



Department for  
Communities and  
Local Government

# European Regional Development Fund

England Operational Programme 2014 to 2020



European Structural and Investment Funds  
Growth Programme for England (2014-2020)

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## **Template and Guidelines for the Content of the Operational Programme**

The headings in this document correspond to the elements set out in the Articles 24 and 87 of the Common Provisions Regulation. The text boxes provide guidelines on the drafting of the content of the Operational Programme. It is recalled that the Operational Programmes will be directly introduced in the SFC. The character limits proposed are based on the needs of most extensive programmes, the pages estimations are based on a standard page using the font "Times new roman 12". Where programmes are sectoral or cover a limited number of thematic objectives, the content of the operational programme can be shorter. The character limits referred to under the description of the priority axis, where information is required by investment priority, are set per investment priority.

In 2012 the Commission provided each Member State with a country position paper outlining the analysis of the Commission services of the main challenges and funding priorities relevant for the European Structural and Investment Funds (ESI Funds) in the programming period 2014-2020. These position papers should guide the ensuing dialogue with the Commission in particular in relation to the prioritisation of development needs and concentration of support, as well as in terms of the presentation of information.

When a Member State prepares a maximum of one operational programme for ERDF, ESF and Cohesion Fund, Art. 87(8) CPR allows that some elements of the operational programme are solely incorporated under the relevant provisions of the Partnership Agreement. These elements are identified with an asterisk<sup>\*\*</sup>. If a Member State wants to make use of this option, it is thus sufficient to include a reference to the relevant section of the Partnership Agreement.

**This is a draft version of the European Regional Development Fund Operational Programme 2014-2020. This version of the document will not be submitted to the European Commission and is not being consulted on. The document was used by LUC to formulate the Strategic Environmental Report.**

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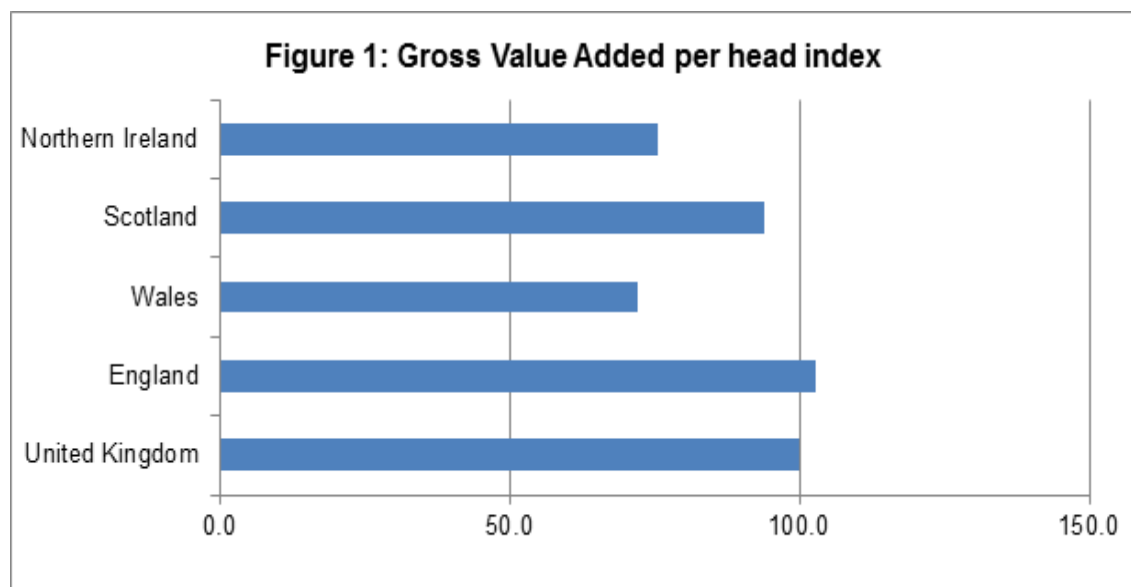
**SECTION 1****STRATEGY FOR THE OPERATIONAL PROGRAMME'S CONTRIBUTION TO THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION (ARTICLE 24 (1) AND ARTICLE 87(2) (A) CPR)****Strategy for the operational programme's contribution to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion**

Smart, sustainable and inclusive growth is at the heart of England's economic strategy. Whilst England is not formally signed up to the goals of Europe's growth strategy, 'Europe 2020', its economic strategy is closely aligned with the aims of Europe 2020. The following table provides a summary of the Europe 2020 targets that are relevant to the European Regional Development Fund as well as the European Commission's recommendations for the United Kingdom economy, known as 'country specific recommendations'.

**Table A: Europe 2020 targets and European Commission country specific recommendations**

<b>Europe 2020 target</b>		<b>Thematic objective</b>
Research and development	3% of the European Union's Gross Domestic Product (GDP) to be invested in Research and Development	1
Climate change and energy sustainability	Greenhouse gas emissions to be 20% lower than 1990. 20% of energy from renewables. A 20% increase in energy efficiency.	4
<b>Country specific recommendations for United Kingdom</b>		
Access to finance for businesses	Measures to encourage banks to lend to businesses, whilst avoiding excessive risk taking.	3
Investment in infrastructure energy (renewables)	Investment in energy (renewables) and transport infrastructure.	4 and 7

**England's current economic position England has the strongest economy in the United Kingdom in terms of Gross Value Added and productivity.<sup>1</sup>** In 2012 the Gross Value Added per head for England was £21,937, marginally higher than that for the United Kingdom at £21,295 and substantially higher than that for Wales at £15,401. Figure 1 shows the Gross Value Added per head of each of the four countries compared to the average for the United Kingdom.

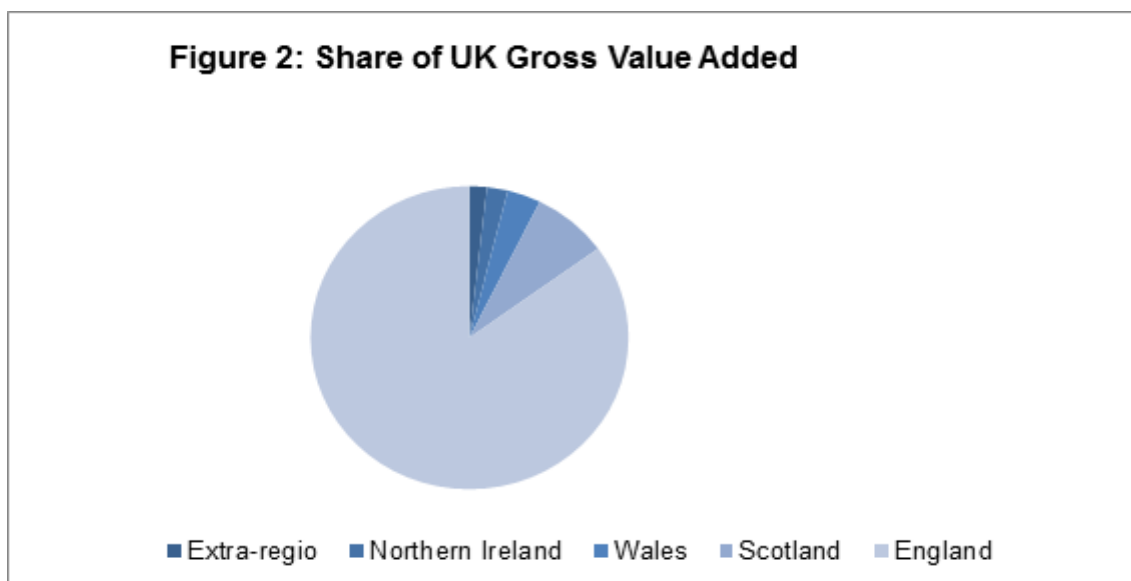


Source: *Regional Gross Value Added (Income approach), December 2013*, Office of National Statistics

The total Gross Value Added for England makes up 85 per cent of total Gross Value Added for the whole of the United Kingdom. Productivity in England is also higher at 101.5 per cent of the United Kingdom average compared to 85.2 per cent for Wales, 97.4 per cent for Scotland and 82.8 per cent for Northern Ireland.<sup>2</sup>

<sup>1</sup> Gross Value Added is a measure of the increase in the value of the economy due to the production of goods and services. It is measured at current basic prices, which include the effect of inflation, excluding taxes (less subsidies) on products (for example Value Added Tax). Gross Value Added plus taxes (less subsidies) on products is equivalent to Gross Domestic Product (GDP). Gross Value Added (GVA) per head is typically used for considering performance levels within a country. Although there are some criticisms of this metric it has the advantage that it provides a full picture of performance implicitly including both productivity and employment effects. This measure is therefore used in this section to consider differences in the economic performance of areas across England.

<sup>2</sup> Office of National Statistics (2013) *Regional Gross Value Added (Income Approach), December 2013*, <http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach-/december-2013/stb-regional-gva-2012.html>



Source: *Regional Gross Value Added (Income approach), December 2013, Office of National Statistics.* ('Extra regio' refers to off-shore contribution to Gross Value Added that cannot be assigned to any region). Between 1980 and 1997 United Kingdom Gross Domestic Product (GDP) grew by an average of 2.8 per cent accelerating to 3.2 per cent per year in real terms between 1997 and 2007.

**In 2013 England's economy grew by 1.8 per cent after experiencing one of the deepest recessions seen by any major economy.** UK Gross Domestic Product contracted by 7.2 per cent between the first quarter of 2008 and the third quarter of 2009.<sup>3</sup>

**Latest economic measures are encouraging and show that the economy is strengthening.** Growth has been driven mainly by consumer spending supported by a falling ratio of savings to spend and a small rise in consumer borrowing. However, the recovery is now beginning to broaden with strong house market indicators and increases in business confidence supporting the recovery in business investment.

**The labour market remained resilient during the crisis and continues to strengthen.** United Kingdom employment figures have seen quarter on quarter growth and falling unemployment. The latest figures from March 2014 show there were 30.4 million in employment, an employment rate of 72.7 per cent. The ILO (International Labour Organisation) unemployment rate has fallen to 6.8 per cent. However, the performance of the labour market varies across the country, with some groups at a particular disadvantage including young people, disabled people, some ethnic minorities and older people. Underemployment (a

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<sup>3</sup> BIS (2014) Growth Dashboard  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/271485/Growth\\_Dashboard\\_January\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271485/Growth_Dashboard_January_2014.pdf)

measure of net additional hours of work desired at current wages, as a percentage of the total hours of labour available) has also remained high.<sup>4</sup>

**These differences in labour market performance are a consequence of significant differences in economic performance across England** as detailed in the England Chapter of the Partnership Agreement. Disparities across different areas in England are often illustrated using Local Enterprise Partnership level data, as these are the organisational units of delivery for the majority of England's European Structural and Investment Funds. The disparities exist both across and within Local Enterprise Partnership areas. For example, Local Enterprise Partnership areas in London and the wider South East of the country have higher Gross Value Added per head but contain some very poor areas such as East London and Medway. Similarly, there are important centres of economic activity outside London, such as the areas surrounding Manchester, Leeds and Bristol.<sup>5</sup>

A more nuanced analysis of England's economic geography is perhaps one of:

- London: as England's largest centre of economic activity, London is home to 15 per cent of England's residents, 18 per cent of jobs and generates over 25 per cent of output.
- Prospering Southern England: the areas with trade and commuting interdependence with London.
- City Centres: these include Birmingham, Manchester, Liverpool, Leeds, Sheffield, Newcastle, Bristol and Nottingham.
- Industrial Hinterlands: those areas outside of major cities but with urban centres historically associated with industry.
- Prospering Smaller Towns: those areas with urban centres that are not so interdependent with London but demonstrate growth in population and jobs.
- Coastal and Countryside: this includes areas characterised by seaside towns and the rural economy

**Table B** (below) illustrates the disparities in economic performance within this geography with Gross Value Added per head in Inner London at £62,400 and Cornwall and Isles of Scilly having a Gross Value Added per head of £13,800.

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<sup>4</sup> National Institute Economic Review (2013) *Underemployment in the United Kingdom Revisited*  
<http://ner.sagepub.com/content/224/1/F8.abstract>

<sup>5</sup> Polynet (2005) *Communing and the definition of functional urban regions, South East England*  
[http://www.polynet.org.uk/docs/1\\_1\\_see.pdf](http://www.polynet.org.uk/docs/1_1_see.pdf)

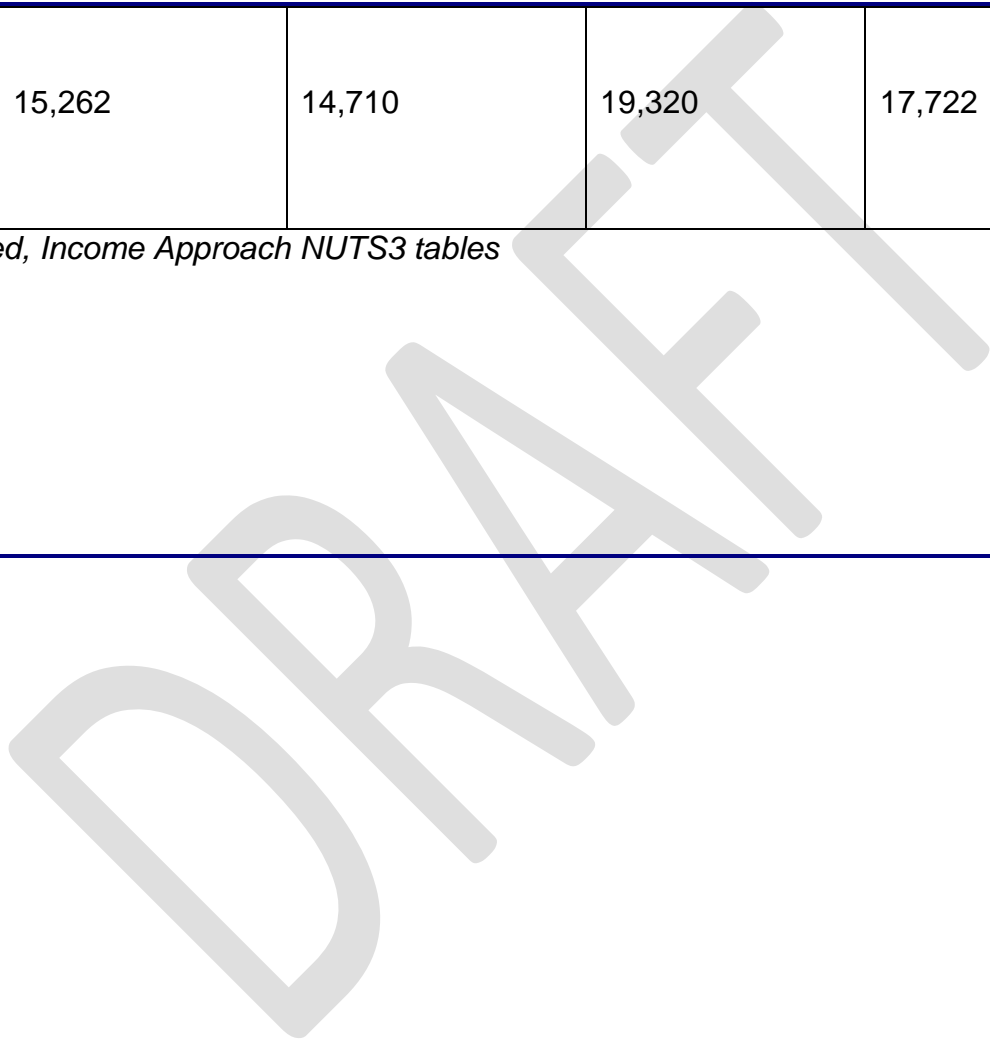


**Table B: Spatial disparities in economic performance**

<b>Gross Value Added 2012, £s</b>						
	<b>London</b>	<b>Regional Centres</b>	<b>Industrial Hinterlands</b>	<b>Prospering Smaller Towns</b>	<b>Prospering Southern England</b>	<b>Coastal and Countryside</b>
<b><i>Areas with highest Gross Value Added per head</i></b>						
	Inner London	Gloucestershire, Wiltshire and Bristol/Bath	Leicestershire., Rutland and Northants	Cheshire	Berkshire. Buckinghamshire. and Oxfordshire	Herefords, Worcestershire. and Warwickshire
<b>Gross Value Added per head</b>	65,765	22,663	18,642	24,154	29,579	18,393
<b><i>Areas with lowest Gross Value Added per head</i></b>						
	Outer London	South Yorkshire	Tees Valley and Durham	East Anglia	Essex	Cornwall and Isles of Scilly

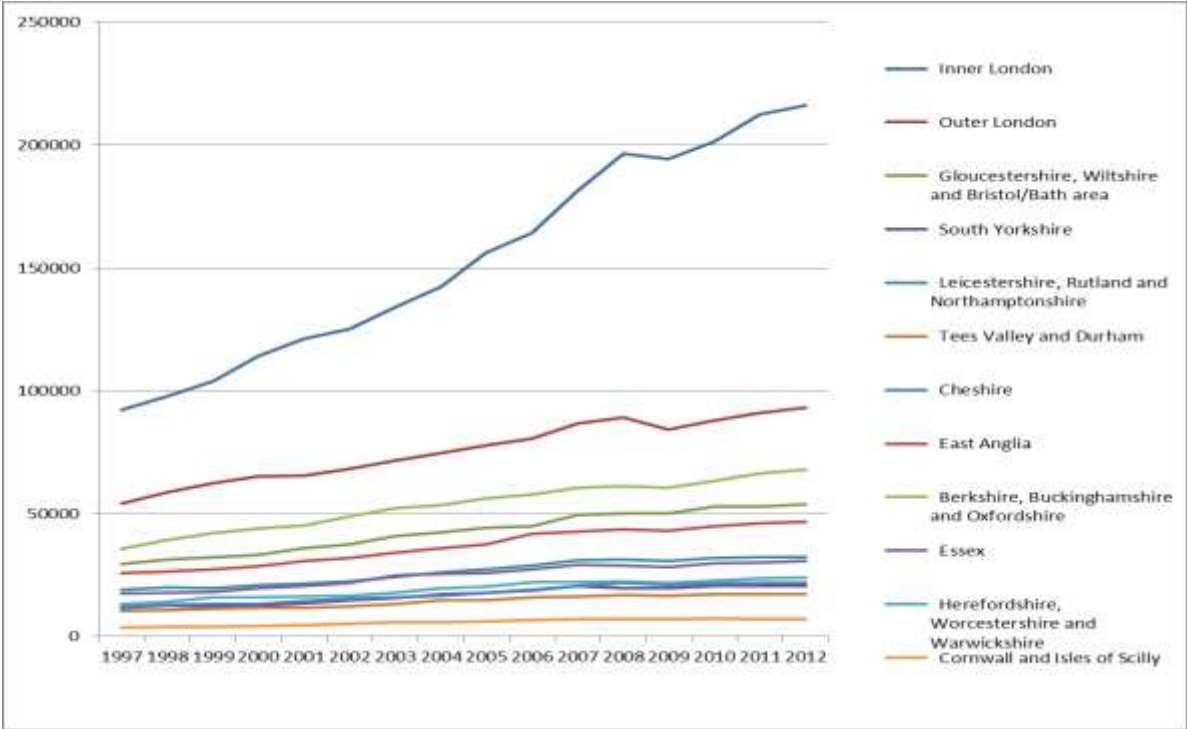
<b>Gross Value Added per head</b>	18,571	15,262	14,710	19,320	17,722	13,036
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*Source: Gross Value Added, Income Approach NUTS3 tables*



**This variation in economic performance has been growing in the last few decades.** Figure 3 below shows the rising variation in growth rates of those local areas with the highest and lowest rates of Gross Value Added in 2012, using the same economic geography as described in Table B above.

**Figure 3: Gross Value Added growth between 1997 and 2012 of local authority counties/unitary authority areas with highest and lowest Gross Value Added in 2012.<sup>6</sup>**

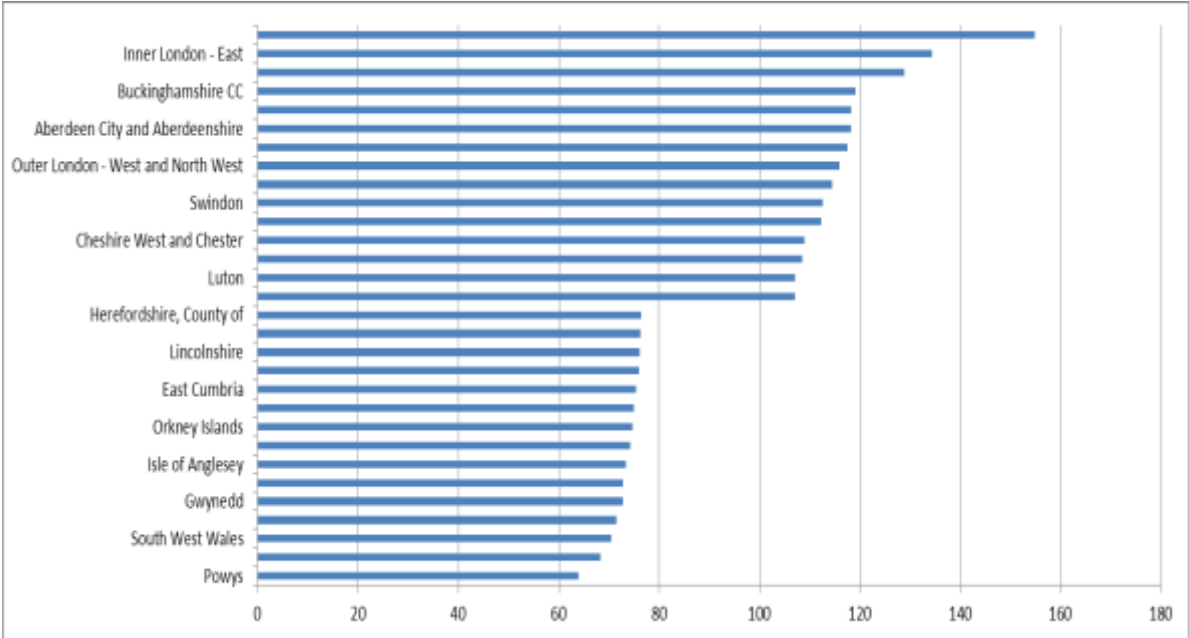


Source: Office of National Statistics

**The main component that explains much of the differences in economic performance between areas is the productivity of people in work.<sup>7</sup>** Differences in productivity levels across the country have been widening. The gap between London and the least productive region grew from 55 to 80 per cent between 1993 and 2008. Figure 4 shows the variation between the ten local authority county/unitary local authority areas in the country with the lowest and highest productivity levels.

<sup>7</sup> Historically, United Kingdom productivity has lagged behind other advanced economies, in particular the US, Germany and France. Despite United Kingdom productivity growth outstripping both the US, Germany and France from 1990-2007, output per hour in these countries still remained over 15% higher than in the United Kingdom prior to the financial crisis. United Kingdom productivity performance has been particularly poor since the financial crisis

**Figure 4: Nominal Gross Value Added per hour worked, highest and lowest ranking local authority counties/unitary local authorities 2012**



Source: *Sub regional productivity, March, 2014, Office of National Statistics*

**Productivity levels in turn are driven by the distribution of skilled workers.**

There is a highly uneven distribution of skilled workers across England with, for example, over 55 per cent of the population aged between 16 and 64 in West Inner London having a degree or equivalent qualification, compared to only 18 per cent in Stoke on Trent.<sup>8</sup> According to research by the Spatial Economics Research Centre<sup>9</sup>, this distribution explains, in some cases, well over half of the apparent difference in wage disparities. These disparities are not due primarily to the quality of education being provided but rather the propensity of people who have gained high-level skills to migrate to areas of the country where growth and incomes are higher. The distribution of skilled workers has become an even more important factor in explaining variation in local growth performance with shifts in the economic structure of England.

**Industrial structures across England have shifted away from manufacturing and towards services, in particular, finance and professional services.**<sup>10</sup> This is illustrated by the share of output generated across the country by these different sectors in table C below. Some Local Enterprise Partnerships have an industrial

<sup>8</sup> BIS and DCLG (2010) *Understanding Local Growth* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32113/10-1226-understanding-local-growth.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32113/10-1226-understanding-local-growth.pdf)  
<sup>9</sup> Gibbons, S., Overman, H. and P.Pelkonen (2010) *Wage disparities in Britain: People or Place* <http://eprints.lse.ac.uk/30845/>

<sup>10</sup> BIS (2012) *Industrial Strategy: United Kingdom Sector Analysis* <http://www.bis.gov.uk/assets/biscore/economics-and-statistics/docs/12-1140-industrial-strategy-uk-sector-analysis>

structure similar to the overall economy and some have particular specialisations that make those structures more distinct. At the local authority level, the areas with an industrial structure most similar to the country overall are Leeds, Birmingham and Bristol. The most dissimilar areas are City of London, Isles of Scilly, North Warwickshire and Tower Hamlets.<sup>11</sup>

**Table C: England's industrial change**

<b>England Headline Workplace Gross Value Added, %Share by Industrial Sector, 2000-2010</b>			
	<b>2000</b>	<b>2010</b>	<b>Change</b>
<i>Main industrial sectors with a decreasing share of Gross Value Added</i>			
Manufacturing	15.6	10.6	-5.0
Wholesale and retail trade	12.7	11.5	-1.2
Transportation and storage	5.8	4.9	-0.9
Information and communication	6.7	6.2	-0.5
<i>Main industrial sectors with an increasing share of Gross Value Added</i>			
Financial and insurance activities	5.8	10.1	+4.3
Professional, scientific and technical	7.1	7.7	+0.7
Education	5.9	6.7	+0.9
Human health and social work	6.2	7.8	+1.6
Low carbon goods and services		+4.3	+5.3
<i>Source: Regional Gross Value Added, December 2012, Office of National Statistics.</i>			

### ***Actions being taken by Government***

The United Kingdom Government in *The Plan for Growth*<sup>12</sup> set out the objective to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries. There are four overarching ambitions, to:

<sup>11</sup> Office of National Statistics ( 2012) *Industrial Specialisation in Local Areas* <http://www.ons.gov.uk/ons/rel/regional-trends/regional-economic-analysis/industrial-specialisation-in-local-areas/index.html>

<sup>12</sup> HM Government (2011) *The Plan for Growth* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/31584/2011budget\\_growth.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31584/2011budget_growth.pdf)

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

The Government has already put the following actions in hand:

**Table E: Government strategies for smart, sustainable and inclusive growth**

Policy	Intervention
Developing strategic partnerships with industry	The Government published strategies for sectors of offshore wind, international education, agricultural technologies, automotive professional and business services, construction, information, oil and gas, nuclear energy, aerospace, and life sciences.
Improve access to finance for businesses.	A Business Bank to support finance for Small and Medium Enterprises sits with other finance schemes – <ul style="list-style-type: none"> <li>○ Supporting loans such as Funding for Lending, National Loan Guarantee Scheme, Community Development Finance, Enterprise Finance Guarantee, and Business Finance Partnership.</li> <li>○ Investments funds such as Seed Enterprise Investment Scheme, Enterprise Investment Scheme, Venture Capital Trust Scheme, Enterprise Capital Fund Programme, United Kingdom Innovation Investment Fund.</li> </ul>
Supporting emerging technologies	The Technology Strategy Board established a ‘catapult’ programme to transform research into commercial ventures at specialist centres.
Investing in low carbon technologies	Renewable Obligations and Feed-in Tariffs provide incentives for renewable electricity generation.
Maintaining energy security.	The Energy Security Strategy sets out how a fifth of United Kingdom power stations will close in a decade. The Government is enabling conditions for new power stations.

