,000			
Low Carbon Short Knowledge Transfer Partnership (SKTP)	Anglia Ruskin University	OB	2010	2,842,759	514,041	3,750,098			
EEEGr	East of England Energy Group	OB	2011	1,580,033	2,370,050	0			
Innovation Farm	NIAB		2011	2,719,751	50,000	0			

Project	Beneficiary	Application Route	Year of Funding Allocation/Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
PRISMS	IfM Education & Consultancy Services Ltd	OB	2012	900,916	1,351,980	49,980			
Hethel Innovation	Hethel Innovation Ltd	OB	2012	3,111,533	4,323,599				
Biological and Thermal Renewable Energy Demonstrator	Cranfield University	OB	2012	340,843	0	511,269			
Ready, Steady, Go-Start up in Business	NWES	OB	2013	1,750,00	0	2,625,000			
Medtec low carbon innovation	Anglia Ruskin University	OB	2013	2,096,334	193,820				

Project	Beneficiary	Application Route	Year of Funding Allocation/Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
SCORE (Supply Chain Innovation for Offshore Renewable Energy)	NWES Property Services Ltd t/aOrbisEnergy	OB	2013	1,000,000	0	1,500,000			
Connecting Cambridgeshire Business Support	Cambridgeshire County Council	OB	2013	1,172,904	259,364	1,500,000			
The Innovation Bridge	Central Bedfordshire Council	OB	2013	190,360	248,942	36,594			

PRIORITY AXIS 2 – Stimulating enterprise and supporting successful businesses by overcoming barriers to business creation and expansion

Project	Beneficiary	Applica tion Route	Year of Funding Allocation/ Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
ENVIROTRADE – Environmental Technologies Reaching Overseas Markets	East of England International Ltd	OB	2008	300,000	450,000	0			
Low Carbon Proof of Concept	East of England Development Agency	OB	2008	43,811	65,718	0	38,121	57,180	0
Low Carbon Grant for Research & Development	East of England Development Agency	OB	2008	146,486	219,728	0			
Integrated	East of		2008	1,759,920	2,639,881	0			

Project	Beneficiary	Applica tion Route	Year of Funding Allocation/ Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
Specialist Business Support Service (ISBSP)	England Development Agency	OB							
EASIER	University of Hertfordshire	OB	2009	311,753	0	467,628			
Financing Emerging Clean Technology Businesses	East of England Development Agency	OB	2009	5,534,760	1,393,540	6,908,600			
Low Carbon Digital content Investment Fund	Screen East	OB	2009	3,618,197	1,427,296	5,250,000			
Low Carbon Venture Capital Fund	University of East Anglia – Low Carbon Innovation Fund	C	2009	20,500,000	0	30,750,000			

Project	Beneficiary	Applica tion Route	Year of Funding Allocation/ Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
TGSE Leading a Low Carbon Economy	Thurrock Council	OB	2009	2,543,694	1,745,543	2,070,000			
Low Carbon Business Champions	Suffolk county Council	OB	2010	218,584	234,957	140,112			
SABRE - Support and Advice to Businesses around Renewable Energy	Suffolk County Council	OB	2011	305,000	90,400	367,100			
From Hub to spokes	NWES	OB	2011	1,516,784	-	2,275,174			
Carbon Cut out	Wenta	OB	2012	1,013,020	0	1,519,500			
East Coast Carbon Efficiency	Waveney District Council	OB	2012	338,524.89	133,225	390,000			

Project	Beneficiary	Applica tion Route	Year of Funding Allocation/ Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
Lowcal Enterprise Growth Efficiency (LEGE)	Breckland District Council	OB	2012	3,361,423	29,500	5,144,500			
IMPACT	University of Northampton	OB	2012	487,888	664,331	67,500			

PRIORITY AXIS 3 – Ensuring sustainable development, production and consumption

Project	Beneficiary	Application Route	Year of Funding Allocation/ Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
Resource Efficiency East	Renewables East	OB	2008	599,970	1,500,030	0	10,215	0	0
Centre for Disability Studies	Disability Essex	OB	2009	815,918	800,000	423,878			
Southend Eco Hub	Southend YMCA	OB	2009	307,224	345,588	115,249			
Pathfinder Innovation Centre for Sustainability	Bedford College	OB	2009	2,256,667	500,000	2,885,634			
Adnams Bio Energy	Adnams Bio Energy Ltd	OB	2009	806,241	960,000	1,220,252			

Project	Beneficiary	Application Route	Year of Funding Allocation/ Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
Fresh ways to work (Business Smiles)	Suffolk County Council	OB	2009	830,000	1,014,000	207,000			
REV-Active	Breckland Council	OB	2009	1,255,500	454,500	1,508,000			
Low Carbon Development Initiative	Low Carbon Development Initiative CIC	C	2010	900,000	1,325,000	0			
Taking low carbon to enterprising communities	Theatre Resource	OB	2010	435,399	68,528	-			
Low Carbon Retrofit	Broadland Housing Association	OB (Housing Call)	2010	518,605	-	777,958			
Grosvenor House	Integria Ltd	OB	2011	327,000	172,204	325,501			
Future Business Centre	Allia Ltd	OB	2011	3,596,108	4,663,771	5,395,163			
Smartlife Retrofit	Cambridge County Council	OB	2011	64,000	96,000	-			

Project	Beneficiary	Application Route	Year of Funding Allocation/ Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
Incuba	Central Bedfordshire College	OB	2011	1,933,701	2,987,911	-			
Low Carbon Freight Dividend	Haven Gateway Partnership	OB (Transport Call)	2011	2,998,931.25	-	4,498,396.88			
ATCM	Association of Town Centre Management	OB	2011	239,234	150,000	210,000			
Really Smart House	Southend-on-Sea Borough Council	OB (Housing Call)	2012	505,752	758,628				
Greengo	Cover	OB	2012	254,092	0	386,992			
Growing Greener Homes	Brooland District Council	OB	2012	337,906	294,450	212,910			
Sustainabuild	Climate Energy NfP	OB (Housing Call)	2012	888,249	262,000	870,374			

Project	Beneficiary	Application Route	Year of Funding Allocation/ Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
Royal Opera House Low Carbon demonstrator and business support programme	Royal Opera House	OB	2013	2,131,150	1,052,360	2,144,365			

PRIORITY AXIS 4 – Technical Assistance

Project	Beneficiary	Application Route	Year of Funding Allocation/ Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
ERDF Technical Assistance 2007-2010	East of England Development Agency	C	2009	1,393,743	1,393,743	0			

ERDF Technical Assistance 2011-2014	DCLG	C	2014	2,654381	2,654381	0			
Building Bridges	Norfolk County Council	OB	2014	224,591	224,591	0			