Support for Green Investment Bank.	The Green Investment Bank has £3 billion from the United Kingdom government.
Reducing demand for energy	Measures to reduce energy consumption: The Green Deal to support energy-saving; enhanced capital allowances for businesses investing in energy saving.

### ***The creation of Local Enterprise Partnerships as key drivers of growth***

A central plank of this policy was the creation of thirty-nine Local Enterprise Partnerships. These are partnerships between local businesses and local government and other key players such as universities, the voluntary and community sector and social and environmental partners, to take a strategic view on how best to deliver growth and jobs in their territories. They are typically not formally constituted bodies: they are partnerships providing a strategic steer and oversight. The wide variations in economic structure and performance in England explain the Government's new approach to local growth policy in England, shifting power away from central government to these 39 Local Enterprise Partnerships.

This position is underlined by recent research, undertaken by independent consultants<sup>13</sup> as part of the Department for Communities and Local Government European Regional Development Fund Analytical Programme (2007-2013), which confirms the critical role played by local partners in both stimulating and facilitating innovative approaches to local economic development. The central role of partners in Local Enterprise Partnership territories in developing and implementing local European Structural and Investment Fund strategies further reinforces this commitment.

The effects of the European Regional Development Fund investment are significant depending on locality. The 2007-2013 programmes have seen their European Regional Development Funding committed to major physical infrastructure investment in employment sites and premises, research and development facilities and other infrastructure that represent new economic assets for the locality.<sup>14</sup>

Local areas face choices about where and how to invest these Funds. Local Partners in Local Enterprise Partnership territories have selected priorities for investment that reflect the needs of their areas, the changes planned in response to these needs and the results that the European Regional Development Fund and other European Structural Investment Funds will deliver.

In most cases the needs and the activities to address them are similar across the three territorial categories of Less Developed, Transition, and More Developed. This strategy therefore generally applies to all three categories of territory. However where there are issues specific to a category of territory these will be highlighted. This is sometimes the case in the Less Developed area of Cornwall and the Isles of Scilly and certain Transition territories.

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<sup>13</sup> Peter Tyler (July 2013) *Economic efficiency and what works in local economic policy*, Regeneris Consulting Ltd on behalf of DCLG.

<sup>14</sup> Regeneris Consulting Ltd (2014) *Economic efficiency and what works in local economic policy*. (A draft report for DCLG)

## ***Justification for the selection of thematic objectives and corresponding investment priorities<sup>15</sup>***

### **TO1: Strengthening research, technological development & innovation**

**Innovation, both the radical innovation of new products and processes and incremental innovation of existing products and processes, is essential to increasing productivity and economic growth.** In 2012, United Kingdom gross expenditure on research and development was 1.72 per cent, a fall from 1.79 per cent in 2011 and below the Europe 2020 target of 3 per cent. The majority of this expenditure takes place in England.<sup>16</sup> In 2012, in the United Kingdom, most of this funding was provided by the business sector, which funded £12.3 billion. Levels of investment by businesses have been growing steadily since 1985 in real terms, but remain static as a proportion of GDP.

**There is wide variation in innovation expenditure across England.** The variation is detailed in the England chapter of the Partnership Agreement. Local Enterprise Partnership territories closest to London dominate research and development and account for almost 41 per cent of the total in the United Kingdom. In 2012 businesses spent £4,086 million on research and development in Local Enterprise Partnership territories in the south east in 2012, compared with £282 million in Local Enterprise Partnership territories in the north east. In England's only Less Developed territory, investment in research and development lags at 0.19 per cent of GDP.

Despite business investment in research and development dominating total innovation spend in the United Kingdom; **the number of businesses engaged in innovative activity is low.** According to the innovation survey, only 21.6 per cent of enterprises (with more than 10 employees) were engaged in either product or process innovation. This ranged from 20.5 per cent in smaller firms with between 10 and 49 employees and 29.8 per cent in larger firms (with between 100 and 249 employees).

**The evidence highlights specific barriers for Small and Medium Sized Enterprises to innovate:**

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<sup>15</sup> This section draws from research for DCLG as part of the evaluation of the ERDF 2007-2013 (Regeneris Consulting Ltd (2014) Economic efficiency and what works in local economic policy. A draft report for DCLG). This research includes lessons from what has worked or not worked across a range local growth and regional interventions. DCLG and BIS have also established funding for a new What Works Centre for Local Economic Growth that will improve the use of evaluation evidence. This will enable LEPs and ERDF delivery partners to learn more about what policies and interventions work.

<sup>16</sup> Office of National Statistics (2011) United Kingdom Innovation Survey



- Smaller firms are often unaware of the benefits of innovating and are deterred by the risk and costs associated with this type of investment and uncertainty about its returns;
- Access to finance seems to be a particular barrier for Small and Medium Sized Enterprises to innovate. The Big Innovation Centre found that 44 per cent of innovative Small and Medium Sized Enterprises reported finding it difficult to obtain finance compared to 33 per cent of non Small and Medium Sized Enterprises . This is generally a function of their inherently riskier nature and the lack of Small and Medium Sized Enterprise track record in many cases combined with the innate uncertainty of innovation and the lack of tangible assets as collateral.<sup>17</sup>
- Other barriers to innovate include SME internal capacity and lack of access to external networks.

The gap between appetite for innovation between larger and smaller has declined over time as advancements in Information Technology, labour market flexibility and increased demand for bespoke products have supported small firms' commercial prospects. However, more can be done to support Small and Medium Sized Enterprises to contribute to innovation which will be particularly important if future growth is going to come from fast growing Small and Medium size Enterprises (and evidence shows that the fastest growing are those that are driven by innovation).<sup>18</sup>

**One way of supporting innovation within Small and Medium Sized Enterprises is to exploit the strengths in the UK's knowledge base.** Although the UK spends relatively less in terms of R&D expenditure as a proportion of Gross Domestic Product it punches above its weight in terms of measured research outputs. UK researchers generate more articles and citations per researcher per unit of public R&D spend than other major countries including Canada, China, France, Germany, Italy Japan and the US. On the basis of citation per paper adjusted for subject specific biases the UK scores 1.61 which implies that the UK produces better quality research than average and is the highest performing G8 member.<sup>19</sup>

There is an opportunity to exploit these strengths and support interactions between businesses, universities, and other organisation - the direct effects of knowledge discoveries can be formalised and commercialised through knowledge transfer, via the creation of spin out companies, consultancies and co-creations. Access to external networks also has a strong positive effect on firm's potential absorptive capacity especially the assimilation of external knowledge.

**Other ways to support innovation specifically in Small and Medium Sized Enterprises can be through initiatives targeted at business formation often in**

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<sup>17</sup> Source missing

<sup>18</sup> BIS (2013) *Encouraging a British Invention Revolution: Sir Andrew Witty's Review of Universities and Growth*

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf)

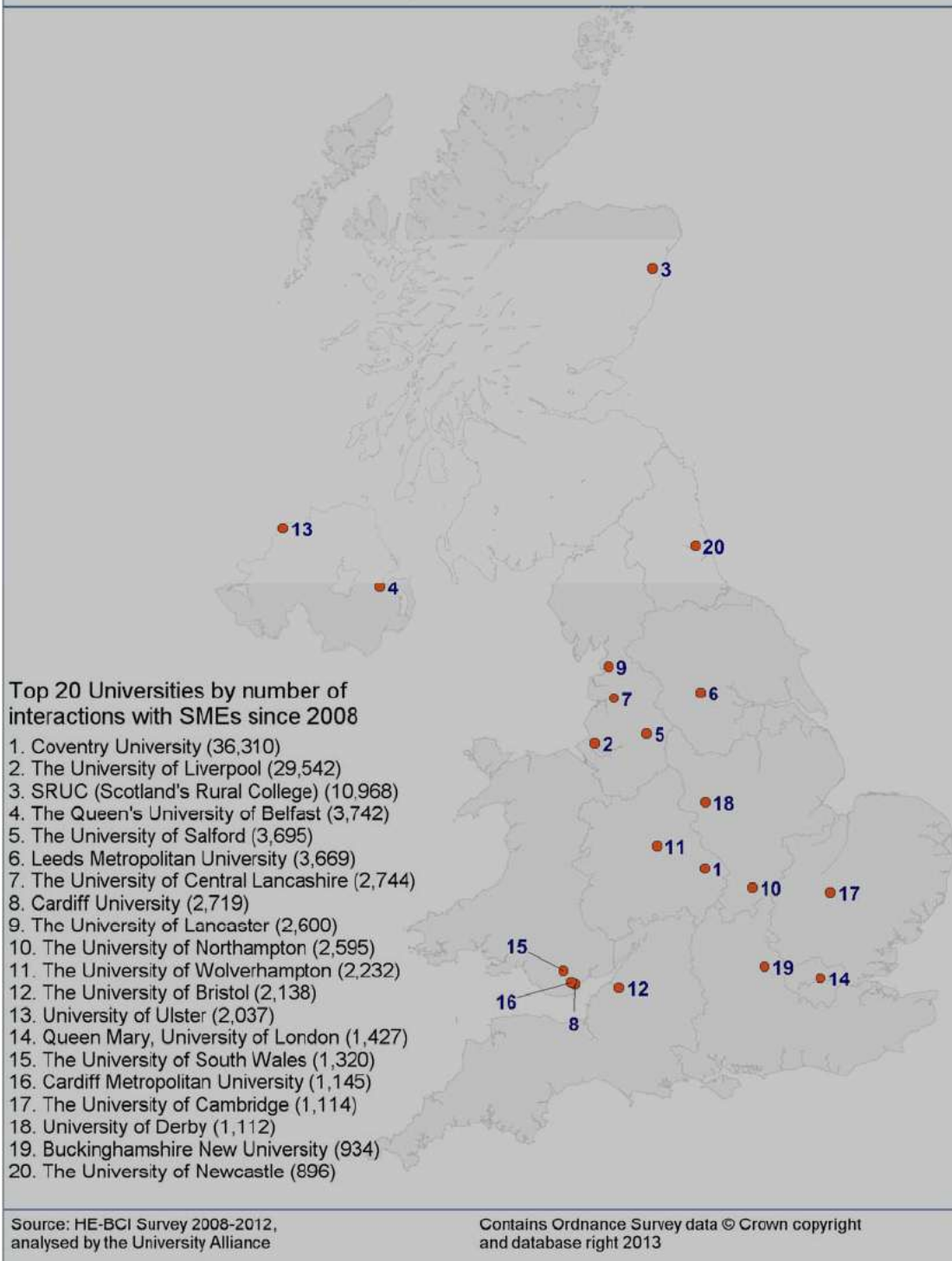
<sup>19</sup> Source missing

**the form of grant, loan or equity for start-ups or to support the development of new products and services for established businesses.** Such interventions can help businesses manage the risk and uncertainty involved in the process of developing new products or services and bringing them to market. European Regional Development Fund investment can reduce the risks for commercial investors, especially for smaller firms where there are barriers to entry to engage in new product development in the face of tight control over patents, and the costs of licensing.

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## Consultancy & Contract Research



Source: BIS (2013) *Encouraging a British Invention Revolution: Sir Andrew Witty's Review of Universities and Growth*

Development needs and opportunities nationally and in each Local Enterprise Partnership territory have been established through analysis of economic strengths and weaknesses as a base upon which to make decisions on a limited number of investment priorities for innovation. The number of priorities differs across England according to specific area-based needs. Partners in Local Enterprise Partnership territories have adopted the concept of Smart Specialisation to develop and plan

innovation in local European Structural and Investment Funds Strategies. Smart specialisation is a new innovation policy concept that takes as its starting point a thorough analysis of regional/local assets and technology. Using this evidence, a 'Smart Specialisation Strategy' is developed. This provides a framework within which to target public investment in research towards those activities that can best support innovation which promote economic growth. This model has been used to develop a UK Smart Specialisation Strategy and approach in local areas.

## **Thematic objective 2: Enhancing access to, and use and quality of, Information and Communications Technology (ICT)**

**The provision of superfast broadband can have a strong impact on economic growth.** Access and take up of broadband availability plays an important role in increasing productivity in national economies – through, for example, supporting the creation of start-ups, making it easier for Small and Medium Sized Enterprises to adopt new more efficient business models, enabling increased international trade and facilitating collaborative innovation.<sup>20</sup> The spill over effects of broadband investment is discussed in more detail in the Partnership Agreement. Recognizing the importance of broadband to growth the Europe 2020 target is to deliver 100 per cent coverage for superfast broadband at 30Mbps and 50 per cent coverage for ultrafast broadband at 100Mbps by 2020 for the entire European Union

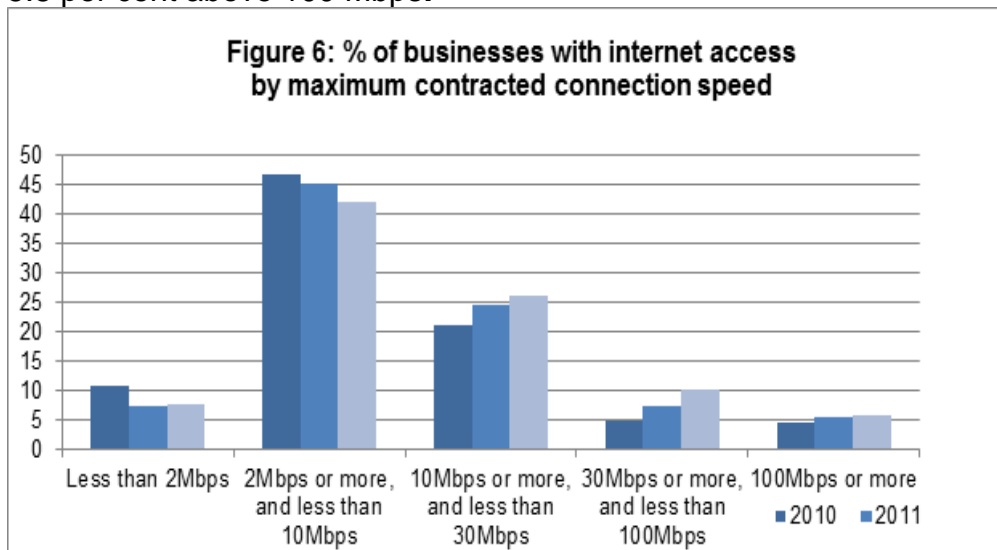
**According to Ofcom statistics, in 2013, 73 per cent of the UK can currently access superfast broadband services.** This varies across local areas for example from 95 per cent in Reading to 26 per cent in Cumbria County. To achieve the Europe 2020 target the private sector is expected to invest in areas where it can make a positive return on its investment. However government intervention may be necessary to address network coordination failures where the investment costs of rolling out superfast and ultrafast broadband infrastructure are particularly high such that although connectivity to superfast and ultrafast broadband can provide significant economic benefits for businesses it may not be commercially viable for the private sector.

**In these circumstances, public sector intervention may be necessary to address this market failure and reduce risks to the level that the private sector will tolerate.** The Government envisages investment of this kind taking place only where a strong link to economic growth and clear market failure can be demonstrated. In such cases the Government's programme is based on a gap funding model, where the public subsidy provided is only to the level which is required to make the investment viable to the private sector. The current funding - to be matched locally - is intended to extend superfast availability to 95 per cent of the UK by 2017.

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<sup>20</sup> Broadband Impact Study. Insert full source

The **take up of broadband in the UK is significantly lower**. Figure 6 below shows that at present only 10.1 per cent of businesses use broadband above 30 Mbps and 5.8 per cent above 100 Mbps.



**At present only a small proportion of SMEs are fully exploiting the opportunities ICT offers in relation to, for example, e-commerce, open innovation, and market research.** Online sales have seen steady growth in recent years, both in terms of the proportion of businesses using websites for sales, and the value of website sales. There is, however, a group of businesses that have chosen not to embrace online technology. Over a third of United Kingdom Small and Medium size Enterprises still do not have a website and one in five are ‘deliberately disconnected’ from the Internet.<sup>21</sup> Combining the ONS data above with Annual Business Survey data on total turnover by size-band shows that roughly 3.8 per cent of small businesses’ sales were online in 2012 (for those with 10-49 employees), compared to 6.7 per cent of businesses with over 250 employees.

Figure 7 shows the value of e-commerce activity supported by Small and Medium size Enterprises compared with larger firms. In 2012, for businesses with 10-49 employees, the value of e-commerce sales over a website were 19.8 billion compared with 41 billion for those businesses sized between 250-999 and 84.9 billion for those with more than 1000 employees.

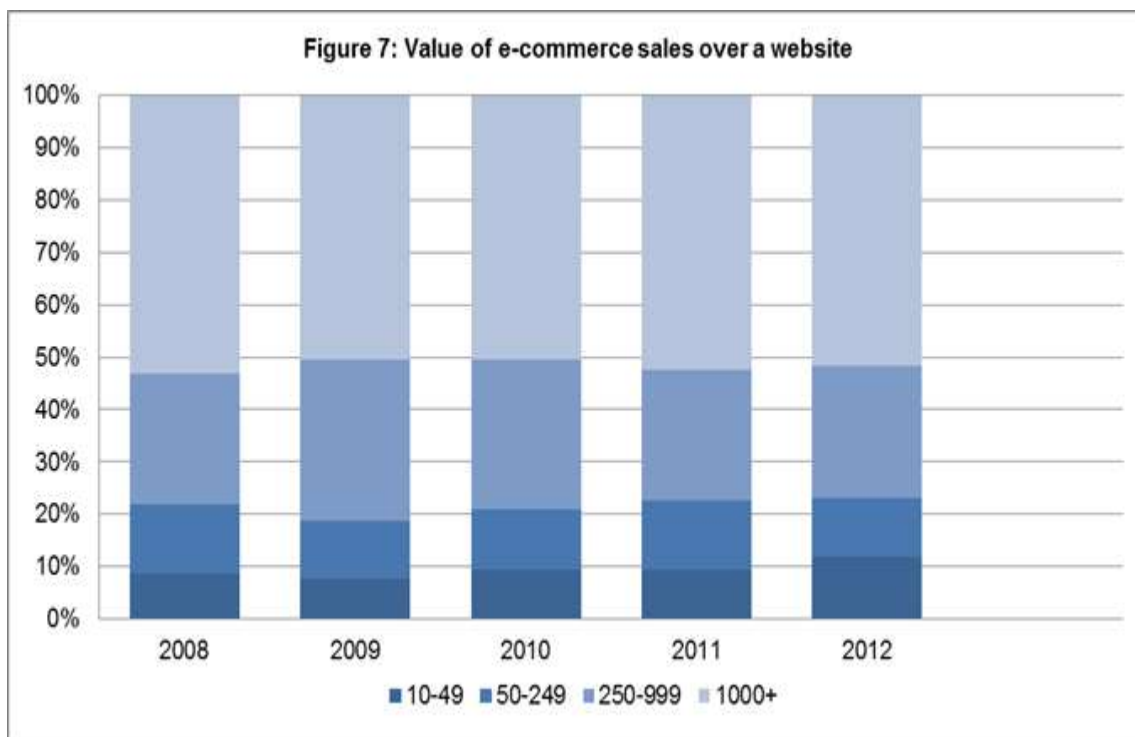
The main reasons why smaller firms may not take- up broadband and exploit opportunities related to ICT are:

- Lack of awareness of the benefits of broadband beyond speed. Businesses, particularly Small and Medium size Enterprises, may not have sufficient information to fully exploit the opportunities offered by superfast and ultrafast broadband and understand how developments in Information and Communications Technology can help improve their productivity, access to

<sup>21</sup> Lloyds (2012) *Britain's Digital Opportunity: A study of digital maturity within Britain's businesses and charities.* <http://businesshelp.lloydsbankbusiness.com/assets/pdf/Britains-Digital-Opportunity.pdf>

new markets and growth in business. This is despite evidence which shows that the impact of broadband on productivity is highest for enterprises with between 1 and 9 employees. These are most likely businesses engaged in information and communication, financial insurance, real estate activities, professional, scientific, technical, administrative and support service activities.<sup>22</sup>

- Perception that costs of broadband are significant<sup>23</sup>



### Thematic objective 3: Enhancing the competitiveness of Small and Medium size Enterprises

#### Development needs and opportunities

Of the estimated 4.9 million private sector businesses in the United Kingdom at the start of 2013, 4.3 million (87.2 per cent) were in England.<sup>24</sup> Small and medium sized enterprises<sup>25</sup> make up nearly 99.9 per cent of these businesses. In the United Kingdom as whole they are responsible for 59.3 per cent of private sector employment and 48.1 per cent of private sector turnover at the start of 2013. Small and Medium size Enterprises drive forward growth through engaging in innovation, creating jobs and spurring competition.

<sup>22</sup> Broadband impact study. Complete source required.

<sup>23</sup> BT report. Complete source required.

<sup>24</sup> Business Population Estimates (2013)

<sup>25</sup> Small and medium-sized enterprises (SMEs) are defined by employee size – as businesses with 0 to 249 employees

**However, there is a wide variation in the competitiveness of Small and Medium size Enterprises.** The majority of Small and Medium size Enterprise employers (68 per cent) aim to grow in the next two to three years, but most do not actually show growth in any given year. A segmentation of Small and Medium Size Enterprise employers shows that, overall in 2012, 13 per cent of employers were classified as 'growers', 57 per cent 'stable' and 13 per cent 'shrinkers'. Separate research shows that only approximately 5.1<sup>26</sup> these high growth firms were responsible for creating nearly a quarter of all new jobs over three years.<sup>27</sup> Geography can also be a factor in relation to designated category of region; England's only Less Developed area, Cornwall and the Isles of Scilly, is ranked 314 out of the 379 local authority areas, illustrating the specific challenges of this area.

**There are various factors that limit an ability of a Small and Medium size Enterprises to grow:**

- The internal capacity and capability of a business including their ability to innovate.
- The external environment including procurement, access to finance and exporting.

**Access to finance is a particular area of difficulty for Small and Medium size Enterprises** especially in a context of declining lending to businesses.<sup>28</sup> While 38 per cent of Small and Medium size Enterprise employers consider obtaining finance an obstacle to their business success, seven per cent of these employers report it as the main obstacle. Finance is also a disproportionately important obstacle for high growth firms compared to other businesses. Eighteen per cent of high growth firms consider funding to be the most important barrier to growth that they face, compared to just 13 per cent of other firms. Evidence suggests there has been a decline not only because of reduced supply but also reduced demand appetite for risk.<sup>29</sup>

Access to finance is difficult for companies at an early stage of development or companies starting out to access finance when they have little track record of delivery. In these situations lenders and equity investors face increased risk and uncertainty. There may also be a lack of demand for finance from businesses in a particular area which will limit the number of private finance providers operating.

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<sup>26</sup> ONS data 2011

<sup>27</sup> BIS (2013) *SMEs the key enablers of business success and the economic rationale for government intervention*  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/266304/bis-13-1320-smes-key-enablers-of-business-success.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266304/bis-13-1320-smes-key-enablers-of-business-success.pdf)

<sup>28</sup> Bank of England (2013) *Trends in Lending*  
<http://www.bankofengland.co.uk/publications/Documents/other/monetary/trendsjanuary13.pdf>

<sup>29</sup> BIS (2013) *SMEs the key enablers of business success and the economic rationale for government intervention*.

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

**These barriers are more acute for particular groups.** Men in the United Kingdom are almost twice as likely to start businesses as women. The rates of female business ownership are particularly low in the United Kingdom. The scale of the United Kingdom enterprise 'gap' is illustrated by estimates suggesting that an additional 150,000 businesses would be created if rates of business ownership among women were the same as men, and an additional 900,000 businesses would be created annually if the United Kingdom had the same rates of women's business ownership as in the US. Ethnic minority groups can also have difficulty with access to finance.<sup>30</sup>

**Exporting Small and Medium size Enterprises are more productive, innovative and resilient than non-exporting firms.** Large firms account for the largest value of goods exports in the United Kingdom, but the contribution of Small and Medium size Enterprises is significant - contributing to 80 per cent of the quantity of exports. The Small Business Survey in 2012 showed that only 19 per cent of surveyed Small and Medium size Enterprises were exporting compared with 23 per cent who reported exporting in 2010. A recent study found that 25,000 to 150,000 non-exporting United Kingdom Small and Medium size Enterprises have the potential to be competitive in export markets.<sup>31</sup>

**However, there are a number of barriers to entering overseas markets** which can translate into high upfront costs to business. These barriers include gaining access to contacts, navigating the legal and regulatory environment and coping with local culture and language. In turn, a lack of internal know-how and capabilities (including not knowing who to approach for information and expertise) and a lack of confidence means businesses may not be able to successfully overcome these barriers.

**Awareness of and access to business support can help small businesses overcome the barriers they face.** Business support including advice services for entrepreneurship, commercialisation, and exports can address information failure relating to businesses not having access to or awareness of information they require to compete in a new market or improve their productivity. This is especially relevant to under-represented groups and/or business start-ups. Businesses report significant benefits from using business information and advice. However, less than half of United Kingdom Small and Medium size Enterprise employers currently use business support due to difficulties in accessing information or advice; doubts about the benefits of business support, and concerns about the competence and trustworthiness of support providers.

#### **Thematic objective 4: Supporting the shift towards a low carbon economy in all sectors**

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<sup>30</sup> Enterprise Research Centre (2013) *Diversity and SMEs*  
[http://enterpriseresearch.ac.uk/default/assets/File/ERC%20White%20Paper%20No\\_3%20Diversity%20final.pdf](http://enterpriseresearch.ac.uk/default/assets/File/ERC%20White%20Paper%20No_3%20Diversity%20final.pdf)

<sup>31</sup> ONS (2011) Exporters and Importers in Great Britain <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/characteristics-of-exporters-and-importers--gb--2011/sty-exporters-and-importers-in-great-britain.html>



The UK and England has made good progress in tackling the level of greenhouse gases, and are currently exceeding one of the Europe 2020 targets. The Climate Change Act has established a legally binding target to reduce UK's greenhouse gas emissions by at least 80 per cent below base year levels by 2050. Greenhouse gas emissions in England are currently 30.9 per cent lower than 1990 levels.

Carbon dioxide emissions are an externality and the market failure creates the case for public investment to mitigate the negative impacts of rising emissions and support action to reduce their output from production and consumption. In solving this problem there are potential benefits in supporting and expanding a high value market.

**There is significant growth potential in the low carbon goods and services sector in England.** The UK Carbon Environmental Goods and Services sector was valued at £128.1 billion in 2011/12 having grown by 4.8 per cent and 4.7 per cent in each of the previous two years. The value of this sector for England in 2011/12 is approximately £108.541 billion. The value of this figure in 2012/13 is £113.795 billion. The value of this sector varies across activities (with manufacturing accounting for 20 per cent and research and development 5 per cent in 2010/11) and local areas (with four LEPs, London, South East, Greater Manchester and Leeds City Region accounting for 37 per cent of all sales value). Supporting the development of a low carbon market will be a key focus for ESI funding.

**The UK has performed less well on the target to have 20 per cent share of energy from renewables by 2020.** It currently has the 9th lowest share amongst EU countries of low carbon energy in 2011 with the UK's share of supply being around half that of the EU average of 26 per cent. Two-thirds of the UK's energy from low carbon sources comes from nuclear power. The sectors that have seen increases in energy consumption from renewable and waste sources are households (30.9 per cent of all energy consumption from renewable and waste sources in 2011), manufacturing (24.9 per cent) and electricity, water and waste industry

In 2011 energy consumption in the UK from renewable and waste sources was 4.12 per cent of total energy consumption compared to 0.61 per cent 1990. **However, despite these increases, significant challenges remain; 8.2 percent of electricity in England is generated from renewables, with bio-energy being the largest contributor.** This proportion varies from 617.6 GWh in London to 3,456.4 GWh in Yorkshire and Humber. The variation reflects the significant differences in levels of investment in renewable energy generation across England. In 2011 there were 177, 276 sites generating electricity from renewable resources in England varying from 5,657 in London to 37,259 in the south west of the country.

**The EU target on energy efficiency is for there to be a 20 per cent increase in energy efficiency by 2020.** In the UK energy intensity (energy use per unit of value added) has declined by 31.8 per cent between 2011 and 1997. If however UK emissions targets are to be met energy efficiency will need to increase across all sectors. There is a potential for growth in this area to increase energy efficiency in England, especially in:

- Growing household investment in heat saving measures. According to the English Housing Survey in 2012, 34 per cent of dwellings had 200mm or more of loft insulation, up from just 3 per cent of dwellings in 1996. Over the same period, the proportion of homes with cavity wall insulation increased from 14 per cent to 40 per cent and the proportion of homes with full double glazing increased from 30 per cent to 79 per cent.
- Promoting socially cost-effective investment in energy efficiency, where there is the potential to save 196TWh in 2020, and equivalent to 22 power stations. If this was realised, final energy consumption in 2020 would be 11 per cent lower than current levels. Innovation in this area may be constrained by lack of access to finance as the return on such investments are uncertain.
- Better, consistent and effective energy efficiency plans of companies and communities with appropriate measures for energy savings. This development need relates to some firms being unaware of the benefits of investing in resource efficiency measures.

#### **Thematic objective 5: Promoting climate change adaptation, risk prevention and management**

The most significant and specific climate change challenge faced by the UK economy is greater flood risk due to increased rainfall and sea-level rise as identified in the UK Climate Change Risk Assessment published in 2012.

Across England, there are areas of land that remain undeveloped due to high flood risk which constrains economic activity. Developing these sites can mean increased businesses in affected areas, higher investment flows and an improvement in the overall economic activity in the area. Businesses most likely to benefit from the developments are Small and Medium Sized enterprises which are dependent on the provision of office space. Examples of such affected sites at present include areas in Hull, Greater Birmingham, Greater Lincolnshire and Cornwall.

There may also be areas of land which are currently developed and occupied by businesses but the heightened flood risk constrains the local economy. The flood risk can cause businesses to relocate leading to a loss of investment and reduced economic activity in the area. For example it is estimated that lowering flood risk in the Trent area of Nottingham - one of the fastest growing cities in England - would deliver £4.35 million in discounted benefits over a ten year period to the local economy. Other areas with high risk of flooding and where there is significant need to stimulate economic development include sites in Humber, Yorkshire, Greater Lincolnshire and Cornwall and Scilly Isles.

There is growing evidence that investment in flood protection as part of green infrastructure can have a major impact on the economic resilience of the region.<sup>32</sup>

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<sup>32</sup> **Micro-Economic Evidence for the Benefits of Investment in the Environment**

Specific green infrastructure investments that can prevent flooding include Sustainable Urban Drainage Systems, green roofs and urban forests.

### **Thematic objective 6: Preserving and protecting the environment and promoting resource efficiency**

England currently faces a number of challenges in achieving biodiversity targets and in achieving resource efficiency. Defra's biodiversity indicators for England show more had been done to protect wildlife however over 40 per cent of priority habitats and 30 per cent of priority species were still declining in the most recent analysis. Other challenges as detailed in the Partnership Agreement relate to soil, air and water quality. Government and businesses have a shared interest in protecting this natural capital.

In particular, there is an opportunity for businesses, including small and medium sized enterprises, to benefit from new market opportunities in natural goods and services, and from using natural capital more sustainably in their own supply chains.

A particular challenge for England is in achieving the biodiversity targets for 50 per cent of our Sites of Special Scientific Interest to be in favourable condition by 2020. For example a total of 781 sites had been determined as contaminated land under Part 2A in England (659) and Wales (122) by the end of March 2007. Of these, 35 were designated special sites (33 for England and two for Wales). Over 90 per cent of contaminated land sites in England (91 per cent) and Wales (98 per cent) had housing on it when the site was inspected.

Focussing on site development to bring derelict and brownfield land into improved condition can unlock employment sites and deliver economic growth. For example there are a large number of sites and premises in the Black Country that the market alone is not able to bring into use, or upgrade. Intervention is needed in order to enable growth which is currently constrained by lack of high quality site and facilities availability across the Black Country. Activities that enable this may include environmental improvements and innovative technologies to improve environmental protection and resource efficiency.

The type of actions that may be supported by ERDF funds include:

### **Thematic objective 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures**

## Development needs and opportunities

The UK has a specific Country Specific Recommendation in relation to infrastructure which is to “pursue a long-term strategy for improving the capacity and quality of the UK’s network infrastructure, including measures to address pressures in transport and energy networks by promoting more efficient and robust planning and decision-making processes, and harnessing appropriate public or private financing arrangements”. ERDF 2007-2013 has been used to provide support for a broad range of transport projects where the overall objective is to reduce travel time and costs and improve access to support economic development.

Across England, there are a number of areas in which potential for economic development has been and will continue to be adversely impacted by poor transport links to the trans-European transport network (the TEN-T network). This is particularly the case in England’s Less Developed Region Cornwall and the Isles of Scilly where the overall resilience of all transport networks for Cornwall and the Isles of Scilly is poor exacerbated by dispersed settlement patterns and dispersed and poorly connected labour pools. There is congestion in and around Cornwall’s main towns resulting in peak period delays with special difficulties in access to employment for those who cannot afford a car.

### **Thematic objective 9: Promoting social inclusion, combating poverty and any discrimination<sup>33</sup>**

The Government’s ‘Plan for Growth’<sup>34</sup> and commitment to ‘Local Growth: Realising Every Place’s Potential’<sup>35</sup> seek to support investment in places and people to tackle barriers to growth. The socio-economic analysis and recent data sets such as the Indices of Deprivation<sup>36</sup> demonstrate that even with wider economic recovery underway pockets of deprivation persists in certain areas and within areas achieving wider prosperity. This is particularly acute in some urban areas where the increasing role of London and the English cities as engines for economic growth often masks significant economic disparities and deprivation within their functional economic geographies. Barriers to growth in such areas typically encompass multiple needs and points of disadvantage. Such problems are most effectively tackled through an

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<sup>33</sup> All figures are aligned with the England chapter of the European Social Fund

<sup>34</sup> (HMG 2011). See [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/31584/2011budget\\_growth.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31584/2011budget_growth.pdf)

<sup>35</sup> (HMG 2010) See [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32076/cm7961-local-growth-white-paper.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32076/cm7961-local-growth-white-paper.pdf)

<sup>36</sup> (HMG 2010) See [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6871/1871208.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6871/1871208.pdf)

integrated approach and investment strategy that brings together a range of relevant services and support and which involves local people in its design and implementation.

## **Use of European Regional Development Funding**

The 2014-2020 European Structural and Investment Funds provide a mechanism for responding at a targeted, highly local level to the kind of multiple barriers to growth and disadvantage is experienced in certain areas. This mechanism is known as Community Led Local Development.

Community Led Local Development activities will support activity focussed upon the achievement of long-lasting socio-economic and environmental benefits in targeted areas. It allows for the targeting of regeneration on specific geographic areas of need and opportunity. This is particularly the case in those areas where disadvantages persist in terms of rates of economic inactivity, entrepreneurship, access to the labour market and economic performance and where concentrated support is therefore required.

In line with the European Commission Regulation 1301/2013, European Regional Development Fund support for Community Led Local Development in England will be programmed under Thematic Objective 9 and, therefore, will directly address issues of social exclusion and poverty. It is also likely that it will contribute to the aims of: Thematic Objective 2 Information and Communications Technology; Thematic objective 3 Small and Medium size Enterprises' Competitiveness; Thematic Objective 4 Low Carbon Economy; Thematic Objective 6 Environment and Resource Efficiency; and Thematic Objective 7 Sustainable Transport (supporting access to employment and training opportunities).

**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b> [a maximum of 500 characters with spaces per investment priority]
TO1: Strengthening research, technological development & innovation	Promoting business investment in R&I; developing links and synergies between enterprises, research and development centres and the higher education sector; promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	<p>Policy alignment: Euro 2020 target: 3% of the EU's GDP to be invested in R&amp;D. Innovation has strong link to growth. Expenditure on research and expenditure varies across local areas driven by the spread of existing R &amp; D infrastructure and location of large firms most likely to invest in research and development. There are opportunities to support innovation in fast growing SMEs. At present this support is uneven across local areas</p> <p>ERDF can address following market failures: Information failure related to the level of risk and uncertainty in bringing new products or services to the market so private finance providers may not invest. Information failure specifically related to SMEs who face higher barriers to entry, higher risks, costs and uncertainty and where there is a lack of awareness of benefits. R &amp; D as a public good where the payback takes many years and where intellectual property rights are difficult to attribute.</p>
TO2: Enhancing access to, and use and quality of, ICT	<p>Enhancing access to, and use and quality of, ICT by:</p> <p>(a) extending broadband deployment and the roll-out of high-speed networks and</p>	<p>Policy alignment: The Digital Agenda for Europe has two relevant goals: • the entire EU to be covered by broadband above 30 Mbps by 2020; • internet speeds of 100 Mbps</p>

	<p>supporting the adoption of emerging technologies and networks for the digital economy;</p> <p>(b) developing ICT products and services, e-commerce, and enhancing demand for ICT</p>	<p>to half of all households by 2020</p> <p>Roll out of broadband in England is already at 76 per cent but only 10.1 per cent of businesses have access to broadband above 30 Mbps and only 5.8 per cent above 100 Mbps. SMEs in particular are not exploiting opportunities related to ICT.</p> <p>ERDF can be used to address: Network coordination failure where provision to remote areas is too costly for private sector providers</p> <p>Information failure so that SMEs are unable to fully exploit opportunities offered by ICT</p>
<p>TO3: Enhancing the Competitiveness of SMEs</p>	<p>Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators;</p> <p>developing and implementing new business models for SMEs, in particular with regard to internationalisation;</p> <p>supporting the creation and the extension of advanced capacities for product and service development;</p> <p>supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes</p> <p>developing SME access to finance business readiness</p>	<p>Policy alignment: EC specific recommendation for the UK to Measures to encourage banks to lend to businesses, whilst avoiding excessive risk taking.</p> <p>SME's drive innovation and growth in the economy. However there is wide variation in SME competitiveness- only 7 per cent can be classified as high growth SMEs at moment. SMEs face various barriers to growth especially in accessing finance and export markets.</p> <p>ERDF can address the following market failures: Lack of information and access especially for business start up and particular disadvantaged groups.</p> <p>Lenders and equity investors face uncertainty about level of risk associated with</p>

		<p>potential investment. Companies at an early stage of development may find it difficult to secure finance if they have little track record and a lack of demand for finance from businesses in an area may limit the number of private finance providers.</p>
<p>TO4: Supporting the shift towards a low carbon economy in all sectors</p>	<p>Promoting research and innovation in, and adoption of, low-carbon technologies; developing and implementing smart distribution systems that operate at low and medium voltage levels; promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures; promoting the production and distribution of energy derived from renewable sources; promoting the use of high-efficiency co-generation of heat and power based on useful heat demand ; promoting the use of; supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector high-efficiency co-generation of heat and power based on useful heat demand; promoting energy efficiency and renewable energy use in enterprises;</p>	<p>Policy alignment: The Europe 2020 targets for Low Carbon are to cut: greenhouse gas emissions 20 % lower than 1990; greenhouse gas emissions in sectors not covered by 10 % lower than in 2005. Additional targets are to get 20% of energy from renewables and 0% increase in energy efficiency (reduction in primary energy consumption by 2020 in Million Tonnes of Oil Equivalent)</p> <p>Carbon dioxide emissions are an externality and there is a market failure creates the case for public investment to mitigate the negative impacts of rising emissions and support action to reduce their output from production and consumption.</p> <p>In solving this problem there are potential benefits in supporting an expanding an high value market.</p> <p>Information failures with SMEs unaware of the benefits of investing in resource efficiency measures and the relative novelty of some of the technologies meaning that the return on investment is</p>



		uncertain.
TO5: Promoting climate change adaptation, risk prevention and management	Promoting climate change adaptation, risk prevention and management by promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems (Article 5b)	Economic activity is constrained in a) undeveloped areas of land with high risk of flooding and b) developed areas of land with high risk of flooding through relocation of businesses and business investment. Lowering risk of flooding will generate economic activity in specific affected areas supporting local growth.
TO6: Preserving and protecting the environment and promoting resource efficiency	Protecting and restoring biodiversity and soil and promoting ecosystems, including through Natura 2000 and green infrastructure and Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution.	<p>Policy alignment: EC specific recommendation for the UK: Investment in energy renewables (and transport infrastructure)</p> <p>Deterioration in environment is an externality and the market failure creates the case for public investment to mitigate the negative impacts and support action to reduce their output from production and consumption.</p> <p>In solving this problem there are potential benefits which drive innovation, improve resilience and enhance competitiveness</p>
TO7: Promoting sustainable transport and removing bottlenecks in key network infrastructures	<p>(a) supporting a multimodal Single European Transport Area by investing in the Trans European Transport Networks;</p> <p>(b) enhancing regional mobility by connecting secondary and tertiary nodes to Trans European Transport Networks infrastructure, including multimodal nodes;</p> <p>(c) developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and</p>	<p>Policy Alignment: European Commission specific recommendation for the UK: Investment in (energy renewables) and transport infrastructure.</p> <p>Partial public good, delivers social benefits, addresses externalities (e.g. environmental), can improve productivity and can reduce costs to business in securing inputs or delivering to markets especially in less development regions.</p>

	<p>maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility;</p> <p>(d) developing and rehabilitating comprehensive, high quality and interoperable railway systems, and promoting noise-reduction measures;</p> <p>improving energy efficiency and security of supply through the development of smart energy distribution, storage and transmission systems and through the integration of distributed generation from renewable sources</p>	
<p>TO9 Promoting social inclusion and combating poverty</p> <p>Community Led Development</p>	<p>Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability and Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment</p> <p>Undertaking investment in the context of community led local development strategies</p>	<p>Euro2020 target: To raise 75% the employment rate for women and men age 20-64, including greater participation of young people, older people, lower skilled and better integration of legal migrants.</p> <p>Low employment rates in certain geographical areas and among certain groups (e.g. those with low or no qualifications).</p> <p>Support investment in places and people to tackle barriers to growth and target regeneration on specific geographic areas of opportunity</p> <p>Ensure that spatial challenges of recovery are accessible to all areas and groups.</p> <p>Mobilise local assets and resources to embed sustainable growth and</p>

		<p>achieve long term coherent interventions that add value to mainstream programme activity</p> <p>Address concentrated pockets of deprivation in areas of wider economic activity</p>
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## 1.2 \* Justification of the financial allocation

### ***Approach to the European Regional Development Fund***

The Government has announced the provisional allocations of European Regional Development Fund and European Social Fund that Local Enterprise Partnership areas should receive.<sup>37</sup> These provisional allocations derive from the analysis of development needs and opportunities in England and evidence developed in each of the 39 Local Enterprise Partnership territorial units. These Funds, combined with £177m European Agricultural Funds for Rural Development announced in December 2013, make up the 'European Structural Investment Funds Growth Programme for England'. The Growth Programme targets around €6 billion across England's 39 Local Enterprise Partnership territorial units over 7 years in line with identified development needs and opportunities. The European Regional Development Fund contributes around €3 billion of that total.

The allocations are determined by regulations governing use of the Funds that define three geographic categories:

- Less Developed with Gross Domestic Product (GDP) per capita below 75% of the European Union average. The only area is Cornwall (and Isles of Scilly).
- Transition with areas with a Gross Domestic Product (GDP) per capita between 75% and 90% of the European Union average. This includes some rural areas, industrial areas and northern cities. The areas are: Cumbria, Devon, East Yorkshire and North Lincolnshire, Lancashire. South Yorkshire, Shropshire and Staffs, Merseyside. Lincolnshire, Tess Valley and Durham.
- More Developed with a Gross Domestic Product (GDP) per capita above 90% of the European Union average. The rest of England (i.e. the majority) falls into this category.

The justification of the financial allocation (i.e. the Union support) to each thematic objective and, where appropriate, investment priority, in accordance with the thematic concentration requirements, taking into account the ex-ante evaluation.

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<sup>37</sup> HM Government (2013) *Written statement to Parliament, European Regional Development Fund and European Social Fund: allocations 2014 to 2020* <https://www.gov.uk/government/speeches/european-regional-development-fund-and-european-social-fund-allocations-2014-to-2020>

[a maximum of 7000 characters with spaces= approx. 2 pages]

The allocation of ERDF by Thematic Objective is set out in spreadsheet B attached.

**TA**

The Technical Assistance budget represents 4% of the overall ERDF & ESF Programme value i.e. circa 247m euros/£205m. (ESF 113,528,000 euros/ £94,228,000 and ERDF 133,272,000 euros/ £111,000,000.) The primary aim of TA is to ensure that both the ERDF & ESF Programmes are delivered in a compliant way in accordance with the CPR and specific Structural Fund regulation.

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**Table 2: Overview of the programme investment strategy**

*The purpose of this section is to demonstrate in a synthetic manner the consistency between the needs identified, the thematic objectives and the investment priorities selected, as well as the specific objectives and the financial allocation proposed. It also provides an overview of the contribution of the operational programme to the Europe2020 strategy.  
This table is generated automatically by the SFC based on information inserted under other sections of the operational programme.*

<b>Priority axis</b>	<b>Thematic objective</b> <i>[Input from the description of the priority axis]</i>	<b>Investment priorities</b> <i>[Input from the description of the priority axis]</i>	<b>Specific objectives corresponding to the investment priorities</b> <i>[Input from the description of the priority axis]</i>	<b>Programme specific result indicators corresponding to the specific objective</b> <i>[input from result indicator tables no 3, 4 and 13]</i>	<b>Fund: ERDF,</b> <i>[Input from the financial tables 18a-18c]</i>	<b>Union support - EUR</b> <i>[Input from the financial tables 18 a -18c]</i>	<b>Share of the total Union support to the operational programme (by Fund)</b> <i>[Input from the financial tables 18 a -18c]</i>
						€	%
						€,	
						€500,000,000	

## 1.2 \* Justification of the financial allocation

The justification of the financial allocation (i.e. the Union support) to each thematic objective and, where appropriate, investment priority, in accordance with the thematic concentration requirements, taking into account the ex-ante evaluation.  
[a maximum of 7000 characters with spaces= approx. 2 pages]

The ESIF strategies submitted by LEPs contained information of the allocation of ERDF by Thematic Objective. See spreadsheet B attached

**Table 2: Overview of the programme investment strategy**

*The purpose of this section is to demonstrate in a synthetic manner the consistency between the needs identified, the thematic objectives and the investment priorities selected, as well as the specific objectives and the financial allocation proposed. It also provides an overview of the contribution of the operational programme to the Europe2020 strategy.  
This table is generated automatically by the SFC based on information inserted under other sections of the operational programme.*

<b>Priority axis</b>	<b>Thematic objective</b> <i>[Input from the description of the priority axis]</i>	<b>Investment priorities</b> <i>[Input from the description of the priority axis]</i>	<b>Specific objectives corresponding to the investment priorities</b> <i>[Input from the description of the priority axis]</i>	<b>Programme specific result indicators corresponding to the specific objective</b> <i>[input from result indicator tables no 3, 4 and 13]</i>	<b>Fund: ERDF,</b> <i>[Input from the financial tables 18a-18c]</i>	<b>Union support - EUR</b> <i>[Input from the financial tables 18 a -18c]</i>	<b>Share of the total Union support to the operational programme (by Fund)</b> <i>[Input from the financial tables 18 a -18c]</i>
						€	%
						€,	
						€500,000,000	

**DESCRIPTION OF THE PRIORITY AXES (ARTICLE 87(2)(B) AND (C) CPR)**  
**Section 2.A. A description of the priority axes other than technical assistance (Article 87 (2) (b) CPR)**

**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b> [a maximum of 500 characters with spaces per investment priority]
TO1: Strengthening research, technological development and innovation	B. Strengthening research, technological development and innovation by: promoting business investment in R&I; developing links and synergies between enterprises, research and development centres and the higher education sector; promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and supporting technological and applied research, pilot lines, early product validation actions, advance manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	<p><b>Development Needs</b></p> <p>According to the innovation survey, only 21.6 per cent of enterprises (with more than 10 employees) were engaged in either product or process innovation. This ranged from 20.5 per cent in smaller firms with between 10 and 49 employees and 29.8 per cent in larger firms (with between 100 and 249 employees).</p> <p>Access to finance seems to be a particular barrier for SMEs to innovate. The Big Innovation Centre found that 44 % of innovative firms reported finding it difficult to obtain finance compared to 33 per cent of other firms related to the inherently riskier nature of many SMEs lacking a track record combined with the uncertainty of innovation and the lack of tangible assets as collateral.</p> <p>Other barriers to innovate include SME internal capacity, lack of information and lack of access to external networks.</p>
	B. Strengthening research, technological development and innovation by: promoting business investment in R&I; developing links and synergies between enterprises, research and development centres and	<p><b>Opportunity</b></p> <p>Although the UK spends relatively less in terms of R&amp;D expenditure as a proportion of GDP (1.72 %) it punches above its weight in terms of measured</p>



	<p>the higher education sector; promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and supporting technological and applied research, pilot lines, early product validation actions, advance manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies</p>	<p>research outputs. UK researchers generate more articles and citations per researcher per unit of public R&amp;D spend than other major countries including Canada, China, France, Germany, Italy Japan and the US.</p> <p>On the basis of citation per paper adjusted for subject specific biases the UK scores 1.61 which implies that the UK produces better quality research than average and is the highest performing G8 member.</p> <p>There is an opportunity to exploit these strengths and support interactions between businesses, universities, and other organisation - the direct effects of knowledge discoveries can be formalised and commercialised through knowledge transfer, via the creation of spin out companies, consultancies and co-creations. Access to external networks can has a strong positive effect on firm's potential absorbtive capacity especially the assimilation of external knowledge.</p>
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**2.A.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (Article 87 (1) CPR)**

[a maximum of 3500 characters with spaces= approx. 1 page]

There are marked differences across England in relation to innovation expenditure with, for instance, London accounting for 41 per cent of the entire UK and Local Enterprise Partnership Areas in the South East spending 14 times as much on research and development as Local Enterprise Partnership Areas in the North East. England's only Less Developed territory, Cornwall and the Isles of Scilly, also lags EU and UK averages, with Research and Development spend accounting for 0.19% of GDP. However, this disparity is not reflected evenly, with peaks and troughs evident across local areas within all three categories of region. Equally, business-university collaboration is well supported across the country, with the top 20 ranked universities in terms of SME interactions spread evenly across England. This variable picture is reflected the development of localised Smart Specialisation analysis at the functional geographic unit of Local Enterprise Areas which identify distinct but thematically similar issues, in tune with the wider national Smart Specialisation Strategy for England. Barriers common to all three categories of region to varying degrees in specific Local Enterprise Partnership areas include SME innovation cost/benefit concerns and lack of access to finance and external networks. In response, a single Priority Axis for Strengthening Research, Technological Development & Innovation will apply to all three categories of region in England: Less Developed, Transition and More Developed. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs across England. Local assets and innovation barriers will be reflected and informed by partners in Local Enterprise Partnership areas to ensure that ERDF investment is targeted at the specific challenges of highest priority and potential across specific territories.

***INVESTMENT PRIORITY 1 of priority axis :***

Strengthening research, technological development and innovation by: promoting business investment in R&I; developing links and synergies between enterprises, research and development centres and the higher education sector; promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and supporting technological and applied research, pilot lines, early product validation actions, advance manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO (1.1) Increase the number of SMEs innovating to bring new products and processes brought to the market**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

1a) Number of businesses that are actively innovating to develop new products and or incorporate new processes (by firm size and location)

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

Particular barriers include a lack of awareness of the benefits of investing in innovation and uncertainty about the value that will accrue to the company. These developments needs are compounded by a lack of access to appropriate finance, with nearly half of innovation active Small and Medium Sized Enterprises experiencing difficulties obtaining finance.

Combined, these development needs present structural barriers which the ERDF can assist in addressing through targeted investment across all three categories of territory.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### **2.1.1 2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:**

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]

### **2.1.2 (Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that the ERDF will support include:*

- ERDF will support businesses in different areas to bring new products and business processes to the market (including those related to the eight great

technologies) through different activities relevant to the context.

*Examples of actions which may be supported are:*

- Schemes providing support for the development of innovation processes within businesses (including support for access to markets).
- Investment in the development of innovation space, facilities, and equipment with capability to serve as a platform or host for innovation and innovative relationships.
- Supporting Small and Medium Sized Enterprises including social enterprises to disseminate, adopt and commercialise Research, Development and existing/new innovation assets.

***INVESTMENT PRIORITY 1 of priority axis1:***

Strengthening research, technological development and innovation by: promoting business investment in R&I; developing links and synergies between enterprises, research and development centres and the higher education sector; promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and supporting technological and applied research, pilot lines, early product validation actions, advance manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(1.2) Increase collaborative research and innovation between large enterprises, research institutions and public institutions to improve SME commercialisation.**

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The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**The support provided through this specific objective will help businesses to improve their productivity, grow and create jobs.**

**Performance will be monitored by the following results indicators**

**R1b) Number of SMEs who collaborate with large enterprises, research institutions and public institutions.**

The UK exhibit strong performance in the quality of its research and knowledge base. Whilst there is some way to go before it achieves the EU2020 target of 3% GDP investment in Research and Development, the quality of the research produced is strong; research produced generates more articles and citations per researcher per unit of public R&D spend than other major countries including Canada, China, France, Germany, Italy Japan and the US.

There is scope to better build on the knowledge base by stimulating more and more productive interactions between universities, businesses and other organisation - the direct effects of knowledge discoveries can be formalised and commercialised through knowledge transfer, via the creation of spin out companies, consultancies and co-creations. Access to external networks also has a strong positive effect on firm's potential absorptive capacity especially the assimilation of external knowledge.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### **2.1.3 2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:**

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]

### **2.1.4 (Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that the ERDF will support include:*

Supporting the on-going identification and development of new opportunities to exploit and stimulate innovation by facilitating productive partnerships between enterprises, research, public institutions and across sectors. This can include:

*Examples of actions which may be supported are:*

- graduate schemes, support for HEI spin-outs; business-to-business collaborations; technology transfer, social innovation, demand stimulation and open innovation.
- Development of enterprise, innovation and technology hubs and centres of excellence, manufacturing clusters and the development of appropriate test facilities and deployment infrastructure;

**PRIORITY AXIS 2: Enhancing access to, and use and quality of, ICT**

**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

Selected thematic objective	Selected investment priority	Justification for selection [a maximum of 500 characters with spaces per investment priority]
TO2 – Enhancing Access to, and use and Quality of, ICT	(a) extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy.	<p>The Digital Agenda for Europe has three goals and this TO will prove key to achieving the first two:-</p> <ul style="list-style-type: none"> <li>• The entire EU to be covered by Broadband above 30 Mbps by 2020</li> <li>• 33% of SMEs to make online sales by 2015</li> <li>• Internet speeds of 100 Mbps to half of all households by 2020;</li> </ul> <p>Access and take up of broadband availability plays an important role in increasing productivity in England’s economy – through, for example, supporting the creation of start-ups, making it easier for Small and Medium Enterprises to adopt new, more efficient, business models, enabling increased international trade and facilitating collaborative innovation.</p> <p>According to Ofcom statistics, in 2013, 73 per cent of the UK can currently access superfast broadband services. This varies across local areas for example from 95 per cent in Reading to 26 per cent in Cumbria County. The Digital Agenda goal is for the entire EU to be covered by superfast broadband by 2020. The Government’s programme is based on a gap funding model, where the public subsidy provided is only to the level which is required to make the investment viable to the private sector. The current funding - to be matched locally - is intended to extend superfast availability to 95 per cent of the UK by 2017.</p> <p><b>The <i>take up</i> of broadband in the UK is significantly lower. At present only 10.1 per</b></p>

		cent of businesses use broadband above 30 Mbps and 5.8 per cent above 100 Mbps
TO2 – Enhancing Access to, and use and Quality of, ICT	(b) developing ICT products and services, e-commerce, and enhancing demand for ICT.	<p>At present only a small proportion of SMEs are fully exploiting the opportunities ICT offers in relation to, for example, e-commerce, open innovation, and market research. In 2012 businesses with less than 50 employees had e-commerce sales worth 19.8 billion through a website compared with 41 billion for businesses with between 250-999 employees and 84.9 billion for those with more than 1000 employees.</p> <p>Evidence shows that the impact of broadband on productivity is highest for enterprises with between 1 and 9 employees and increasing the proportion of SMEs exploiting ICT opportunities will increase growth potential in SMEs.</p> <p>This will enable ERDF to support actions such as:-</p> <ul style="list-style-type: none"> <li>• Extending the roll out of high speed communications networks where the market is failing, particularly where this is proving a barrier to SME growth.</li> <li>• Supporting SMEs and social enterprises in their development and use of ICT products and services to improve their ability to exploit e-commerce opportunities. This is particularly important in the high growth areas cited in the Information Economy Industrial Strategy</li> <li>• Activity that enhances demand for high-speed communication networks among SMEs.</li> </ul>

**2.A.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (Article 87 (1) CPR)**

[a maximum of 3500 characters with spaces= approx. 1 page]

Whilst the degree of access to Broadband varies between local areas, there is a need across most areas of England for improved connections for SMEs in isolated areas for superfast broadband and for high growth firms lacking access to ultrafast broadband. Moreover, SMEs across England report the same principal barriers to growth. The challenges in England are mirrored in England's only Less Developed area, Cornwall and the Isles of Scilly, in relation to broadband provision in rural and isolated communities and effective utilisation of existing infrastructure. In response a single Priority Axis for Enhancing access to, and use and quality of, ICT will cover all three categories of region: Less Developed, More Developed and Transition. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs across England in relation to the provision of improved ICT connections and support for enhanced utilisation of existing infrastructure for SMEs through ERDF. Partner investment choices will ensure that ERDF is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

***INVESTMENT PRIORITY 1 of priority axis :***  
***Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy.***

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO (2.1) Increase the coverage and take up of superfast and ultrafast Broadband in areas where the market is failing, particularly where this is creating a barrier to SME growth**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**The support provided through this specific objective will improve ICT connections, so they are no longer a barrier to growth for businesses and will help them to improve their productivity, grow and create jobs.**

**Performance will be monitored through the following results indicators:**

**R1) Number of new and existing enterprises receiving support**

**R2) Additional enterprises accessing broadband**

Although 73 per cent of the UK can currently access superfast broadband services, there is a considerable disparity in coverage across England. This varies across local areas for example from 95 per cent in Reading to 26 per



cent in Cumbria County. The Digital Agenda goal is for the entire EU to be covered by superfast broadband at 30Mbps and 50 per cent coverage for ultrafast broadband at 100Mbps by 2020.

The Government's programme for rolling out broadband is based on a gap funding model, where the public subsidy provided is only to the level which is required to make the investment viable to the private sector. The current Government funding - to be matched locally by ERDF - is intended to extend superfast availability to 95 per cent of the UK by 2017 and to extend ultrafast broadband provision to high growth firms.

**The take up of broadband in the UK is significantly lower. At present only 10.1 per cent of businesses use broadband above 30 Mbps and 5.8 per cent above 100 Mbps**

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### **2.1.5 2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:**

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]

### **2.1.6 (Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that the ERDF will support include:*

- *Support businesses to access new markets through improved ICT connections*
- *Support businesses to implement productivity improvements*
- *Support SMEs to increase growth*

*Examples of actions which may be supported are:*

- *'Final mile' connections to existing broadband networks*
- *Revenue projects providing vouchers for SMEs*

*Activities will target businesses and SMEs, including social enterprises*

### **INVESTMENT PRIORITY 2 of priority axis2:**

***Developing ICT products and services, e-commerce, and enhancing demand for ICT.***

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(2.2) Increase the number of SMEs using and having access to digital technologies including trading on line.**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**The support provided through this specific objective will help SMEs to access ICT products and services including broadband and improve their productivity.**

**Performance will be monitored by the following results indicators:**

**R1) Number of existing and new SMEs receiving support**

**R2) Additional SMEs accessing ICT products and services**

At present only a small proportion of SMEs are fully exploiting the opportunities ICT offers in areas such as e-commerce, open innovation, and market research. In 2012 businesses with less than 50 employees had e-commerce sales worth 19.8 billion through a website compared with 41 billion for businesses with between 250-999 employees and 84.9 billion for those with more than 1000 employees.

Evidence shows that the impact of broadband on productivity is highest for enterprises with between 1 and 9 employees and increasing the proportion of SMEs exploiting ICT opportunities will increase growth potential in SMEs.

**2.A.2. Actions to be supported under the investment priority (by investment priority)**

**2.1.7 2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:**

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]

## 2.1.8 (Article 87 (2) (b) (iii)CPR)

*Under this investment priority indicative actions that the ERDF will support include:*

- *Support SMEs to access new markets through improved ICT connections*
- *Support SMEs to develop ICT skills*
- *Support SMEs to implement productivity improvements*
- *Support SMEs to increase growth*

*Examples of actions which may be supported are:*

- *Revenue business support measures for SMEs*
- *Revenue projects providing vouchers for SMEs*
- *Small scale infrastructure to connect SMEs to existing systems.*

*Activities will target SMEs, including Social Enterprises.*

**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b> [a maximum of 500 characters with spaces per investment priority]
TO3: Enhancing the Competitiveness of SMEs	c) supporting the creation and the extension of advanced capacities for product and service development	<p>UK SMEs productivity levels inconsistent and spatially uneven.</p> <p>Both radical and incremental innovation of existing products, processes and services is essential to increase productivity and economic growth</p> <p>Internal capacity and capability of businesses restricts their ability to innovate</p> <p>Lenders and investors face uncertainty about level of risk associated with potential investments.</p>
TO3: Enhancing the Competitiveness of SMEs	d) supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in	68% of SMEs aim to grow but only 13% classify as growers, and only 5.1% meet the definition of high growth.

	innovation processes	<p>SMEs that take up advice do better than those that don't, yet over 50% of small businesses don't take any type of support.</p> <p>SMEs which export are more productive. Evidence suggests between 4-10% of UK non-exporting SMEs have the potential to be competitive in export markets.</p> <p>Low levels of capital investment limit productivity. Only 18% of SMEs feel they have access to the finance they need.</p>
TO3: Enhancing the Competitiveness of SMEs	a) Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators;	<p>Disparity in start-up rates in England, across geographies and amongst particular groups. Men are twice as likely in UK to start businesses than women and only 6.2% of start-ups are minority ethnic led even though 14% of the overall population come from minority ethnic groups.</p> <p>Lack of information for business start-up.</p> <p>For companies at an early stage of development it is difficult to secure finance as they have little track record and no assets</p>

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

**2.A.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (Article 87 (1) CPR)**

[a maximum of 3500 characters with spaces= approx. 1 page]

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

***INVESTMENT PRIORITY 1 of priority axis 3:  
Supporting the creation and the extension of advanced capacities for  
products, services and development***

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(3.1) Increase growth capability of SMEs and number of high growth firms**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**The support provided through this specific objective will help businesses to improve their productivity, grow and create jobs.**

**Performance will be monitored through the following results indicators:**

**RIa) Number of Small and Medium Sized Enterprise jobs created**

**RI2) SME productivity (average GVA per employee)**

In 2013, there were 4.3million<sup>38</sup> private sector businesses in England. 99.9per cent of these businesses are Small and Medium Sized Enterprises. Actions under this thematic objective are focused on Small and Medium Sized Enterprises only.

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<sup>38</sup> Business Population Estimates 2013

Productivity in Small and Medium Sized Enterprises in England lags behind comparable advanced economies. Explanations for this include weaknesses in the internal capability of Small and Medium Sized Enterprises, relatively low level of capital investment<sup>39</sup>, and issues within the supply chain. All of these mean that Small and Medium Sized Enterprises in England are not meeting their productivity potential.

Actions under this investment priority will focus on addressing the barriers listed above, thereby contributing to the specific objective of increasing the growth capability of Small and Medium Sized Enterprises and increasing the number of high growth firms.

Performance will be measured by the number of jobs created in the Small and Medium Sized Enterprises supported, and by tracking impact on Small and Medium Sized Enterprise productivity. Jobs created will be tracked against the baseline employee level in each Small and Medium Sized Enterprise prior to the project intervention. Small and Medium Sized Enterprise productivity will be measured through the metric of GVA per employee.

Baseline figures in 2011 were as follows: Small and Medium Sized Enterprise GVA per employee in England was £43,600; and the number of businesses classified as high growth<sup>40</sup> was 5.1%.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### ***2.A.2.1A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:***

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]  
**(Article 87 (2) (b) (iii) CPR)**

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<sup>39</sup> In 2012, the UK had the third lowest level of investment as a proportion of GDP in the OECD, BIS Economic Paper No. 19. (October 2012)

<sup>40</sup> High Growth businesses are defined as those with at least 10 employees and who have experienced growth at an annual average of 20% over a three year period.

*Under this investment priority indicative actions that the ERDF will support include:*

- *Support businesses to develop new or higher quality products, processes or services*
- *Support businesses to implement productivity improvements*
- *Support supply chain interventions to strengthen and grow the domestic supplier base in key sectors*

*Examples of actions which may be supported are:*

- *Consultancy support, mentoring, peer to peer support, and support for collaborative projects*
- *Grant finance for business to invest against product, process and service improvements*
- *Proof of concept finance*

*Activities will target Small and Medium Sized Enterprises , including social enterprises*

***INVESTMENT PRIORITY 2 of priority axis 3:***

**Supporting the capacity of Small and Medium Sized Enterprises to grow in regional, national and international markets, and to engage in innovation processes**

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(3.1) Increase growth capability of Small and Medium Sized Enterprises and number of high growth firms**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**The support provided through this specific objective will help businesses to improve their productivity, grow and create jobs.**

**Performance will be monitored by the following results indicators**

**R1a) Number of Small and Medium Sized Enterprise jobs created**

**R12) Small and Medium Sized Enterprise productivity (average GVA per employee)**

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

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

Actions under this investment priority will focus on addressing the barriers listed above, thereby contributing to the specific objective of increasing the growth capability of SMEs and increasing the number of high growth firms.

Performance will be measured by the number of jobs created in the Small and Medium Sized Enterprises supported, and by tracking impact on SME productivity. Jobs created will be tracked against the baseline employee level in each Small and Medium Sized Enterprise prior to the project intervention. Small and Medium Sized Enterprise productivity will be measured through the preferred metric of GVA per employee.

Baseline figures in 2011, GVA per employee in England was £43,600; and the number of businesses classified as high growth was 5.1%.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### ***2.A.2.1A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:***

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]  
**(Article 87 (2) (b) (iii) CPR)**



*Under this investment priority indicative actions that the ERDF will support include:*

- *Provide efficient local referral routes to ensure that Small and Medium Sized Enterprises are able to identify and access the most appropriate and tailored support for their specific growth needs*
- *Support Small and Medium Sized Enterprises to develop focused growth strategies which will drive business performance*
- *Support Small and Medium Sized Enterprises to enter new domestic and international markets.*
- *Support Small and Medium Sized Enterprises to establish and expand in new markets*
- *Help businesses to become investment ready*
- *Ensure that Small and Medium Sized Enterprises have access to sufficient level of finance to implement their growth plans.*

*Examples of actions which may be supported are:*

- *Provision of consultancy, mentoring and peer-to-peer support.*
- *Leadership and management coaching where connected to the development and implementation of a business growth plan*
- *Targeted grant schemes*
- *Provision of Equity, loan, or risk capital where there is a clearly evidenced market failure.*

*Activities will target Small and Medium Sized Enterprises, including Social Enterprises.*

**INVESTMENT PRIORITY 3 of priority axis 3:** Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators; (a)

### **2.A.1. Specific objectives corresponding to the investment priority and expected results (Article 87 (2) (b) (i)-(ii))**

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(3.2) Increase entrepreneurship, particularly in areas with low levels of enterprise activity and amongst under-represented groups**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

### **RI3) Number of business start-ups (by location and type of under-represented groups)**

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

There are disparities in rates of business start-ups, in some territories and amongst some groups. For instance, 37% of start-ups in 2013 were located in London and the South East, with only 23% within Northern Local Area Partnership territories. Some groups are particularly under-represented in enterprise relative to their share of the overall population; for instance only 18% of enterprises are majority female led; and whilst minority ethnic groups make up 14% of the population of England, only 6.2% of enterprises are minority ethnic group led.<sup>41</sup>

Actions under this investment priority will address the specific objective which is to increase entrepreneurship across England, but there will also be a particular focus on territories with low levels of enterprise activity, and amongst under-represented groups.

Performance will be measured by counting the number of business start-ups resulting from operations, and numbers will be broken down by location and demographic group to monitor how ERDF is being used to address particular areas of low level start up rates, and amongst under-represented groups.

## **A.2. Actions to be supported under the investment priority (by investment priority)**

### ***2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:***

- the identification of the main target groups;
- specific territories targeted;

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<sup>41</sup> According to 2013 BPE estimates with Small Business Survey data

- types of beneficiaries.

[a maximum of 14000 characters with spaces= 59pprox.. 4 pages]

**(Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that the ERDF will support include:*

- *strengthen entrepreneurial and enterprise culture using targeted engagement, outreach and mentoring*
- *provide support for entrepreneurship and self-employment in particular amongst under-represented groups by developing entrepreneurial skills and attitudes with a focus on increasing the number of business start-ups (including social enterprises).*
- *address market failures in the provision of start-up capital*

*Examples of actions which may be supported are:*

- *Coaching, mentoring, consultancy support*
- *Grants*
- *Early stage equity or loan funds where there is a clearly evidenced market failure.*
- *Provision of incubator space, managed work space, or grow on space where evidence shows there is demand that is not met by supply. Support for accommodation will only be provided where it is combined with an effective programme of business support tailored to the growth ambition of the incubatees.*

*Beneficiaries will be individuals with ambition to start up a business, and Small and Medium Sized Enterprises in the early stage of operation. Beneficiaries will include social enterprises and those wishing to set up social enterprises.*

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

**PRIORITY AXIS 4: SUPPORTING THE SHIFT TOWARDS A LOW CARBON ECONOMY IN ALL SECTORS**

**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

Selected thematic objective	Selected investment priority	Justification for selection [a maximum of 500 characters with spaces per investment priority]
<p>TO4: Supporting the shift towards a low carbon economy in all sectors</p>	<p>(f) promoting research and innovation in, and adoption of, low-carbon technologies;</p>	<p>The UK and England has made good progress in tackling the level of greenhouse gases, and are currently exceeding one of the Europe 2020 targets.</p> <p>Opportunity: Growth and Innovation in the Low Carbon Market</p> <p>Although some headline targets in England have been met, global carbon emissions remain an issue. There is significant growth potential in the low carbon goods and services sector in England. The UK Carbon Environmental Goods and Services sector was valued at £128.1 billion in 2011/12 having grown by 4.8 per cent and 4.7 per cent in each of the previous two years. The value of this figure in 2012/13 is £113.795 billion. The value of this sector varies across activities (with manufacturing accounting for 20 per cent and research and development 5 per cent in 2010/11) and local areas (with four LEPs, London, South East, Greater Manchester and Leeds City Region accounting for 37 per cent of all sales value). Developing the markets and innovation in the low carbon sector will be a key focus for ERDF.</p>
<p>TO4: Supporting the shift towards a low carbon economy in all sectors</p>	<p>(a) promoting the production and distribution of energy derived from renewable sources;</p>	<p>Whole place</p> <p>The UK has the 9th lowest share amongst EU countries of low carbon energy in 2011 with the UK's share of supply being around half that of</p>

	<p>(e) promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures;</p>	<p>the EU average of 26 per cent.</p> <p>England has a long way to go to meet the renewable energy target, and this will predominantly be met by implementing national policy. ERDF will be focussed on local, place based level interventions such as whole place low carbon plans and a focus on issues such as localised, off-grid energy production, small scale renewables, heat networks and sustainable urban mobility.</p>
<p>TO4: Supporting the shift towards a low carbon economy in all sectors</p>	<p>(b) promoting energy efficiency and renewable energy use in enterprises;</p> <p>(c) supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector; (renewable aspect )</p>	<p>Energy efficiency</p> <p>Energy intensity (energy use per unit of value added) has declined by 31.8 per cent between 2011 and 1997. If however UK emissions targets are to be met energy efficiency will need to increase across all sectors .There is a potential for growth in this area to increase energy efficiency in England, especially in:</p> <p>Households</p> <ul style="list-style-type: none"> <li>• Growing household investment in heat saving measures targeted at innovation-based technologies and Small and Medium Sized Enterprise supply chains.</li> </ul> <p>Non Domestic</p> <ul style="list-style-type: none"> <li>• Promote socially cost-effective investment in energy efficiency, where there is the potential to save 196TWh in 2020, equivalent to 22 power stations. If this was realised, final energy consumption in 2020 would be 11% lower than current levels</li> <li>• Generally, companies and communities lack consistent and effective energy efficiency plans and</li> </ul>

		<p>understanding of appropriate measures and energy savings.</p> <p>This presents an opportunity to use ERDF funding to support improvements in energy efficiency of companies, buildings and communities.</p>
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**2.A.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (Article 87 (1) CPR)**

[a maximum of 3500 characters with spaces= approx. 1 page]

The challenge to move England’s economy towards a low carbon model by reducing the levels of Green House Gas (GHG) emissions, increasing the share of renewable energy, and enhancing the energy efficiency of homes, businesses and transport is one which impinges on all territories across the country. So whilst 8.2 percent of electricity in England is generated from renewables, with bio-energy as the largest component, this differs across territories; London only produces 617.6 GWh whilst Yorkshire and Humber produces 3,456.4 GWh, reflecting different infrastructure, natural resources and levels of investment in renewable energy generation across England. England’s only Less Developed territory, Cornwall and the Isles of Scilly, benefits from significant natural resources, which show up in the number of sites generating renewable energy, 37, 259 compared to 5, 657 in London. However whilst the position is not the same in all areas, the key development needs and opportunities that will be prioritised for ERDF are shared across territories: market opportunities in the low carbon goods sector, the need to develop holistic whole-place carbon reduction plans and scope to develop products and services to improve energy efficiency in domestic and non domestic buildings and within Small and Medium Sized Enterprises apply across all territories. In response a single Priority Axis for Enhancing access to, and use and quality of, ICT will cover all three categories of region: Less Developed, More Developed and Transition. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs and opportunities across England. Partner investment choices will ensure that ERDF is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

**INVESTMENT PRIORITY 1 of priority axis 4: Promoting research and innovation in, and adoption of, low-carbon technologies (Article 87 (2) (b) (i))**

**2.A.1. Specific objectives corresponding to the investment priority and expected results (Article 87 (2) (b) (i)-(ii))**

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces] **Increase innovation in, and adoption of, low carbon technologies.**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

### **R1a) Increase in the size of the low carbon environmental goods and services sector.**

The UK and England have made good progress in tackling the level of greenhouse gases, and are currently exceeding one of the Europe 2020 targets. The Climate Change Act has established a legally binding target to reduce the UK's greenhouse gas emissions by at least 80 per cent below base year levels by 2050. Greenhouse gas emissions in England are currently 30.9% lower than in 1990. The obligation to develop further renewable energy capacity to assist in meeting the United Kingdom GHG emissions target will be substantially met by large scale investments. Therefore the focus of the ERDF will be on small scale projects, typically with a low carbon innovation bias.

There is significant growth potential in the low carbon goods and services sector in England in this respect. The UK Carbon Environmental Goods and Services sector was valued at £128.1 billion in 2011/12, having grown by 4.8 per cent and 4.7 per cent in each of the previous two years. The value of this sector varies across activities (with manufacturing accounting for 20 per cent and research and development 5 per cent in 2010/11) and will therefore be appropriately open to activities across a span of industries including new ones to emerge in the 2014-2020 programme period. Equally the mixed spatial distribution of development needs and opportunities that exists (with, for example, four Local Enterprise Partnership territories, London, South East, Greater Manchester and Leeds City Region accounting for 37 per cent of all sales value) will require a differentiated territorial approach according to local circumstances. Supporting the development of a low carbon market will therefore be a key focus for the ERDF in England.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### ***2.A.2.1A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:***

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]  
**(Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that the ERDF will support include :*

- R&D, innovation, supply chain work for low carbon technologies/materials
- Technology centres of excellence and test facilities
- Renewable technologies in the UK renewable energy roadmap
- Mitigation and adapted technologies
- Development of Low carbon vehicles and fuels
- Knowledge transfer with HE/FE and Businesses
- Low carbon technologies to build the market in Low Carbon Environmental goods and services with embedded low carbon technologies Technologies, Goods and Services sector and its supply chain:

***The following two Investment Priorities are brigaded together in support of the Specific Objective below***

***INVESTMENT PRIORITY 2 of priority axis 4: Promoting the production and distribution of energy derived from renewable sources;***

***INVESTMENT PRIORITY 3 of priority axis 4: promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures (Article 87 (2) (b) (i))***



## **2.A.1. Specific objectives corresponding to the investment priority and expected results (Article 87 (2) (b) (i)-(ii))**

### **SPECIFIC OBJECTIVE 2: Increase implementation of whole place low carbon solutions and decentralised energy production.**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

#### **R1b) Increase in the level of local energy renewables in places with a low carbon plan**

#### **R1c) Reduction in carbon emissions in areas with whole place low carbon plans**

The UK has the 9th lowest share amongst EU countries of low carbon energy in 2011 with the UK's share of supply being around half that of the EU average of 26 per cent. Two-thirds of the UK's energy from low carbon sources comes from nuclear power. In 2011 energy consumption in the UK from renewable and waste sources was 4.12 per cent of total energy consumption compared to 0.61 per cent 1990. The EU 2020 target is to raise the share of EU energy consumption produced from renewable resources to 20 per cent.

The sectors that have seen increases in energy consumption from renewable and waste sources are households (30.9 per cent of all energy consumption from renewable and waste sources in 2011), manufacturing (24.9 per cent) and electricity, water and waste industry. However, despite these increases only 8.2 per cent of electricity in England is generated from renewables, with bio-energy being the largest contributor. This proportion varies from 617.6 GWh in London to 3,456.4 GWh in Yorkshire and Humber.. There are obvious limits to the impact that the ERDF can make to national renewable energy obligation which will be significantly met through alternative public/private sector investment in renewable energy infrastructure. The ERDF is best targeted at approaches which stimulate whole-place carbon reduction plans and micro-energy installations, off-grid energy productions, heat networks and sustainable urban mobility in order to address deficits in specific territories as well as development opportunities in places and sectors.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

**2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:**

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]  
**(Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that ERDF will support include:*

- Moving to renewable and low carbon fuels/energy
- ICT to reduce carbon emissions/improve energy efficiency
- Whole place low carbon initiatives/solutions
- Smart Cities, low carbon transport, urban design, smart grids, demand management
- Low carbon modal shift, smart systems, electric/low carbon vehicle infrastructure
- Carbon Capture, Energy Storage and Waste to Energy projects
- Low Carbon financial instruments
- Building retrofit and energy efficiency especially whole building solutions
- Decentralised renewable energy, district heating, geothermal, micro-generation
- Resilient energy infrastructure.
- Green and blue infrastructure to reduce whole place energy requirements.

**INVESTMENT PRIORITY 4 of priority axis 4: Promoting energy efficiency and renewable energy use in enterprises;**

**INVESTMENT PRIORITY 5 of priority axis 4: Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector (Article 87 (2) (b) (i))**

### **2.A.1. Specific objectives corresponding to the investment priority and expected results (Article 87 (2) (b) (i)-(ii))**

#### **SPECIFIC OBJECTIVE 3: Increase energy efficiency and implementation of low carbon technologies**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**RId) Energy efficiency measures adopted in companies, buildings and transport**

**Rle) Proportion of dwellings with energy efficient measures (cavity insulation, loft insulation)**

Energy efficiency:

Energy intensity (energy use per unit of value added) has declined by 31.8 per cent between 2011 and 1997. If however UK emissions targets are to be met energy efficiency will need to increase across all sectors. There is a potential for growth in this area to increase energy efficiency in England, especially in:

#### **i. Households**

- Growing household investment in heat saving measures. According to the English Housing Survey in 2012, 34% of dwellings had 200mm or more of loft insulation, up from just 3% of dwellings in 1996. Over the same period, the proportion of homes with cavity wall insulation increased from 14% to 40% and the proportion of homes with full double glazing increased from 30% to 79%. A range of measures to improve these kinds of conventional domestic insulation are in place, such as through the Green Deal. There is scope however for the ERDF to be invested in innovation-based technologies, Small and Medium Sized Enterprise supply chains and demonstrator activities to develop radical, ultra efficient energy efficiency and economic growth in business activity.

#### **ii. Non Domestic**

- Promote socially cost-effective investment in energy efficiency, where there is the potential to save 196TWh in 2020, equivalent to 22 power stations. If this was realised, final energy consumption in 2020 would be 11% lower than current levels.
- Generally, companies and communities lack consistent and effective energy

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

This presents an opportunity to use the ERDF to support improvements in the energy efficiency of companies, buildings and communities.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### ***2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:***

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]  
**(Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that the ERDF will support include :*

- Moving to renewable and low carbon fuels/energy
- ICT to reduce carbon emissions/improve energy efficiency
- Whole place low carbon initiatives/solutions
- Smart Cities, low carbon transport, urban design, smart grids, demand management

Indicative actions which the ERDF will support include:

- Low carbon innovation in relation to waste and re-use

- Energy efficiency in enterprises including industrial processes, designing out waste, recovery of 'waste' heat energy and CHP
- Non Domestic Low Carbon Technologies and Energy Efficiency:
- Moving to renewable and low carbon fuels to generate heat and power
- Building retrofit and energy efficiency especially whole building solutions exemplifying next phase technologies which are near to market.
- Domestic energy efficiency and low carbon construction techniques

**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b> [a maximum of 500 characters with spaces per investment priority]
TO5: Promoting Climate Change Adaptation, Risk Prevention and Management	c) Promoting climate change adaptation, risk prevention and management by promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems (Article 5b)	<p>The most significant and specific climate change challenge faced by the UK economy is increased flood risk due to increased rainfall and sea-level rise as identified in the UK Climate Change Risk Assessment published in 2012.</p> <p>Development need: Across England, there are areas of land that remain undeveloped due to high flood risk constraining economic activity. Developing these sites can mean increased businesses, investment flows and in the overall economic activity in the area. Businesses most likely to benefit from the developments are small and medium sized enterprises which are dependent on office space that is already available. Examples of such sites at present include areas in Hull, Greater Birmingham, Greater Lincolnshire and Cornwall</p>

		<p>There may also be areas of land which are currently developed and occupied by businesses but the heightened flood risk constrains the local economy. The flood risk can cause businesses to relocate which means a loss of investment and economic activity in the area.</p> <p>Opportunities:</p> <p>There is growing evidence that investment in flood protection as part of green infrastructure can have a major impact on the economic resilience of the region (Micro-Economic Evidence for the Benefits of Investment in the Environment). Specific green infrastructure investments that can prevent flooding include Sustainable Urban Drainage Systems, green roofs and urban forests.</p>
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**PRIORITY AXIS 5: Promoting Climate Change Adaptation, Risk Prevention and Management**

**2.A.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (Article 87 (1) CPR)**  
[a maximum of 3500 characters with spaces= approx. 1 page]

Flood risk presents a significant challenge to territories across England, as witnessed by significant flood incidents which, according to the Office of Science and Technology's Foresight Flood and Coastal Defence, are set to at least double and be more severe in coming years. This can lead to economic blight in affected areas with economic sites remaining undeveloped through flood risk and businesses exiting areas which have experienced flood damage and potential future flooding. For example it is estimated that lowering flood risk in the Trent area of Nottingham - one of the fastest growing cities in England - would deliver £4.35 million in discounted benefits over a ten year period to the local economy. Whilst the position is not the same in all areas and tends to be specific to certain exposed geographies, the key development needs and opportunities that will be prioritised for ERDF are shared across territories. In response a single Priority Axis for Promoting climate change adaptation, risk prevention and management will cover all three categories of region: Less Developed, More Developed and Transition. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs

and opportunities across England. Partner investment choices will ensure that ERDF is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

***INVESTMENT PRIORITY 1 of priority axis 5:  
Promoting climate change adaptation, risk prevention and management by promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems***

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(5.1) Enabling and protecting economic development potential through investment in flood and coastal flooding management where there is demonstrable market failure**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**Performance will be monitored through the following results indicators:**

**R5a) Hectares of land protected**

Flood risk is the top climate change challenge and development need faced in England. Rising sea levels and increased rainfall are the factors identified within the UK Climate Change Risk Assessment 2012 and creates development needs in areas where land that would otherwise be developed for employment sites and other economic uses is considered too high risk owing to flood risk. Many territories are held back due to this risk including areas within Hull, Greater Birmingham, Greater Lincolnshire and Cornwall. Equally, existing sites that have suffered significant flood damage are experiencing economic contraction as companies look to re-locate to lower-risk sites, leading to depressed levels of economic growth and employment levels.

Actions under this Investment Priority will therefore focus on flood mitigation measures that support the protection of new and existing major employment areas including incorporation of flood risk management and river restoration into employment sites and surrounding areas, design and lay-out so that flood risk and surface water management is actively addressed in a sustainable way

In addition, measures will be considered that address upstream water management to protect key employment areas and carbon sequestration activities where these also reduce flood risk.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### ***2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:***

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]

**(Article 87 (2) (b) (iii) CPR)**

*Under this investment priority indicative actions that the ERDF will support include:*

- Flood mitigation measures that support the protection of new and existing major employment areas including incorporation of flood risk management and river restoration into employment sites and surrounding areas, design and lay-out so that flood risk and surface water management is actively addressed in a sustainable way.
- Flood mitigation and environmental measures focused on strategically important sites/areas identified as central to realising growth aspirations to include activities that remediate and unlock dormant and/or contaminated land and bring it back into use for future economic development.
- Addressing upstream water management to protect key employment areas and carbon sequestration activities where these also reduce flood risk.
- Physical environmental enhancement of employment premises, sites and surrounding areas.
- Initiatives that actively involve businesses and communities in the planning and management of flood risk.
- Knowledge transfer and exchange of information relating to adaptations to climate change, risk management and resilience.





**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b> [a maximum of 500 characters with spaces per investment priority]
TO6: Preserving and Protecting the Environment and Promoting Resource Efficiency	a) Protecting and restoring biodiversity and soil and promoting ecosystems, including through Natura 2000 and green infrastructure.	<p>Development need:</p> <p>Soil degradation has been estimated by Soil Strategy for England as costing the economy £150-£250 million per year .</p> <p>There is fragmented coordination between government and businesses on how to optimise efficiency in natural resource use and minimise impacts on the environment.</p> <p>Opportunity: More businesses can benefit from new market opportunities in natural goods and services</p>
TO6: Preserving and Protecting the Environment and Promoting Resource Efficiency	b) Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution.	

**PRIORITY AXIS 6:** Preserving and Protecting the Environment and Promoting Resource Efficiency

**2.A.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (Article 87 (1) CPR)**

[a maximum of 3500 characters with spaces= approx. 1 page]

Development needs in relation to environmental degradation and in respect of resource efficiency vary by territory, sector and firm size. However, whilst the position is not the same in all areas and tends to be specific to certain exposed geographies, the key development needs and opportunities that will be prioritised for ERDF are shared across territories. In response a single Priority Axis for Preserving and Protecting the Environment and Promoting Resource Efficiency will cover all three categories of region: Less Developed, More Developed and Transition. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs and opportunities across England. Partner investment choices will ensure that ERDF is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

**INVESTMENT PRIORITY 1 of priority axis 6: a) Protecting and restoring biodiversity and soil and promoting ecosystems, including through Natura 2000 and green infrastructure**

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(6.1) Investments in Green and Blue infrastructure and actions that support the provision of ecosystem services on which businesses and communities depend to increase local natural capital and support sustainable economic growth.**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**Performance will be monitored through the following results indicators:**

**R6a) Number of waste efficiency site developments, products or services**

England faces a number of challenges and associated development needs in relation to achieving biodiversity and resource efficiency targets. The particular issue to be addressed for this Investment Priority relates to land contamination. Over 90 per cent of contaminated sites in England are in use for domestic and business purposes. Linked to this is soil degradation which has considerable economic consequences leading to lost production through employment sites that are not brought into use.

The ERDF will therefore provide support for derelict and brownfield land that can be improved and brought (back) into use and so unlock investment and economic growth in affected territories.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### **2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:**

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]  
**(Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that the ERDF will support include:*

- Bringing derelict and brownfield sites into improved condition through investment in GI.
- Support for business waste reduction and reuse activities

**INVESTMENT PRIORITY 1 of priority axis 6: b) Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution**

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(6.2) Investment in the uptake of innovative technologies and resource efficiency measures to increase environmental protection, resilience and performance of businesses and communities.**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**Performance will be monitored through the following results indicators:**

**R6b) Number of businesses that are actively innovating to bring new products to the market.**

In addition,.

In England failure to adopt improved practices and to invest in environmental innovation puts Small and Medium Sized Enterprises at a comparative disadvantage to larger firms and in relation to companies in better-performing territories. Investment from the ERDF can assist firms in addressing this development need and unlock economic growth. There is an opportunity for businesses, including small and medium sized enterprises, to benefit from new market opportunities in natural goods and services, and from using natural capital more sustainably in their own supply chains.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

***2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:***

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]

**(Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that the ERDF will support include:*

- Support for business waste reduction and reuse activities

**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b> [a maximum of 500 characters with spaces per investment priority]
TO7: Promoting Sustainable Transport and Removing Bottlenecks in Key Network Infrastructures	(a) supporting a multimodal Single European Transport Area by investing in the TEN-T;	Poor transport links in specific areas and sites impact on the economic viability of affected locations. This is particularly the case in England's only Less Developed Region (Cornwall and the Isles of Scilly) but also some industrial areas and sites in Transition Regions. This acts as a drag on growth and sustainable development, resulting in reduced productivity and increased CO2 from bottlenecks/inefficient modal patterns/routeways .
	(b) enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes;	Poor transport links in specific areas and sites impact on the economic viability of affected locations. This is particularly the case in England's only Less Developed Region (Cornwall and the Isles of Scilly) but also some industrial areas and sites in Transition Regions. This acts as a drag on growth and sustainable development, resulting in reduced productivity and increased CO2 from bottlenecks/inefficient modal patterns/routeways .
	(c) developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility;	Poor transport links in specific areas and sites impact on the economic viability of affected locations. This is particularly the case in England's only Less Developed Region (Cornwall and the Isles of Scilly) but also some industrial areas and sites in Transition Regions. This acts as a drag on growth and sustainable development, resulting in reduced productivity and increased CO2 from bottlenecks/inefficient modal patterns/routeways .

	<p>(d) developing and rehabilitating comprehensive, high quality and interoperable railway systems, and promoting noise-reduction measures;</p> <p>improving energy efficiency and security of supply through the development of smart energy distribution, storage and transmission systems and through the integration of distributed generation from renewable sources</p>	<p>Poor transport links in specific areas and sites impact on the economic viability of affected locations. This is particularly the case in England's only Less Developed Region (Cornwall and the Isles of Scilly) but also some industrial areas and sites in Transition Regions. This acts as a drag on growth and sustainable development, resulting in reduced productivity and increased CO2 from bottlenecks/inefficient modal patterns/routeways .</p>
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**PRIORITY AXIS 7: Promoting Sustainable Transport and Removing Bottlenecks in Key Network Infrastructures**

**2.A.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (Article 87 (1) CPR)**

[a maximum of 3500 characters with spaces= approx. 1 page]

Across some Transition and some More Developed territories in England, a range of development needs exist with regard to poor transport connectivity. These significantly reduce access to employment opportunities and impede economic development and inward investment in affected areas. The interventions that will be supported are highly targeted and consistent scale of the challenge is modest relative to the financial resources that will be allocated to this Priority Axis, the economic and social benefit of targeted investments . Whilst the position is not the same in all areas and tends to be specific to certain peripheral territories and isolated communities, the key development needs and opportunities that will be prioritised for ERDF are shared across territories. In response a single Priority Axis for Promoting Sustainable Transport and Removing Bottlenecks in Key Network Infrastructures will cover two categories of region: Transition and More Developed. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs and opportunities across England. Partner investment choices will ensure that ERDF is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

**INVESTMENT PRIORITY 1 of priority axis :**

***The following four Investment Priorities are brigaded together to support a single Specific Objective as below and combine to promote sustainable transport and removing bottlenecks in key network infrastructures by:***

**(a) supporting a multimodal Single European Transport Area by investing in the TEN-T;**  
**(b) enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes;**  
**(c) developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility;**  
**(d) developing and rehabilitating comprehensive, high quality and interoperable railway systems, and promoting noise-reduction measures; improving energy efficiency and security of supply through the development of smart energy distribution, storage and transmission systems and through the integration of distributed generation from renewable sources**

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(7.1) Improving the economic viability of areas by linking them to the TENS-T network with transport infrastructure**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**Performance will be monitored through the following results indicators:**

**R7a) Number of transport infrastructure developments delivered**

Across England, there are a number of areas in which potential for economic development has been and will continue to be adversely impacted by poor transport links to the trans-European transport network (the TEN-T network). Economic development is also hampered by transport infrastructure issues in some of England's areas categorised as 'transition' regions. Some of our more peripheral regions including Cumbria, Lincolnshire and Humber require investment in transport to improve connectivity, enhance accessibility to jobs and economic growth.

In Transition and some Less Developed territories appropriately targeted multi-modal investments will address peripheral geographic development needs which include multi-modal transport interoperability deficiencies in order to improve economic viability, increase mobility, better link employment sites/opportunities to residential locations and reduce carbon emissions. This will stimulate increased numbers of businesses locations and development in response to growth in local economies..

Some More Developed territories such as Cheshire, Derbyshire and Nottinghamshire can be effectively supported through modest transport investment leading to better accessibility and viability of priority employment and development sites. Whilst small in financial scale, such developments have the potential to promote major new investment, including inward investment, and logistics investment where linked to rail and waterways investment locations.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### ***2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:***

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]  
**(Article 87 (2) (b) (iii)CPR)**

*Under this investment priority indicative actions that the ERDF will support include:*

- Investment in multi-modal infrastructure to unlock employment sites, improve access to jobs and secure economic benefits.
- Improvements to existing interchanges and routes and making use of multi-modal opportunities to increase mobility, better link employment sites/opportunities to residential locations and reduce carbon emissions.
- Sustainable travel interventions promoting walking, cycling and smart ticketing.
- Investment in micro infrastructure to address pinch-points/ congestion/ over-crowding on the strategic transport network where they can be shown to accommodate economic growth
- Improving the accessibility and viability of priority employment
- Development sites including sustainable and individualised travel planning;



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**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

**Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities**

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b> [a maximum of 500 characters with spaces per investment priority]
TO7: Promoting Sustainable Transport and Removing Bottlenecks in Key Network Infrastructures	(a) supporting a multimodal Single European Transport Area by investing in the TEN-T;	Poor transport links in specific areas and sites impact on the economic viability of affected locations. This is particularly the case in England’s only Less Developed Region (Cornwall and the Isles of Scilly) but also some industrial areas and sites in Transition Regions. This acts as a drag on growth and sustainable development, resulting in reduced productivity and increased CO2 from bottlenecks/inefficient modal patterns/routeways .
	(b) enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes;	Poor transport links in specific areas and sites impact on the economic viability of affected locations. This is particularly the case in England’s only Less Developed Region (Cornwall and the Isles of Scilly) but also some industrial areas and sites in Transition Regions. This acts as a drag on growth and sustainable development, resulting in reduced productivity and increased CO2 from bottlenecks/inefficient modal patterns/routeways .
	(c) developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports,	Poor transport links in specific areas and sites impact on the economic viability of affected locations. This is particularly the case in England’s only Less Developed Region (Cornwall and the Isles of Scilly) but also some

	multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility;	industrial areas and sites in Transition Regions. This acts as a drag on growth and sustainable development, resulting in reduced productivity and increased CO2 from bottlenecks/inefficient modal patterns/routeways .
	(d) developing and rehabilitating comprehensive, high quality and interoperable railway systems, and promoting noise-reduction measures;  improving energy efficiency and security of supply through the development of smart energy distribution, storage and transmission systems and through the integration of distributed generation from renewable sources	Poor transport links in specific areas and sites impact on the economic viability of affected locations. This is particularly the case in England's only Less Developed Region (Cornwall and the Isles of Scilly) but also some industrial areas and sites in Transition Regions. This acts as a drag on growth and sustainable development, resulting in reduced productivity and increased CO2 from bottlenecks/inefficient modal patterns/routeways .

**PRIORITY AXIS 5: Promoting Climate Change Adaptation, Risk Prevention and Management**

**2.A.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (Article 87 (1) CPR)**  
[a maximum of 3500 characters with spaces= approx. 1 page]

This Priority Axis relates solely to England's Less Developed territory, Cornwall and the Isles of Scilly.

***INVESTMENT PRIORITY 1 of priority axis 7:***

***The following four Investment Priorities are brigaded together to support a single Specific Objective as below and combine to promote sustainable transport and removing bottlenecks in key network infrastructures by:***  
***(a) supporting a multimodal Single European Transport Area by investing in the TEN-T;***  
***(b) enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes;***

***(c) developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility;***  
***(d) developing and rehabilitating comprehensive, high quality and interoperable railway systems, and promoting noise-reduction measures; improving energy efficiency and security of supply through the development of smart energy distribution, storage and transmission systems and through the integration of distributed generation from renewable sources***

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

**SO(7.1) Improving the economic viability of areas by linking them to the TENS-T network with transport infrastructure**

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

**Performance will be monitored through the following results indicators:**

**R7a) Number of transport infrastructure developments delivered**

As England's only Less Developed territory, the economy of Cornwall and the Isles of Scilly is hampered by a range of transport development needs. By virtue of its peripherality and physical distance to markets, business growth is slowed by high transport costs and slower movement of goods and services which in turn impacts on the areas' attractiveness to new business and inward investment.

Improvements in connectivity within and out of the territory is essential to address barriers to economic growth as it affects exporting (distance to market/costs) and inward investment, labour mobility and access to jobs (over reliance on and high fuel costs of private car).

These factors are compounded by its scattered territory which is dominated by a dispersed network of key town-based economies surrounded by a network of rural villages, hamlets and communities. The interrelationships between these economies in this settlement pattern are different from those in most other rural areas because there is no large city region agglomeration effect.

ERDF can play an important role by investing in network resilience infrastructure (and so address adverse weather conditions), and solutions to address bottlenecks of connectivity problems as well as gaps in connectivity where transport infrastructure can enable the development of key employment sites, TEN T transport hubs (such as airports) and unlock the flow of goods and services in peripheral territories such as the Isles of Scilly – where commercial and passenger access with the mainland is a serious barrier to economic growth and inclusion. Connectivity with an archipelago of islands 28 miles off the mainland is a key development need in this Less Developed territory.

Transport connectivity including roads, rail, ports and air are a key driver for successful growth in the Less Developed region and provides the basis for facilitating private sector investment, supply chain development, job creation and GVA allowing the dispersal of skilled jobs and labour mobility in a rural region.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### ***2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:***

- the identification of the main target groups;
- specific territories targeted;

- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]

**(Article 87 (2) (b) (iii)CPR)**

*Under this set of investment priorities indicative actions that the ERDF will support include:*

- *Investments in ticketing technologies and information systems*
- *Public transport network improvements*
- *Optimising use of Urban traffic management control systems to give public transport priority, resulting in quicker public transport journeys.*
- *Invest in cycling infrastructure to discourage use of private cars and could include new routes linking to current and future employment development sites.*
- *Provide incentives to encourage the uptake of low carbon vehicles.*

### **Sustainable Urban Development Priority Axis**

**A Sustainable Urban Development Priority Axis is established in response to the integrated challenges and opportunities in specific urban areas in England.**

As set out in the UK chapter of the Partnership Agreement, in order for integrated actions for sustainable urban development to count towards the 5% included in the European Regional Development Fund Regulation, tasks relating at least to the selection of operations must be delegated to urban authorities. London will be designated as an Intermediary Body reflecting its relative size and the fact that the Greater London Authority has an established designation as an Intermediate Body for the 2007-2013 European Regional Development Fund Operational Programme. Whilst this in itself is likely to deliver the 5% minimum threshold for SUD, the English Managing Authority is keen for core cities to deliver such development as well.

The Government is giving England's cities new powers, freedoms and control over funding streams through City Deals and England's cities are playing a leading role within Local Enterprise Partnership areas in the development of European Structural and Investment Funds strategies. This means that cities' local development strategies bring together European Structural and Investment Funds proposals and domestic funding and levers into integrated packages.

Government is very keen to build on these arrangements to enable UK cities to participate in the European Union’s Urban Development Network.

Urban authorities responsible for urban areas with a population in excess of 600,000 will therefore be invited to submit proposals to Government in line with the provisions set out in Article 7 of the European Regional Development Fund Regulation to deliver integrated actions for sustainable urban development. In England, the Core Cities meet this criterion. They will be invited to submit urban strategies for use of up to 10% of the relevant Local Enterprise Partnership areas' allocations, provided local partners agree. If Government agrees these urban strategies, Core Cities will be able to select projects appropriate for their delivery. These arrangements will be set out in writing and procedures will be put in place to ensure clear accountability. Core Cities with urban strategies agreed by Government will be able to access the European Union’s Urban Development Network.

The Sustainable Urban Development Priority Axis is therefore developed on this basis. The section that follows provides the narrative for London. This will be supplemented by a Core Cities narrative following completion of the exercise to invite Core Cities to participate in the UK’s implementation of Sustainable Urban Development.

**London**

London is the premier global capital city and central to the UK economy, providing jobs and services to the rest of the country and serving as a catalyst for creativity and innovation. However, London also hosts places where persistent problems such as unemployment, segregation and poverty, as well as severe environmental and business pressures, are concentrated. Policies pursued in relation to urban areas therefore will have a significant impact on London keeping this premier status as well impacting more widely for the UK and EU as a whole.

It is increasingly clear that the various challenges facing urban areas – economic, environmental, climate, social and demographic – are interwoven and success in urban development can only be achieved through an integrated approach. Hence, the London component of the SUD Priority Axis sets out how physical urban renewal can be combined with measures promoting, economic development, smart specialisation, environmental protection, mitigation of climate change and combatting social inclusion, to ensure London’s growth can be fuelled and accommodated in a sustainable way. The development of strong partnerships involving local citizens, civil society, the local economy and the various levels of government is a core element in this. Combining capacities and local knowledge is essential to identify shared solutions and to achieve well accepted and sustainable results. As such the London Enterprise Panel (LEP), a city-wide partnership of the above strategic urban development partners chaired by the Mayor, has been convened to support the delivery of the SUD in London. Identifying effective responses to these challenges London faces will be critical for achieving the smart, sustainable, inclusive society envisaged in the Europe 2020 Strategy.

This component of the SUD Priority Axis demonstrates how London will support sustainable urban development through integrated strategies that tackle the economic, environmental, climate, social and demographic challenges of urban

areas. London will concentrate resources in an integrated manner to target areas with specific urban challenges; and at the same time, that ERDF-funded urban development projects should be integrated into the wider objectives of the city strategy as set out in the LEP's Jobs & Growth Plan and the Mayor's Economic Development Strategy and London Plan). The London component of the SUD Priority Axis sets out how this will take place by combining TOs in an integrated SUD Priority Axis in the national Operational Programme.

The London component of the SUD Priority Axis embeds urban-specific investment priorities/ specific objectives and actions within the integrated urban development strategy such as sustaining London as a world class capital city through smart specialisation approaches around Science, Technology, digital, creative and Low carbon economies, promoting low-carbon strategies for urban areas; improving the urban environment by investing in green infrastructure and the reduction of air pollution and other climate change challenges; promoting sustainable urban mobility, and the promotion of social inclusion through supporting the physical, economic and social regeneration of deprived urban areas.

London's contribution to the SUD priority which Core Cities in England are invited to participate in will facilitate the continued investment in new ideas and effective approaches to create more successful and more sustainable cities; and the SUD priority as a whole is relevant to other English Core Cities also. London has defined its vision by working with local citizens and a range of partners from the public, private and voluntary sectors..

London is power house of the UK economy; with GVA nearly six times larger than Wales and more than twice as large as Scotland's, the capital's economy is even larger than that of many European countries, such as Switzerland and Sweden or Denmark and Portugal's combined. In 2011, London alone accounted for 21.6 per cent of the UK's total output (£283 billion). London is a global city, where businesses from around the planet choose to make their home (over 800 thousand private sector businesses are located within London's 33 boroughs, 99.8% of which are SMEs). It is leading the way in financial services, creative industries, and science and technological activities. It is also a city where people choose to live and work. London is powered by more people than any other city in Europe and as early as 2016, there will be 8.6 million people living in the capital with many more choosing to commute in for work from across the wider south east and further afield. In an international context, the capital will grow at a faster rate than New York between now and 2020, increasing by almost one million people.

However this growth causes huge pressure for many SMEs. Whilst SMEs represent 99.8% of London's private sector (with just under 50% of the employment) London has the lowest five-year business survival rate of all UK regions, due in part to: lack of finance readily available, lack of capacity and capability of SMEs to innovate, lack of access to, and competition, in new markets, lack of awareness of eco-efficiency and low carbon measures to improve environmental performance, management, competitiveness. Furthermore there is a lack of adequate, affordable, accessible workspace for many SMEs especially in areas of deprivation and this acts as a barrier to entrepreneurship and business growth as appropriate workspace environments encourage SMEs to engage in innovation and networking leading to

growth.

This priority will support London's and agreed Core City's capacity to flourish through sustainable economic development by realising the potential of London's and other Core City's world class science and technology community to drive innovation, jobs and growth. London's ability to innovate and adapt will be critical to staying ahead in the global economy. The City's science and technology sectors are some of the most productive sectors of the economy. In 2009 London's high tech sectors contributed 14% of London's GVA from just 6% of employment. High-tech sectors have the greatest potential for knowledge 'spill-over', driving innovation across the whole economy and increasing the capital's competitive advantage over other global cities.

### **London's science strengths**

London's competitive advantage across the sciences is reflected in its world class research base; in life sciences this is on a par with the best science cities globally (notably San Francisco and Boston), having a first rate clinical training and education base, and excellent examples of partnership working. Nevertheless, London does not stand out on the global investment map and could benefit from being positioned within the wider greater south east offer to attract greater international R&D investment. The strengths of London's research base are often undersold, and not always well understood - reflecting its depth and breadth across the sciences. London needs to champion its research strengths globally and promote opportunities for collaboration across the research, teaching and business/clinical base, with a stronger focus on translation and commercialisation.

### **Technology creating productivity advantages**

London is a global tech capital, with particular strengths in digital - 24,000 ICT and software companies are based in London, the highest of any European city. The cluster of digital firms in Shoreditch - known as 'Tech City' - has received the most attention, drawing on east London's creative and cultural vibe. London's tech strengths, however, run deeper and broader. As technology fuses across other business sectors – from manufacturing (such as the emergence of 3D printing), to financial technology, med tech and clean tech - technology is transforming London's economy, driving productivity across multiple sectors, changing the way we conduct business and the way we live. To make this innovation 'stick' measures need to be developed that ensure London offers the skills that firms need to innovate and grow; the underpinning infrastructure (such as ultrafast broadband); a Square Mile that is attuned to new opportunity and prepared to take risk, especially in emerging technology areas; and more effectively harnessing the interface between London's university base and the rest of London's 'innovation ecosystem' (including entrepreneurs and investors). London's creativity, its cultural assets and its more nebulous 'buzz' make London uniquely attractive to skilled workers, researchers, startups and investors - all of which are increasingly mobile and subject to a range of incentives from competing global hubs.

London has a competitive advantage across the sciences, reflected in its world class research base. But greater R&D investment is required to champion London's research strengths globally and to promote opportunities for collaboration across the



research base.

The ability to compete is dependent on the availability, quality and exploitation of expertise to improve knowledge exchange collaboration, access to new and emerging science, digital and smart technologies. Access to knowledge by SMEs will lead to increased productivity, growth and connectivity.

The SUD PA will through TO (1), strengthening research, technological development and innovation by:

a) enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest;

b) promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies;

The Broadband Quality Survey 2010 shows that UK broadband services enable users to “comfortably enjoy” the latest web applications but still lag some way behind the best in the world, such as those in South Korea, Hong Kong and Japan.

The survey placed the UK in a category of “Broadband Penetration leaders”, with three-quarters of UK households already having broadband access. However, the study also found that Britain was not one of the 14 countries that is already prepared for the “applications of tomorrow”, and added that many developing economies are leap-frogging established countries. For example, Latvia, Bulgaria and Portugal are already achieving the necessary 11mbps download and 5mps upload speeds. The worldwide average is currently 5.9mbps for download and 1.7mbps for upload; the UK compares favourably with a 6.4mbps download speed. Ofcom have since reported (May 2011) that average download speeds in the UK are 6.8mbps.

Where sample sizes are sufficiently large, the survey also included details at city level. London scored 30 on the broadband quality score, the same as Glasgow and one point higher than Birmingham. This compares with the winning city of Seoul, South Korea which has an overall score of 73.

London’s ultra-fast broadband is insufficiently competitive with other global cities and this can significantly hamper the capitals ambitions to become a prime location for technology businesses. Much more needs to be done in this regard and links to TO 2 enhancing access to, and use and quality of, ICT by:

- (a) extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy;
- (b) developing ICT products and services, e-commerce, and enhancing demand for ICT;

Sustainable Urban Development approaches can reduce London SME barriers to growth by helping them to access finance, seek new market opportunities and improve productivity in a sustainable way through TO3 by

- (a) promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators;
- (b) developing and implementing new business models for SMEs, in particular with regard to internationalisation;
- (c) supporting the creation and the extension of advanced capacities for product and service development; and
- (d) supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes.

The city's growth is impacting on the environment and citizens' and businesses' everyday life. The magnitude of market failure raised by the phenomenon of climate change and the general case for public sector intervention to manage environmental issues is clear in economic theory. As a densely populated city, London's environment is under considerable pressure and it faces significant challenges going into the future, as projected economic and population growth exerts further pressure on already strained resources. Energy efficiency measures, smart energy and smart grids, managing waste and decentralised energy opportunities all contribute to reducing the emissions leading to the climate changes experienced in the past few years.

Opportunities stemming from efforts to tackle climate change in London extend to potentially positive impacts on output and jobs. Unlocking the low carbon economy in London could drive growth in the market worth £3.8 billion per annum. In this perspective, the Mayor's own carbon mitigation programme around retrofitting, converting waste to energy and decentralised energy is relatively small but could act as a stepping stone in London's journey towards the greater economic prize and its mitigation of climate change.

Further, investing in low carbon, green infrastructure will lead to a resource efficient economy, enabling businesses to thrive in the low carbon and environmental goods

and services sector.

The London contribution to the England SUD priority will focus on the Low carbon economy TO (4) to support the shift towards a low-carbon economy in all sectors by:

- (a) promoting the production and distribution of energy derived from renewable sources;
- (b) promoting energy efficiency and renewable energy use in enterprises;
- (c) supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector;
- (f) promoting research and innovation in, and adoption of, low-carbon technologies;
- (g) promoting the use of high-efficiency co-generation of heat and power based on useful heat demand;

To unlock growth potential in disadvantaged urban areas and increase urban cohesion the London component of SUD will work with local partners to provide integrated place-based solutions to urban deprivation. Partners will identify the areas for intervention by taking into account evidence on localities with greatest transformation potential and strategic documents such as the London Plan. The focus of intervention will be high streets, town centres and related employment clusters.

Developing transport infrastructure is a key component of unlocking growth potential by improving links and connectivity. The LEP will draw synergies between the existing investment programme in London's transport network to maximise the impact of any European funding.

The reasons for social exclusion are complex and tackling them requires locally sensitive action, often across a broad front of economic, education and training, social, transport and environmental measures dealt with in the LEP's ESIF strategy.

SMEs are central to economic recovery in the UK. In London they represent 50% of all employment opportunities. Small firms, (employing fewer than 50 people) that need to be near local consumers, are spread across London matching the geography of their customer base, and echoing the geography of London's high streets. As a result high streets rapidly respond to urban and demographic change, the goods and activities on display, revealing relationships with both the immediate hinterland and wider world. Significant differences in the geography and business mix of localities mean it is critical that public investment is targeted and place based.

The ERDF will focus on urban regeneration of deprived areas with growth potential, by taking a sustainable, participative and integrated approach. Partners in the London Local Enterprise Partnership territory will invest ERDF in area-based interventions in which the place-based approach is combined with a people-based

approach, where both ERDF and ESF is deployed. In deprived urban areas, it is a slower process to change social conditions than to renovate the physical environment. Therefore physical regeneration will not be the sole goal but only a driver for more comprehensive and integrated approaches to rethinking the future of an area. The cross-financing option of including ESF-type actions in ERDF-funded projects will offer the chance to ensure synergy among different measures and deploy longer-term support mechanisms to ensure that the social side of integrated interventions does not collapse when funding ceases.

TO 9

b) providing support for physical, economic and social regeneration of deprived communities in urban and rural areas;

The IA are broken down into specific objectives in the next section.

Examining the likely needs of London over the next 10 years, exploring the growth and contraction in business sectors across the capital, future skills and business needs, and infrastructure requirements, will all enable the London component of the England SUD Priority Axis to focus its investment in areas that will help to generate sustainable growth in general, and jobs for Londoners and growth for London's businesses in particular.

## **PRIORITY AXIS : Sustainable Urban Development**

### **2.A.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region or more than one thematic objective or more than one Fund (Article 87 (1) CPR)**

[a maximum of 3500 characters with spaces= approx. 1 page]

*This section is required only in case the operational programme uses the possibility provided by Article 87 (1) CPR to set up a priority axis covering more than one category of region, more than one thematic objective or more than one Fund. Where this option is not used, this section is not filled in.*

*This approach is a derogation from the general rule and should only be used "where appropriate and in order to increase impact and effectiveness in a thematically coherent integrated approach (...) in duly justified cases".*

*The aim of this section is to explain how the chosen set-up of the priority axis contributes to an increase in the impact and the effectiveness of cohesion policy and why a simpler set-up of an axis or axes covering a single category of region, a single thematic objective or a single Fund would constitute a less effective choice. **When a priority covers more than one thematic objective, this section should justify how this will lead to the maximum contribution of the investment priorities concerned to the priority axis.***

It is increasingly clear that the various challenges facing urban areas – economic, environmental, climate, social and demographic – are interwoven and success in urban development can only be achieved through an integrated approach. Hence, the London component of the SUD priority Axis sets out **how physical urban renewal can be combined with measures promoting, economic development, social inclusion and environmental protection to sustain and enhance London’s premier position of world capital city in a sustainable way.** The development of strong partnerships involving local citizens, civil society, the local economy and the various levels of government is an indispensable element. Combining capacities and local knowledge is essential to identify shared solutions and to achieve well accepted and sustainable results. As such the London Enterprise Panel a city-wide partnership of the above strategic urban development partners has been convened by the Mayor to support the delivery of the SUD in London.

Such an approach is especially important at this time, given the seriousness of the challenges London currently faces. This ranges from specific demographic changes to the consequences of losing its position as a global city, economic performance in terms of job creation and providing services, to the impact of climate change. Identifying effective responses to these challenges will be critical for achieving the smart, sustainable, inclusive society envisaged in the Europe 2020 Strategy.

More specifically the London component of the SUD Priority Axis will be able to effect a:

- Joined up approach to sustainable urban development for London
- Measure the impact on a city level rather than regional or MS level
- Measure comparative sustainable urban development across EU Member states’ cities
- Promote best practice and scalability of innovative SUD activities
- exploit the opportunities that SUD affords in terms of integrated thematic objectives and their associated investment priorities such as:

Unlocking the growth potential in disadvantaged urban areas by accommodating the growth of the knowledge base and linking SME workspace and competitiveness activities.

or

Providing access to finance for high growth HE science and tech spin out companies via the commercialising innovation Investment Priority.

**INVESTMENT PRIORITY 1 of priority axis 1: (title) (Article 87 (2) (b) (i))**

**2.A.1. Specific objectives corresponding to the investment priority and expected results (Article 87 (2) (b) (i)-(ii))**

**SPECIFIC OBJECTIVE 1:** *(specific objective as defined by the Member State/region)*

[a maximum of 500 characters with spaces]

The results, which the Member State seeks to achieve with EU support, with regard to a reference situation in the programme area, where necessary to complement the analysis in section 2. [a maximum of 2000 characters with spaces= approx.0.5 pages]

(Numbers in parenthesis relate to the EU Investment Priorities)

**TO 1**

**1 (a)**

***Specific Objective: Developing links and synergies and collaborations between businesses, research institutions & public institutions.***

**1 (b)**

***Specific Objectives : Commercialise innovation to bring new products and processes to the market***

The aim of these specific objectives is to build collaborative research and support business investment in Research & Development & Innovation (R&D&I) by encouraging more clustering and cooperation between complementary sectors and between research and economic institutions. This will help London businesses to develop innovative products, processes, marketing and services; and diversify the London economy through new high-growth activities.

ERDF will contribute to the creation of a more 'connected London'– where businesses and investors can navigate the knowledge base and increase investment in, and interaction with, London's research strengths. This will ensure that technology cuts across business sectors, from manufacturing to financial technology, med tech and clean tech, creating and funding new business opportunities. Furthermore, activities will support the Smart London initiative and co-fund projects which boost local intelligence capacity by engaging with entrepreneurs through intelligent management and integrated ICT.

**Results**

- Number of SMEs who collaborate with large enterprises, research institutions and public institutions
- Increased number of businesses that are actively innovating to bring new

products to the market

## TO2

### 2 (a)

#### **Specific Objectives**

*Enhance the quality and use of London's high speed communication networks through provision of ultra-fast broadband*

### 2(b)

#### **Specific Objectives:**

*Promote the development and exploitation by SMEs of digital technologies. Helping entrepreneurs exploit the potential of ICT, both the supply and demand of new digital products and services.*

London's ultrafast broadband is insufficiently competitive with other global cities. This can significantly hamper the capital's ambitions to become a prime location for high technology businesses.

The London Plan is the Mayor's strategic development plan for London, which aims to facilitate the delivery of ICT and competitive broadband access to meet the needs of enterprise and individuals.<sup>84</sup> More specifically, it promotes the expansion of superfast broadband to support the growth of high tech businesses, and identifies white areas (where the private sector will not invest) that need to be addressed. ERDF will be invested where the market is failing (particularly where this is proving a barrier to business growth).

#### **Results:**

Support enterprises in their development of ICT products and services including broadband

## TO 3

3 (a) **Specific Objectives:** Address geographical, sectorial or other gaps in the provision of workspace including incubators, accelerators, follow-on space, co-working and support services.

**3 (a) Specific Objective :** Research and Innovation Infrastructure:

3 (d) **Specific Objective:** Boosting London SMEs capacity to grow

3 (d) **Specific Objective:** Facilitating access to SME finance

3 (d) **Specific Objective:** Support SME trade and export

#### **Results:**

Increase in SME productivity.

Increase in SME jobs created  
Increase in business start ups

TO 4

4 (a) (b) (c) (g)

**Specific Objective:** Support low carbon infrastructure through investment (Jessica) in the development and delivery of energy and water efficiency measures in residential, public and commercial buildings; renewable energy technology, decentralised energy systems and waste infrastructure

*London has a good record of investment in low carbon infrastructure by successfully leveraging significant private and public funding through innovative financial instruments such as the London Green Fund (JESSICA). Additional work will be commissioned, working with the European Investment Bank, to examine how this fund can be extended during the 2014-20 period. Further information on financial instruments is in Section 2 of the England ERDF Operational Programme.*

*However, the development of a pipeline of projects that will absorb this investment is also critical for its successful implementation. As such, this Theme will also provide project development funding that will enable a pipeline of commercially viable projects to be developed and taken to market for investment.*

4 (b)

**Specific Objective:** Facilitate SME resource efficiency

4 (f)

**Specific Objective :** Promote the development and deployment of low carbon/resource efficiency technologies through support for the commercialisation of low carbon products and processes

Results:

- An increase in the energy efficiency of companies, buildings and transport
- An increase in companies deploying low carbon practices, processes, services or products
- Supporting the move to a Low Carbon economy

TO 9 (b)



*Specific Objective:* Provide integrated place-based solutions to unlock growth potential in deprived urban areas, promote opportunities leading to self-employment, business start-ups and business growth

ERDF will focus on urban regeneration of deprived areas with growth potential, by taking a sustainable, participative and integrated approach. Partners in the London Local Enterprise Partnership territory will aim to invest ERDF in area-based interventions in which the place-based approach is combined with a people-based approach, where both ERDF and ESF is deployed. In deprived urban areas, it is a slower process to change social conditions than to renovate the physical environment. Therefore physical regeneration will not be the sole goal but only a driver for more comprehensive and integrated approaches to rethinking the future of an area. The cross-financing option of including ESF-type actions in ERDF-funded projects will offer the chance to ensure synergy among different measures and deploy longer-term support mechanisms to ensure that the social side of integrated interventions does not collapse when funding ceases.

Results:

Improving the economic viability of areas through infrastructure investments including green infrastructure

*The aim of this section is to specify the specific objective linked to a particular investment priority and to outline the results sought.*

*The specific objective must be consistent with the investment priority in question, defining it, as necessary to target the particular identified needs of the Member State or regions. The specific objective cannot be broader than the investment priority in question. The number of specific objectives per investment priority should be limited as far as possible, to facilitate the monitoring of progress and avoid the fragmentation of programmes. However, there is no formal limitation in this respect. The specific objective sought is meaningful only if there is an understanding of the reference situation i.e. what the situation is at the beginning of the programming period. Therefore, where section 2 is not sufficiently explicit on the identified development needs pertinent to the specific objective, this section may be used to outline the situation at the start of the programming period, including the challenges to be addressed, in more detail.*

*"Results" in general refer to the changes sought (in the reference situation) in view of the specific objective which the Member State seeks to achieve with the Funds.*

*"Result indicators" are used to capture the measurable dimension(s) of the result – to facilitate the assessment of whether progress has been made towards the achievement of the specific objectives and whether a change has taken place in the direction desired. Result indicators measure only some of the relevant dimensions of the result. Depending on the indicator, external factors apart from Union intervention may to a lesser or higher degree influence the results reported and the attainment of*

*the specific objective and targets.*

DRAFT

## 2.A.2. Actions to be supported under the investment priority (by investment priority)

### 2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]

**(Article 87 (2) (b) (iii)CPR)**

#### TO 1

##### 1 (a)

**Specific Objective: Developing synergies and collaborations between businesses, research institutions & public institutions.**

#### IA 1(a) Actions include:

- **Promote innovation in businesses** by building innovation collaborations between businesses of different types and across sectors; creating new linkages and developing capacity in and across clusters, value chains, knowledge transfer networks;
- **Promote cooperative partnerships** between research, education and innovation institutions;
- **Champion London's (and, as appropriate, Core City's) knowledge base globally**, and use this strength to attract global R&D investment; increase collaboration within London (and, as appropriate, Core Cities) and with other centres with complementary strengths;
- **Promote entrepreneurship and business creation** among students/graduates: combination of training and business experience, start-ups. This could include graduate schemes, support for Higher Education Institution spin-outs delivering innovation including social enterprises;
- **Establish pilots and demonstration activities** that contribute to, and progress, the Smart London agenda and other relevant activities as appropriate in Core Cities.

##### 1(b)

**Specific Objectives : Commercialise innovation to bring new products and processes to the market**

#### IA 1(b)

##### Actions include:

- **Support to bring new products to market**, especially those linked to 'key enabling'<sup>78</sup>, the 'eight great'<sup>79</sup> and health science technologies. This can include

stimulating the demand for new services and products, and public procurement programmes designed to drive innovation;

- **Advice and support to help research and prove the feasibility** of an idea including protecting, obtaining and exploiting intellectual property rights. Direct support to undertake applied research and product development, potentially including prototypes, for SMEs;
  - **Translating basic research into technological and applied research**, pilot lines, early product validation actions, advanced manufacturing capabilities
  - **Promoting R&D&I business advisory services**, also in the field of services, creative hubs, cultural and creative industries and social innovation, pilots and demonstration activities;
  - **Fostering the take-up of new forms of innovation beyond technology**, such as co-creation, design innovation and crowd-sourcing, in particular in traditional sectors
  - **Encouraging the development of new business models** that will enable emerging technologies to be more rapidly commercialised.
- 

#### IA 2 (a)

*Specific Objectives : Enhance the quality and use of London's (and, as appropriate, Core City's) high speed communication networks through provision of ultra-fast broadband*

#### **Actions include:**

- **Extend the roll-out of superfast broadband services** where the market is failing particularly where this is proving a barrier to SME growth

#### IA 2 (b)

*Specific Objectives: Promote the development and exploitation by SMEs of digital technologies. Helping entrepreneurs exploit the potential of ICT, both the supply and demand of new digital products and services.*

#### **Actions include:**

- **Supporting SMEs and social enterprises in the development of ICT products** and services to improve their ability to exploit e-commerce opportunities and the online presence;
  - **Mentoring programmes for SMEs**, particularly around digital capabilities
  - **Enhancing demand for high-speed communication networks;**
  - **Investing in ICT applications** that contribute to meeting urban challenges and opportunities such as reducing carbon emissions, resource-efficiency, integrated ICT solutions for 'smart cities'.
- 

#### IA 3 (a)

*Specific Objective: Address geographical, sectorial or other gaps in the provision of*

workspace including incubators, accelerators, follow-on space, co-working and support services.

Actions include:

- **Provision of start-up incubator facilities and grow-on space**
- **Provision of affordable workspace and business guidance** including mentoring and access to finance
- **Ensuring good access to appealing environments** and maximising regeneration potential of these places of work

IA 3 (a) Specific Objective: Research and Innovation Infrastructure (facilities and technology centres):

**Actions include:**

**Investment in facilities used by the scientific community** to conduct top-level research in their respective fields, ranging from health sciences to genomics and nanotechnologies.

IA 3(d)

Specific Objective: Boosting London (and, as appropriate, Core Cities) SMEs capacity to grow

**Actions include**

- **Business coaching and mentoring:** help Small and Medium Sized Enterprises increase productivity and develop focused growth strategies which drive performance
- **Building management capacity for growth:** assist business owners to develop their management and leadership skills, people management, strategy formulation and execution.
- **Developing local networks of growth firms** to collaborate and support to achieve growth
- **Delivering tailored, specialist, strategic and technical support** to Small and Medium Sized Enterprises with the capacity and ambition to develop advanced manufacturing capabilities
- **Supporting supply chain interventions** to strengthen and grow the domestic supplier base in key advanced manufacturing sectors
- **Signposting Small and Medium Sized Enterprises to other business support opportunities** such as growth hubs
- Promote entrepreneurship and business creation among students/graduates

IA 3(d)

Specific Objective: Facilitating access to Small and Medium Sized Enterprise finance

**Actions include**

**Supporting finance and investment readiness** advice and support for businesses

- **Promoting different types of finance** available to businesses
- **Providing finance to address market failures** and gaps faced by Small and Medium Sized Enterprises

IA 3 (d)

Specific objective: Support Small and Medium Sized Enterprise trade and export

**Actions include**

- **Providing Small and Medium Sized Enterprises with expertise and support to start and/or increase trading** new markets; helping Small and Medium Sized Enterprises to overcome barriers (legal, regulatory, cultural and financial); supporting Small and Medium Sized Enterprises to connect with contacts in remote markets
- **Connecting local companies, clusters, networks** or other multi-business partnerships to national and international partners
- **Providing direct service brokering and signposting** support to local businesses
- **Promoting public sector procurement opportunities**, including contracts for low carbon, resource efficient sectors;
- **Promoting the internationalisation agenda** at a local level
- **Encouraging more innovative** (R&D intensive) and high growth Small and Medium Sized Enterprises to export

IA 4 (a) (b) (c) (g)

Specific Objective: Support low carbon infrastructure through investment (Jessica) in the development and delivery of energy and water efficiency measures in residential, public and commercial buildings; renewable energy technology, decentralised energy systems and waste infrastructure

**Actions below will be delivered by a combination of grants and repayable investments (in the form of loans, equity and/or guarantees).**

- **Develop “whole place” low carbon initiatives** through approaches such as smart cities and communities that include low carbon transport infrastructure, energy efficiency, low carbon energy supply and smart meter/smart grid programmes and related ICT platforms, technologies and applications.
- **Support the development of energy and water efficiency retrofit activity** and low carbon energy (power and heat) generation, distribution and supply measures in residential, public and commercial buildings.
- **Invest in the development of high-efficiency, low carbon co-generation district heat and power networks** capable of supplying both local homes and businesses to create low carbon districts in London.
- **Support the establishment of sustainable infrastructure for waste management**, including recycling processing reprocessing and remanufacturing facilities along with waste to energy systems with associated heat off-take and heat

distribution networks.

- **Provide project development funding** to support the capacity and activity required to effectively work with the range of development and delivery organisations to bring forward projects and take them to market in areas including energy efficiency, decentralised energy, waste management and green infrastructure
- **Develop green infrastructure and other climate change adaptation activities** that will help ensure that London is resilient to the future impacts of climate change, including overheating, flooding and water resources.
- **Low carbon modal shift/ smarter choices**, smart systems, electric/ultra-low carbon/hydrogen vehicle infrastructure and supply chain development.

IA 4 (b)

Specific Objective: Facilitate Small and Medium Sized Enterprise resource efficiency

**Actions include:**

- **Advice, support, information** and action to promote innovation in businesses and how they operate to reduce costs and improve competitiveness and resilience through delivering best practice environmental management and environmental processes, in areas including waste, energy, water, materials, transport and procurement.
- **Support to undertake 'green' diagnostics** or audits, including energy efficiency surveys, accompanied by tailored environmental action plans and support to implement them
- **Investing in resource and energy efficiency measures** and processes that improve a business' or building's environmental performance or its resilience to the impacts of climate change
- **Supporting SMEs to increase access national and local government procured contracts** for low carbon, resource efficient goods and services
- **Supporting Small and Medium Sized Enterprises to improve the quality of their environmental management and performance** in order to successfully compete for sustainable and green procurement contracts

IA 4 (f)

Specific Objective: Promote the development and deployment of low carbon/resource efficiency technologies through support for the commercialisation of low carbon products and processes

**Actions include:**

- **R&D&I and supply chain development** for low carbon and resource efficient technologies and materials (including small scale pilot programmes that test the market with new low carbon solutions and the use of secondary materials);
- **Supporting innovative technologies** that improve environmental protection and resource efficiency including the waste and water sectors, land protection and remediation, flood protection and air pollution;
- **Supporting low carbon tech start-ups** and greater commercialisation of low carbon products and processes;

- **Developing financing methods** that encourage the adoption of proven low carbon technologies and generate long-term financial savings;
- **Research, development, demonstration and adoption of technologies** and systems that support low-energy transport and accelerate the establishment of new technologies such as low emissions vehicles (electric, hybrid and hydrogen);
- **Demonstration and deployment of decentralised, low carbon and renewable energy technologies;**
- **Development of climate change adaptation technologies** that provide resilience for London (and other Core Cities as appropriate) from related challenges, such as flooding, and reduced water resources.

IA 9(b)

*Specific Objective:* Provide integrated place-based solutions to unlock growth potential in deprived urban areas, promote opportunities leading to self-employment, business start-ups and business growth

**actions include:**

- **Improve accessibility through existing public space** to ensure that places of work are accessible and well connected to neighbouring employment sites, residential areas and the wider community, town centres and public transport hubs
- **Physical enhancements of employment sites** and premises and surrounding areas including high streets and town centres
- **Improve connectivity and quality of the local environment** as well as links to and between green infrastructure
- **Conversion/refurbishment of vacant/derelict premises** with commercial potential



**Table 3: Programme Specific Result indicators for ERDF/CF (by Specific Objective) (Article 87.2(b)(ii))**

*One (if possible) and no more than two result indicators should be used for each specific objective.*

<b>ID</b>	<b>Indicator</b>	<b>Measurement Unit</b>	<b>Category of region (where relevant)</b>	<b>Baseline Value</b>	<b>Baseline Year</b>	<b>Target Value<sup>42</sup> (2023)</b>	<b>Source of Data</b>	<b>Frequency of reporting</b>
	<i>Programme Specific Result Indicator S.1, with qualitative target e.g. SME productivity as GVA per worker</i>	<i>Euro/worker</i>	<i>Less developed region</i>	<i>20,000</i>	<i>2012</i>	<i>Increase by 10-15%</i>	<i>National Statistical Office</i>	<i>Once a year.</i>
	<i>Programme Specific Result Indicator S.2 with a qualitative target e.g. Perception of safety in selected urban areas</i>	<i>Safety perception by population, expressed on a scale from 1 to – 10, 1 being very safe</i>	<i>Less developed region</i>	<i>6</i>	<i>2013</i>	<i>2-3</i>	<i>Survey</i>	<i>Every two years</i>

<sup>42</sup> For ERDF and Cohesion Fund the target values can be qualitative or quantitative.

## **2.A.2. Actions to be supported under the investment priority (by investment priority)**

### **2.A.2.1 A description of the type and examples of actions to be financed and their expected contribution to the corresponding specific objectives, including, where appropriate:**

- the identification of the main target groups;
- specific territories targeted;
- types of beneficiaries.

[a maximum of 14000 characters with spaces= approx. 4 pages]

**(Article 87 (2) (b) (iii) CPR)**

*This description should provide an overview of the types of interventions that the Member State plans to support, complemented by more concrete examples, as appropriate. In particular it should explain how types of actions planned contribute to specific objectives e.g. through targeting of specific target groups or territories, focus on particular themes or issues etc. Therefore this section should provide a clear understanding of how the objectives will be pursued and the results attained in practice, with the types of actions planned.*

*Note that the choice of output indicators and categories of intervention must be consistent with this description.*

*Where appropriate, this description should also include steps to be taken to take into account the principles of equality between men and women, non-discrimination and sustainable development.*

**NB:**

*1. Where appropriate, this description should include an indication that the entire priority axis is dedicated solely to community-led local development in the meaning of Article 28 of the CPR (which allows an increase in the EU co-financing rate by 10% points as set out in Article 110 (5) of the CPR).*

*2. For the ESF: where appropriate, this description should include an indication that the whole of a priority axis is dedicated to social innovation or to transnational cooperation (which allows an increase in the EU co-financing rate by 10% points as set out in Article 11 (2) of the ESF Regulation).*

### **2.A.2.2. The guiding principles for the selection of operations (Article 87 (2) (b) (iii) CPR)**

[a maximum of 3500 characters with spaces= approx.1 page]

Article 110 (2) (a) of Council Regulation (EC) 1303/2013 (the Common Provisions Regulations) requires *inter alia* that the monitoring committee shall examine and approve the methodology and criteria used for selection of operations. Article 125 (3) (a) of the Common Provisions Regulation further requires that: “As regards the selection of operations, the managing authority shall:

(a) draw up and, once approved, apply appropriate selection procedures and criteria that:

- (i) ensure the contribution of operations to the achievement of the specific objectives and results of the relevant priority;
- (ii) are non-discriminatory and transparent;
- (iii) take into account the general principles set out in Articles 7 and 8;"

The PMC will therefore approve the selection criteria and the Managing Authority will apply these selection criteria to the assessment and appraisal of applications.

The Managing Authority will operate a two-stage application process in response to calls for applications:

1. Stage 1 – Outline Application: Outline application covering purpose of project, planned outputs and intended outcomes, strategic fit and value for money.
2. Stage 2 – Full Application: Full technical application with the MA undertaking a full technical appraisal against all of the criteria.

### **Selection Criteria**

In order to ensure proposed projects are tested robustly and consistently, they will be tested against all the criteria at both the Outline Application and Full Application Stage, taking account of the level of information applicants can be reasonably expected to provide at each stage.

The selection process has a two-step approach.

1. **Gateway Criteria Assessment:** ensuring projects meet the **basic eligibility** criteria for ESI Funding. Gateway criteria set out the minimum eligibility requirements which must be met in order for any project to be considered for ESI Fund investment. Proposed projects which fail to meet any aspect of the minimum criteria will be rejected and will not be considered for ESI Fund support.
2. **Core ESI Funds Selection Criteria:** Projects meeting Gateway criteria will progress to assessment against ESI Funds core selection criteria. This will determine the degree to which the project proposal contributes to meeting the performance indicators, outputs and impacts of the programme. This stage will inform the prioritisation of investments.

### **Gateway Criteria**

1. Applicant is eligible
2. Proposed operation and associated expenditure must be eligible
3. Evidence that the operation meets the objectives set out in the OP.

### **Core Selection Criteria**

1. Strategic Fit
2. Value for Money
3. Management and Control

4. Deliverability
5. Procurement tendering
6. State Aid Compliance
7. Publicity
8. Contribution to Cross Cutting themes

### **Management and Governance of the Selection Process**

The Managing Authority will publicise the calls on the national website. Applications will be submitted directly onto the IT system. The Managing Authority will assess the applications against the selection criteria. A key element of the approach will be the involvement of partners in the process.

The Programme Management Committee will be supported by 39 Local Sub-Committees, one for each Local Enterprise Partnership area, chaired by local partners and supported by the Managing Authority and will include the full range of local partners as set out in regulations. The sub-committee will advise on the breadth, scope and timing of calls, and then work with the Managing Authority on the selection of operations, especially with regard to the prioritisation of operations, the relevance to local needs and the fit with local ESIF strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

#### **2.A.2.3 The planned use of financial instruments (Article 87 (2) (b) (iii)CPR)**

[a maximum of 7000 characters with spaces =approx. 2 pages]

Experience from previous European Regional Development Fund programmes has shown that Financial Instruments are a powerful mechanism for targeting investment and leveraging in investment from the private sector. In the new programme the Government proposes to make use of more Financial Instruments with greater diversity to meet differing needs. As well as continuing and expanding the current JEREMIEs, the programme will continue to support JESSICAs<sup>43</sup> and will also consider supporting some Local Impact Funds<sup>44</sup> targeted on particular local needs. Financial Instruments in England will be developed around the four models summarised below.

**(i) Access to finance** – This will be the main focus of Financial Instrument activity providing equity, loan and mixed investment to Small and Medium size Enterprises. Delivery of access to finance activity will be developed and co-ordinated either in individual Local Enterprise Partnership territories or in collaboration across a number

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<sup>43</sup> JESSICA – Joint European Support for Sustainable Investment in City Areas – another revolving fund designed to target investments in urban areas. See more at: [http://ec.europa.eu/regional\\_policy/thefunds/instruments/jessica\\_en.cfm](http://ec.europa.eu/regional_policy/thefunds/instruments/jessica_en.cfm)

<sup>44</sup> Investment to Social Sector Organisations.

of Local Enterprise Partnership territories. Proposals on access to finance will include the following types of funds:

- Co-investment funds, e.g. for angel investment, venture capital or debt finance;
- Early stage growth, Equity, quasi-Equity, Loan or Mezzanine funds;
- Microloan funds delivered by Community Development Finance Institutions; and
- Proof of Concept funds.

There are already a number of existing delivery models operational in England's 2007-13 Programmes such as the fund-of-funds JEREMIE approach established in the North East, North West, and Yorkshire and Humber. These have enabled the creation of Financial Instruments that deliver both appropriate critical mass and economies of scale. In the 2014-20 Programme, the Managing Authority will build upon these and, in areas where there is no current JEREMIE structure, will work to establish similar structures as appropriate.

The European Investment Bank (EIB) has indicated that it is willing to consider applications to provide match funding in the form of debt finance for fund-of-funds structures, although this will require a minimum of £50m public sector resources (including European Regional Development Funding). As an alternative or addition to European Investment Bank lending, other sources of match funding, such as banks, local authorities, Government funds, pension funds, and legacy from Financial Instruments in the 2000-2006 and 2007-2013 Programmes will be used as appropriate.

Where analysis does not support the need for a fund of funds structure to the above scale, smaller 'stand-alone' funds may be appropriate to deliver Access to Finance products to Small and Medium size Enterprises providing they can demonstrate an appropriate critical mass and economies of scale. Here, the European Regional Development Fund will be matched by private and / or public investment.

This Financial Instrument model will primarily deliver against the Enhancing the Competitiveness of Small and Medium Enterprises Programme Thematic Objective 3. It may also contribute to: Strengthening Research; and Technological Development and Innovation Thematic Objective 1.

**(ii). Urban development and energy efficiency (non-domestic)** – This model builds on the experience gained establishing JESSICA structures under the 2007-

2013 Programme. It will enable Local Enterprise Partnership territories singularly or in collaboration to create Urban Development Funds (UDFs) to target the creation/refurbishment of urban infrastructure through urban regeneration and low carbon projects. Each Urban Development Fund could be a revolving mix of loan/equity/grant, managed by a private sector fund manager, or the European Investment Bank, but with Local Enterprise Partnership territory/public sector involvement in the governance structures. European Regional Development Funding will be used to secure other forms of public or private sector funding and revenue streams.

Urban Development Funds will need to meet a minimum scale requirement of £20m, comprising ideally of a minimum of £10m European Regional Development Fund plus a similar amount of match funding from the European Investment Bank and/or other private/public investment as match funding. Where Urban Development Funds also include low carbon activity and subject to scale requirements, the European Investment Bank has indicated it could potentially provide co-finance to further supplement the investment or match fund the project.

Investment in this Financial Instrument model will deliver against the following Thematic Objectives: Thematic Objective 4 Low Carbon Economy; Thematic Objective 1 Strengthening Research, Technological Development and Innovation; and Thematic Objective 8 Promoting Employment.

**(iii). Social housing (low-carbon retrofit)** – This model supports energy conservation and generation in existing social housing via a revolving loan fund. Local Enterprise Partnership areas will use part of their notional European Regional Development Fund allocation either singularly or in collaboration to create a Financial Instrument utilising European Investment Bank and/or other private/public investment as match funding.

A financial intermediary will be procured, who will provide loans to Housing Associations or Local Authorities to undertake low-carbon retrofit activities to social housing under their management, using a combination of European Regional Development Fund and match funding. The Financial Instrument would be funded through European Regional Development Fund contributions from Local Enterprise Partnership territories who wished to participate in the model and who were ideally able to demonstrate a minimum project pipeline of £10m in their area. This model builds on a Financial Instrument already successfully operating under the 2007-2013 programme in London as a JESSICA using European Regional Development Fund and European Investment Bank funding.

Social Housing providers would borrow money from the Financial Instrument, to undertake retrofit works. Repayment of the loan would be either on a long-term, pay-as-you-save basis or from a Social Housing provider's own resources.

This Financial Instrument model will primarily deliver against Thematic Objective 4 Low Carbon Economy. It will also contribute towards: Thematic Objective 9 Social Inclusion and Combating Poverty.

**(iv). Local impact funds (LIF)** – This model will promote investment into the social economy through loans to Social Sector Organisations (SSOs). It will provide affordable finance to achieve sustainable social and economic outcomes together with support for social organisations to develop the financial, managerial, and business skills needed to apply for, manage, and repay investments.

Full details of this model are being worked up based upon the outcome of two pilot projects being undertaken in 2014. However, Local Impact Funds are likely to provide a mix of investment to SSOs together with a programme of tailored business and investment readiness support to ensure that they are able to take on and manage repayable finance, thereby achieving sustainable social and economic outcomes for their areas.

Each Local Impact Fund could be a revolving mix of loan, equity and grant finance, managed by a private sector fund manager, but with Local Enterprise Partnership territory / public sector involvement in the governance structures.

A range of investors will fund them and potential match contributors might include Social Investors, Local Authorities, Clinical Commissioning Groups, Universities, and Housing Associations. There is the potential for the model to involve both European Regional Development Fund and European Social Fund.

This Financial Instrument model primarily supports Thematic Objective 9 Social Inclusion and Combating Poverty Programme Priority. However, outcomes may also be achieved in: Thematic Objective 3 Small and Medium size Enterprises' Competitiveness; Thematic Objective 4 Low Carbon and; Thematic Objective 8 Employment.

**a)** Local Enterprise Partnership territories have considered their local priorities and included proposals for Financial Instruments in their European Structural and

Investment Funds Strategies; these are appraised and approved by the Managing Authority as part of the Operational Programme process. Financial Instruments are included in the Managing Authority's ex-ante evaluation.

- b)** All Financial Instrument funds will be subject to the completion of an ex-ante assessment in accordance with the Common Provision Regulations<sup>45</sup>. This will be completed before the Managing Authorities decision to make the programme contribution is made. No such decisions have been made at this time.

(6,975 characters)

#### **2.A.2.4 The planned use of major projects (Article 87 (2) (b) (iii) CPR)**

[a maximum of 3500 characters with spaces= approx.1 page ]

There are no Major Projects included in any of the LEP area ESIF Strategies.

(Cornwall and the Isles of Scilly have one project (development of the A30) that will exceed €50m but this project falls into the TO07 (Sustainable Transport) area and is short of the €75m then needed to be considered a 'Major project'.)

#### **2.A.2.5 Output indicators (by investment priority and by category of region) (Table 5) (Article 87 (2) (b) (iv) CPR)**

*Output indicators are required by category of region for each investment priority. Outputs relate to the operations supported. The indicators should measure outputs of a majority of the interventions supported under the investment priority and thus enable an assessment of progress of implementation. These data sets can be used as a basis to assess progress towards achieving the specific objectives. Indicative indicators are in spreadsheet A*

**Table 5: Common and programme specific output indicators for the ERDF, the ESF and the CF (by investment priority, broken down by category of region for the ERDF and the ESF)**

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<sup>45</sup> The CPR (Common Provisions Regulation) is the main EU document which lays down the common and general provisions on the European Regional Development Fund, European Social Fund, the Cohesion Fund, EAFRD and EMFF; see

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN>



ID	Indicator (name of indicator)	Measurement unit	Fund	Category of region	Target value (2023) <sup>46</sup>			Source of data	Frequency of reporting
					M	W	T		
1.									

**2.A.3. Specific provisions for the ESF<sup>47</sup>, where applicable (by priority axis, broken down by category of region, where relevant): social innovation, transnational cooperation and the contribution of the ESF to thematic objectives 1-7<sup>48</sup>.**

[a maximum of 10500 characters with spaces – approx. 3 pages]

Description of the contribution of the planned actions of the priority axis to:

- social innovation (if not covered by a dedicated priority axis<sup>49</sup>);
- transnational cooperation (if not covered by a dedicated priority axis<sup>50</sup>).
- thematic objectives set out in Articles 9(1) to (7) CPR.

*Identification of:*

- *the themes for social innovation<sup>51</sup>, in particular with the aim of testing and scaling up innovative solutions to address social needs.*
- *a non-exhaustive list of themes for transnational cooperation including the planned actions and the stakeholders to be involved.*
- *This section should also set out whether and how the types of actions supported contribute to the thematic objectives in Articles 9(1) to 9(7) CPR.*

**2.A.4. Performance framework (Article 87 (2) (b) (v))**

An identification of implementation steps and financial and output and, where appropriate, results indicators<sup>52</sup> to act as milestones and targets for the performance framework in accordance with Article 19(1) and Annex (xx) (Table 6) (by priority axis,

<sup>46</sup> For the ESF, this list includes those common output indicators for which a target value has been set. The target value can be presented either as a total (men+women) or broken down by gender. For the ERDF and CF gender breakdown is in most cases not relevant.

<sup>47</sup> For the ESF, this list includes those common output indicators for which a target value has been set and all programme specific output indicators.

<sup>48</sup> As set out in Article 9 (1)-9 (7) of the CPR.

<sup>49</sup> In case there is a specific priority axis on social innovation, the description of the priority axis has to correspond to the description set out in section 3.

<sup>50</sup> In case there is a specific priority axis on transnational cooperation, the description of the priority axis has to correspond to the description set out in section 3.

<sup>51</sup> In accordance with Art. 9 ESF Regulation.

<sup>52</sup> Result indicators can be included in the performance framework, where appropriate. On the basis of the compromise text on Article 20 of the CPR, result indicators included in the performance framework shall not be taken into account for the purposes of Article 20(3) and Article 20(4) CPR.

broken down by Fund and category of region, where a priority axis covers more than one Fund or category of region).

*A specific implementing act and guidance will be available of the set-up of the performance framework and the use of different types of indicators for this purpose. The indicators used for the performance framework are in most cases likely to be a sub-set of the indicators defined for the priority axes, possibly at an aggregate level (if the same indicator is used for multiple investment priorities within the priority axis). The exception to this is the use of "key implementation steps", which are not part of the general indicator system and financial indicators.*

*Key implementation steps indicate progress in the implementation processes, e.g. preparation of major projects, launch of tendering procedures for key operations, launch of support schemes etc. Such key implementation steps can be used as milestones in circumstances where the early stage of implementation does not allow the use of output or result indicators. In such cases, measurement units are not always used, hence measurement units are listed as "where appropriate".*

*Annex II CPR on the performance framework requires the indicators used in the performance framework to be "closely linked" to the policy interventions supported. They are required to be relevant, capturing essential information on the progress of a priority axis. Therefore the indicators and implementation steps chosen should be representative of the priority axis i.e. reflect the implementation, outputs and, where appropriate, results of the majority of interventions undertaken under that priority axis (broken down by Fund and by category of region, where appropriate). The last column of the performance framework table provides a possibility to explain this, where this is not evident from the description of the priority axes.*

**Table 6: The performance framework of the priority axis (by fund and category of region, where appropriate)<sup>53,54</sup>**

Indicator type (Implementation step, financial, output or, where appropriate)	ID	Definition of the indicator or implementation step )	Measurement unit, where appropriate	Fund	Category of region	Milestone for 2018	Final target (2023) <sup>55</sup>			Source of data	Explanation of the relevance of the indicator, where
							M	W	T		

<sup>53</sup> For the ERDF and the CF the breakdown is required, where appropriate, taking into account the intervention logic of the priority axis concerned.

<sup>54</sup> Where YEI is implemented as part of a priority axis, YEI has to be treated separately as the resources allocated to the YEI (specific allocation and matching ESF support) are excluded from the performance reserve.

<sup>55</sup> The target value can be presented, where relevant for the indicator concerned, either as a total (men+women) or broken down by gender. For the ERDF and CF gender breakdown is in most cases not relevant.

<b>te, result indicator)</b>												<b>appropriate<sup>56</sup></b>

*In addition qualitative information on the set-up of the performance framework may be added. [a maximum of 7000 characters with spaces= approx. 2 pages]*

### 2.A.5. Categories of intervention (Article 87 (2) (b) (vi))

Categories of intervention based on a nomenclature adopted by the Commission, and an indicative breakdown of the Union support (Tables 7-12).

*The categories of intervention are based on a nomenclature adopted by the Commission, which is planned to include 6 dimensions common for the Funds, an additional (7<sup>th</sup>) dimension for the ESF and (8<sup>th</sup>) for the ERDF and the Cohesion Fund.*

- The first 5 dimensions correspond to those used for the period 2007-2013 and set out in Annex II of the Commission Regulation 1828/2006, albeit changes in certain categories and codes will be made.*
- The additional common dimension covers "territorial delivery mechanisms" allowing the analysis of the use of community-led local development, ITIs, and integrated approaches to sustainable urban development.*
- The dimension for the "ESF secondary theme" aims to capture the contribution of the ESF operations to the thematic objectives set out in Articles 9 (1)-(7) CPR.*
- The additional dimension proposed for the ERDF and the Cohesion Fund aims to track the allocation of Union support to each thematic objectives (where priority axes cover multiple thematic objectives) and thus to the Union strategy for smart, sustainable and inclusive growth.*

*NB: As set out in Article 87 (10) CPR, this section (categories of intervention) is not subject to the Commission decision approving the operational programme and remains under the responsibility of the Member State.*

**Tables 7-12: Categories of intervention**

<b>Fund and Category of region</b>	<b>ERDF: Less developed regions</b>			
Table 7: Dimension 1 Intervention	Table 8: Dimension 2 Form of finance	Table 9: Dimension 3 Territory	Table 10: Dimension 6 Territorial	Table 11: Dimension 7 ESF

<sup>56</sup> Indicators must represent the majority of resources of the priority axis broken down by fund and by category of region, where appropriate.

field						delivery mechanisms		secondary theme <sup>57</sup> (ESF only)	
Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount
<b>Fund and Category of region</b>		<b>ERDF: More developed regions</b>							
Table 7: Dimension 1 Intervention field		Table 8: Dimension 2 Form of finance		Table 9: Dimension 3 Territory		Table 10: Dimension 6 Territorial delivery mechanisms		Table 11: Dimension 7 ESF secondary theme <sup>58</sup> (ESF only)	
Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount
<b>Fund and Category of region</b>		<b>ERDF: Transitional regions</b>							
Table 7: Dimension 1 Intervention field		Table 8: Dimension 2 Form of finance		Table 9: Dimension 3 Territory		Table 10: Dimension 6 Territorial delivery mechanisms		Table 11: Dimension 7 ESF secondary theme <sup>59</sup> (ESF only)	
Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount

*For the remaining dimensions of categorisation, data is requested for information purposes through electronic data exchange system during implementation.*

<sup>57</sup> This aims, inter alia, at obtaining quantified information on the contribution of the ESF to the thematic objectives referred to in Art. 9(1) to (7) CPR.

<sup>58</sup> This aims, inter alia, at obtaining quantified information on the contribution of the ESF to the thematic objectives referred to in Art. 9(1) to (7) CPR.

<sup>59</sup> This aims, inter alia, at obtaining quantified information on the contribution of the ESF to the thematic objectives referred to in Art. 9(1) to (7) CPR.

**2.A.6. Where appropriate, a summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries (by priority axis) (Article 87 (2) (b) (vii))**

**Overall Strategic Objectives**

**Specific Objective**

Throughout the life of the Programme the objective of Technical Assistance is to facilitate robust governance, accountability and partnership engagement to support the efficient and compliant management and implementation of the European Regional Development Fund operational programme, ensuring that programme performance targets are achieved and that the delivery of ERDF projects are compliant with the relevant European Union regulations.

The Technical Assistance priority axis will cover less developed, transitional, and more developed “Regions” broken down as follows:

- Less developed – Cornwall and Scilly Isles
- Transitional – Tees Valley and Durham, Cumbria, Lancashire, Merseyside, East Yorkshire, North Lincolnshire, South Yorkshire, Lincolnshire, Shropshire and Staffordshire and Devon
- More developed – The rest of England.

The TA Axis will fund activities for all of the above “Regions” in line with Article 59 of the Common Provisions Regulations, which specifies the range of activities which Member States can fund through TA to allow Managing Authorities to run their European programmes:

The England Growth Programme 2014-2020 represents a new approach in the delivery of ERDF in England. There will be one national Programme, which will be overseen by a PMC supported by a number of sub-committees (both thematic and technical). Programme implementation activities will be delivered through robust local partnerships in line with the European Commission’s Code of Conduct.

Technical Assistance will be used to support and maximise the capacity of the Member State to administer the ERDF effectively and efficiently. In addition it will be used to strengthen the capacity of relevant partners, locally and nationally, to contribute to the delivery of the Programme and the effective use of the ERDF in pursuit of smart, sustainable and inclusive growth. This will include carrying out \*ex-

ante assessments or for hiring specialist bodies to assist in the setting up of a financial instrument in the Programme area<sup>60</sup>.

In “Less Developed”, “Transitional” and “More Developed” Regions, Technical Assistance support will result in:

- Strong partnership engagement in the preparation and implementation of the England Growth Programme 2014-20;
- Enhanced capacity for relevant partners to design, develop and deliver robust projects/operations;
- Robust evidence and understanding of the socio-economic context, baselines, and impact of European Structural and Investment Funds, including the performance, impact and achievement of Programme and key strategic investments –e.g. FI initiatives and major projects;
- Sustainable development and equality themes embedded at strategic programme level and proportionately at project level;
- Well informed partners with a good knowledge and understanding of European Structural and Investment Funds opportunities and how their contribution will deliver smart, sustainable and inclusive growth through the England Growth Programme;
- Opportunities to facilitate networking, cooperation and exchange of experience, including with third countries;
- Efficient communication and publicity strategies to communicate with the public at large, to raise awareness of the role of European Structural and Investment Funds in economic growth and social cohesion, including stronger synergies with the communication activities undertaken at the initiative of the Commission;
- An effective electronic data management system to aid the efficient management of the Programme and to facilitate the reduction of administrative burden for beneficiaries;
- Efficient management, monitoring, audit, control and evaluation of the ERDF within the England Growth Programme 2014-2020;
- Improved evaluation methods with greater scope for the exchange of information on evaluation practices and outcomes;
- Robust and effective audit to maximise compliance with EU regulations and requirements;
- Strong national and regional capacity regarding investment planning, needs assessment, preparation, marketing of financial instruments, ex ante evaluations, design and implementation of financial instruments, joint action plans and major projects including initiatives with the EIB ;
- Greater integration and alignment between European Structural and Investment Funds.

TA will fund the following type of activities specific to the MA in order to meet the

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<sup>60</sup> Financial Instruments in ESIF Programmes 2014- A short reference guide for Managing Authorities” Ref. Ares (2014) 401557-18/02/2014. Section 11-Technical Assistance.

objectives outlined above:

- Managing Authority and Growth Delivery Network staffing costs, including costs that will support closure work 2007-2013 and the set up costs associated with the next programming period 2021-2026;
- Legal services;
- Audit services;
- Article 13 work;
- The development and on-going management and maintenance costs of the 2014-2020 IT system;
- Evaluation work;
- Communication and Publicity;
- Training events for applicants.

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## **Section 2.B. A description of the priority axes for technical assistance (Article 87 (2) (c) CPR)**

*The following information should be provided by priority axis and, where indicated, broken down by specific objective (Article 87 (2) (c)). There are no corresponding thematic objectives or investment priorities for technical assistance.*

**Technical assistance priority axes are mono-fund and as a general rule should cover a single category of region.**

*However, Article 87 (1) CPR sets out that, where appropriate, and in order to increase the impact and effectiveness in a thematically coherent integrated approach, it is possible to set up a priority axis covering more than one category of regions.*

### **PRIORITY AXES:**

The Operational Programme will break down into three distinct territories : Less Developed, Transitional and More Developed and for Technical Assistance there will be three priority axes for Technical Assistance as follows:

- Technical Assistance for “Less Developed Regions”
- Technical Assistance for “Transitional Regions”
- Technical Assistance for “More Developed Regions”

### **2.B.0. Where applicable, an explanation for the establishment of a priority axis covering more than one category of region (Article 87 (1) CPR)**

[a maximum of 2000 characters with spaces= approx. 0.5 pages]

*This is required only in case the operational programme uses the possibility provided by Article 87 (1) CPR to set up a priority axis covering more than one category of region. The aim of this section is to explain and substantiate how the chosen set-up of the priority axis contributes to an increase in the impact and the effectiveness of cohesion policy to contribute to the Europe 2020 strategy and why a simpler set-up of an axis or axes covering a single category of region, would constitute a less effective choice.*

*Article 119 of the CPR sets out that technical assistance priority axes are mono-fund. However, technical assistance from any of the Funds can be used to support activities related to any other of the Funds, within limits set out in Article 109 of the CPR.*

Not applicable. The Operational Programme will break down into three distinct Regions i.e. Less Developed, Transitional and More Developed.

### **2.B.1. Specific objectives and expected results ( Article 87 (2) (c) (i) –(ii))**

**SPECIFIC OBJECTIVE:** *(specific objective as defined by the Member State/region)*

Throughout the life of the Programme the objective of the Technical Assistance (TA) Priority Axis is to facilitate robust governance, accountability and partnership



engagement to support the efficient and compliant management and implementation of the 2014-2020 England Growth Programme. The TA axis will help to support the delivery of Programme activities which are compliant with the CPR and fund specific regulations.

- The results, which the Member State seeks to achieve with EU support, with regard to the reference situation in the programme area, where necessary to complement the analysis in section 2.

[a maximum of 3500 characters with spaces= approx. 1 page]

Objectives – Technical Assistance Axes for each of the three Regions – i.e. “Less Developed”, “Transitional” and “More Developed” Regions:

- To ensure that the activities which fall within the “Less Developed”, “Transitional” and “More Developed” Regions are managed, monitored and evaluated in line with the CPR and fund specific regulations;
- To both facilitate and communicate the impact that the European Structural and Investment Funds are having within that “Region” looking to share best practise with other “Regions” and Member States.

**2.B.2. The list of result indicators (only where the Union support to technical assistance in the operational programme exceeds EUR 15 million)**

**Table 13: Result indicators for ERDF/CF/ESF (by specific objective) (Article 87.2(c)(ii))**

<b>Outputs TA-2014-2020 for Less, More and Transitional “Regions”</b>							
<b>ID</b>	<b>INDICATOR</b>	<b>MEASUREMENT UNIT</b>	<b>BASELINE VALUE</b>	<b>BASELINE YEAR</b>	<b>TARGET VALUE 2022</b>	<b>SOURCE OF DATA</b>	<b>TARGET REPORTING</b>
	TA Strategy developed and agreed by the PMC	Governance Arrangements	n/a	2014	n/a	PMC Minutes	ARC
	PMC and Sub-Committee Support	No of Committees supported	n/a	2014	2,000	Minutes of meetings Reports, monitoring communications	ARC
	No of training events undertaken by the MA and partners	No of training events	n/a	2015	200	TA training project	ARC
	Programme of	No of	n/a	2014	1	TA projects	ARC

evaluation	Programmes					
Communication Strategy developed and agreed by the PMC	Governance Arrangements	n/a	2014	1	PMC Minutes	ARC

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## Results TA-2014-2020

ID	RESULT	MEASUREMENT UNIT	BASELINE VALUE	BASELINE YEAR	TARGET VALUE 2022	SOURCE OF DATA	FREQUENCY OF REPORTING
	Maximise achievement of performance targets (financial and non financial).	N+3 target achievements	740,798,607	2017	6bn	MI reports	ARC
	Strong partnership engagement	Governance Arrangements	n/a	2014	n/a	PMC/Sub Committee minutes	ARC
	A programme of information and communication activities.	Applicant and partner engagement.	n/a	2014	1	Communication events/Publications produced.	ARC

## **2.B.3. Actions to be supported and their expected contribution to the specific objectives (by priority axis) (Article 87 (2) (c) (i) –(ii) CPR)**

### **2.B.3.1. A description of actions to be supported and their expected contribution to the specific objectives - Article 87 (2) (c) (iii) CPR**

[a maximum of 7000 characters with spaces=approximately 2 pages]

The Technical Assistance actions are cross cutting and will contribute to the delivery of priority axes within the Operational Programme, broken down by “Region”.i.e. Less Developed, Transitional and More Developed. For each region the following applies:

#### **Actions to be supported:**

Programme Management

Objective – to support the effective and compliant governance, accountability, and partnership engagement arrangements.

Programme management requires that the roles and responsibilities relating to the management structure and organisation, as well as reporting arrangements are well defined and in line with the business process model for the ERDF Operational Programme. Good Programme management also means that advice and support is made available (including specialist and technical expertise) when required.

Specific but not exclusive examples of the activities which would support robust Programme management are:

- Dedicated teams to support the preparation, management, monitoring and implementation of the Programme, including appraisal, contract management, monitoring and verification, audit are in place.
- Specialist advice and support including legal and financial expertise ;
- Secretariat support for the coordination of the PMC (National Growth Board), its sub committees and relevant ad hoc groups established to support the delivery of the Programme;
- Provision of advice and support to help embed the cross cutting themes of sustainability and equality using appropriate expertise to grow the understanding, commitment and capacity of management bodies and beneficiaries;
- The acquisition, installation and maintenance of the necessary IT hardware and software to support programme and project management which complies with both National and regulatory e-cohesion requirements;
- The production of high quality programme management information to facilitate robust and effective monitoring, decision making and programme operation.
- The preparation of reports, including annual implementation reports;
- Dedicated resource to both close the 2007-13 Programmes as well as develop the next set of Programmes 2021-2026.

## Programme Development and Capacity Building

Objective – That Programme partners have the knowledge required to help deliver the Programme in a compliant way.

Technical Assistance will be used to ensure that (i) the Programme develops effectively and (ii) management bodies, staff, partners, applicants and suppliers are aware of their responsibilities and what's required of them.

Specifically, but not exclusively Technical Assistance will support Programme Development and Capacity Building through:

- The provision of technical advice and support to aid the development of projects by partners to help ensure that the requirements of the CPR and National guidance are incorporated within project design at an early stage;
- Training and development for management bodies, staff, project applicants, relevant partners including members of the PMC (National Growth Board) and its sub committees;
- Support for the development of pilot schemes to test innovative ideas;

## Programme Analysis, Monitoring and Evaluation

Objective – To ensure that Programme analysis, monitoring and evaluation processes are used to manage performance as well as identify and act on lessons learnt and good practise.

Robust governance and accountability requires that Programme related analysis, monitoring and evaluation forms an integral part of programme delivery. The recommendations identified through evaluations of previous programmes have played an important part in informing the development of the new ERDF&ESF programmes. Lessons learnt including success factors have also contributed to the development of the Programmes.

Performance analysis and evaluation will help ensure the focused and effective application of ERDF and ESF resources within the Programme; it will also identify any gaps in the data and develop research projects to address these accordingly.

Specifically, Technical Assistance will support Programme related Research, Analysis, Monitoring and Evaluation through, but not exclusively:

- The development of baseline data to measure programme performance, particularly results and output indicators and value for money;
- The provision of the required policy and socio-economic analysis updates to facilitate production of the Annual Implementation Reports;
- Commissioning evaluation studies and implementing the relevant findings from these evaluations at suitable intervals including mid-term and Programme completion;
- The independent evaluation and value for money analysis of major

- projects, joint actions plans and Financial Instruments;
- Evaluation linked to the monitoring of the Programme;
- Additional monitoring support if required in order to ensure compliance with EU regulations;
- The on-going review and refinement of European Structural Investment Fund strategies by relevant partners.

## Information and Publicity

Objective – to raise awareness at both a National and Local level of the impact that ESI Funds are having on economic growth.

Member States and their Managing Authorities are committed to (i) managing Programme communications, particularly publicity, in an effective manner, (ii) ensuring that the assistance received from European funds is accurate, transparent and highly visible and (iii) maximising public awareness of the positive impact of the ERDF across England.

Publicity forms an integral part of the programming strategy and the Managing Authorities will ensure that the benefits of the funds are communicated to the wider public. To help achieve this, a Communication Plan will be established for the Programme to be ratified by the Growth Programme Board (PMC).

The delivery of the Plan will be led by the Managing Authority with support from relevant partners who will have a key role to play in contributing to its implementation. All projects will be required to comply with the publicity requirements of the general and implementing regulations, especially with regards to signage, including billboards, plaques and promotional material.

Specifically, Technical Assistance will support Programme Information and Publicity through:

- The establishment and maintenance of effective channels for communication and publicity including new or enhanced websites and bespoke newsletters;
- Guidance and proactive monitoring to ensure all projects adhere to the publicity requirements applied to all grant offers;
- The execution of promotional events such as seminars, conferences and road shows to launch the programme, publicise bidding rounds and disseminate best practice;
- Supporting partners in communicating programme and project activities.

## Future Programme Preparation for the 2021-2026 Programming Period

Objective – to develop a robust Programme compliant with EU regulations.

Technical Assistance will be used specifically but not exclusively to support the following types of activities:

- Statutory preparations involving support for the completion of the ex-ante evaluation, alongside the development, preparation and negotiations of Operational Programme(s);
- The review of current IT provision;
- Research and evaluation involving the analysis of options in respect of the focus and priorities for the next set of Operational Programme(s), as well as the business processes and management arrangements required to administer the Programme(s);
- Strategic level analysis to support a range of preparatory actions intended to strengthen the evidence base and rationale of future European Structural and Investment Fund priorities; Administrative support to develop 2021-2026 Programme development.

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### 2.B.3.2 Output indicators expected to contribute to results (by priority axis) (Table 13) (Article 87 (2) (c) (iv) CPR)

**Table 13: Output indicators for the ERDF, the ESF and the CF (by priority axis)**

ID	Indicator (name of indicator) <sup>61</sup>	Measurement unit	Target value (2023) <sup>62</sup> (optional)			Source of data
			M	W	T	


### 2.B.4. Categories of intervention (Article 87 (2) (c) (v)) (by priority axis)

The corresponding categories of intervention based on a nomenclature adopted by the Commission, and an indicative breakdown of the Union support.

*NB: As set out in Article 87 (10) CPR, this section (categories of intervention) is not subject to the Commission decision approving the operational programme and remains under the responsibility of the Member State.*

### Tables 14-16: Categories of intervention

<b>Table 14: Dimension 1 Intervention field</b>	<b>Table 15: Dimension 2 Form of finance</b>	<b>Table 16: Dimension 3 Territory</b>
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<sup>61</sup> For the ESF, this list includes all those common output indicators for which targets have been set and all programme specific output indicators

<sup>62</sup> Target values for output indicators under technical assistance are optional. The target value can be presented either as a total (men+women) or broken down by gender. For the ERDF and CF gender breakdown is in most cases not relevant.

Code	€ amount	Code	€ amount	Code	€ amount

**Tables 14-16: Categories of intervention**

Table 14: Dimension 1 Intervention field		Table 15: Dimension 2 Form of finance		Table 16: Dimension 3 Territory	
Code	€ amount	Code	€ amount	Code	€ amount
1	€ 14,817,061	1 - non repayable aid 2 - aid (loan, interest subsidy, guarantees) 3 - Venture capital (participation, venture capital)		1-Urban	
2	€ 49,323,805			2-Mountains	
3	€ 25,306,220			3-Islands	
4	€ 12,500,327			4-sparsely populated	
5	€ 38,187,635			5-Rural areas (other than above)	
6	€ 31,195,099			6-Former EU external areas	
7	€ 7,365,906			7-Outermost region	
8	€ 140,074,802				
9	€ 43,195,745				
10	€ 22,032,538				
11	€ 642,436				
12					

13	€ 47,294	fund)			
14	€ 854,254	4 - other		8-cross	
15	€ 5,988,505	forms of		border	
16	€ 13,959,621	finance		cooperation	
17	€ 887,805			9-	
18	€ 0			transnationa	
19	€ 0			l	
20	€ 0			cooperation	
21	€ 0			10-Inter-	
22	€ 0			regional	
23	€ 0			cooperation	
24	€ 2,684,114				
25	€ 319,879				
26	€ 2,184,015				
27	€ 0				
28	€ 0				
29	€ 0				
30	€ 1,644,565				
31	€ 178,691				
32	€ 0				
33	€ 0				
34	€ 0				

35	€ 0				
36	€ 0				
37	€ 0				
38	€ 0				
39	€ 0				
40	€ 0				
41	€ 0				
42	€ 3,523,735				
43	€ 6,856,597				
44	€ 17,793,884				
45	€ 4,178,922				
46	€ 0				
47	€ 0				
48	€ 0				
49	€ 0				
50	€ 2,768,346				
51	€ 27,881,186				
52	€ 0				
53	€ 6,350,316				
54	€ 0				
55	€ 1,419,889				
56	€ 0				

57	€ 4,131,632				
58	€ 413,867				
59	€ 1,352,091				
60	€ 7,523,556				
61	€ 0				
62	€ 22,225,495				
63	€ 0				
64	€ 3,002,140				
65	€ 12,620,743				
66	€ 0				
67	€ 0				
68	€ 0				
69	€ 7,658,626				
70	€ 36,858				
71	€ 0				
72	€ 8,332,510				
73	€ 0				
74	€ 0				
75	€ 295,541				
76	€ 6,657,596				
77	€ 0				
78	€ 0				

79	€ 0				
80	€ 0				
81	€ 207,090				
82	€ 269,627				
83	€ 0				
84	€ 0				
121	€ 0				
122	€112,539,197				
123	€21,101,099				
	€7,033,700				

<b>Intervention field</b>	<b>Dimension 2 form of finance – ERDF &amp; ESF TA broken down by Region?</b>	<b>Dimension 3 territory</b>	<b>Dimension 6 Territorial Delivery mechanisms</b>	<b>Dimension 7 – ESF n/a</b>	<b>Dimension 8 Thematic objectives</b>
121	€ 10,128,528	Less Developed Regions	England MA & beneficiaries		cross cutting
121	€29,710,348	Transitional Regions	England MA & beneficiaries		cross cutting
121	€72,700,321	More	England MA		cross

		Developed Regions	& beneficiaries		cutting
122	€1,899,099	Less Developed Regions	England MA & beneficiaries		cross cutting
122	€5,570,690	Transitional Regions	England MA & beneficiaries		cross cutting
122	€13,631,310	More Developed Regions	England MA & beneficiaries		cross cutting
123	€633,033	Less Developed Regions	England MA & beneficiaries		cross cutting
123	€1,856,897	Transitional Regions	England MA & beneficiaries		cross cutting
123	€4,543,770	More Developed Regions	England MA & beneficiaries		cross cutting

*For the remaining dimensions of categorisation data is requested for information purposes through electronic data exchange system during implementation.*

[a maximum of 3500 characters with spaces= approx. 1 page]]

**THE FINANCING PLAN OF THE OPERATIONAL PROGRAMME (ARTICLE 87 (2) (D))**

**3.1. Tables specifying for each year, in accordance with Articles 53, 110 and 111 of the CPR, the amount of the total financial appropriation envisaged for the support from each of the Funds, identifying the amounts related to the performance reserve (EUR) (Article 87 (d) (i) CPR)**

**TABLE 17**

Fund	Category of region	2014		2015		2016		2017		2018	
		MA	PR	MA	PR	MA	PR	MA	PR	MA	PR
ERDF	L	57616609	3677655	58770103	3751283	59946496	3826372	61146292	3902954	62369966	3981061
	T	135267530	8634097	137975609	8806953	140737447	8983241	143554230	9163035	146427069	9346408
	M	265855613	16969507	271178086	17309239	276606220	17655716	282142341	18009085	287788638	18369487
	Total	458739753	29281260	467923799	29867476	477290165	30465329	486842863	31075076	496585674	31696957
Fund	Category of region	2019		2020		TOTAL					
		MA	PR	MA	PR	MA	PR				
ERDF	L	63618126	4060731	64891125	414986	428,358,719	27,342,045				
	T	149357399	9533451	1522346038	9724215	1,005,665,324	64,191,403				
	M	293547925	18737101	299421816	1911200030	1,976,540,642	126,621,168				
	Total	506523450	32331284	516658980	201259232	3,410,564,685	218,154,618				



**3.2.A Financial plan of the operational programme specifying, for the whole programming period, for the operational programme and for each priority axis, the amount of the total financial appropriation of the support from each of the Funds and the national co-financing. (EUR) (Table 18) (Article 87 (d) (ii) CPR)**

1. *The financial table should set out the financial plan of the operational programme by priority axis.*
2. *Where the priority axis covers more than one category of region, the data for the Union funding and the national counterpart should be broken down by category of region with a separate co-financing rate within the priority axis for each category of region.*
3. *The EIB contribution should be presented at the level of the priority axis.*

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Table 18a: Financial plan of the operational programme

Table 18A: Financial Plan of the operational programme															
Priority	Fund	Category of region	Basis for the calculation of the Union support (Total eligible cost or public eligible cost)	Union support	National counterpart	Indicative breakdown of the national counterpart		Total funding	Co-financing rate	For Information EIB contributions	Main allocation (total funding less the performance reserve)		Performance reserve		Share of the performance reserve (Union support) of the total Union support to the priority axis
						National funding	Public				Union support	National counterpart	Union support		
				(a)	(b) = (c) + (d)	(c)	(d)	(e) = (a) + (b)		(g)	(h)=(a)-(j)	(i) = (b) – (k)	(j)	(k)= (b) / ((j)/(a)) *	(l) =(j)/(a) *100
Priority axis 1	ERDF														
Priority axis 2	ESF														
Priority axis 3	YEI														
Priority axis 4	ESF														
	YEI														
Priority axes 5	CF	NA													
Total	ERDF	Less developed		Equals total (1) in table 17											
Total	ERDF	Transition		Equals total (2) in table 17											
Total	ERDF	More developed		Equals total (3) in table 17											
Total	ERDF	Special allocation to outermost regions or the northern sparsely populated regions		Equals total (11) in table 17											
Total		Less developed													

Total		Transition		This does not equal total (6) in table 17 as the latter also includes the ESF matching support to the YEI													
Total	ESF	More developed		This does not equal total (7) in table 17 as the latter also includes the ESF matching support to the YEI													
Total	YEI			This does not equal total (9) in table 17 as the latter only includes the YEI specific allocation													
Total	CF	NA		Equals Total (10) in table 17													
Grand total				Equals total (12) in table 17													

- (1) To be completed only when priority axes are expressed in total costs.
- (2) This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).

**Table 18 B: The division of the allocation of the priority axis (or part of a priority axis) dedicated to the Youth Employment Initiative between ESF and the YEI specific allocation, and between different categories of regions for the ESF<sup>63</sup> and the determination of the co-financing rate for the YEI**

	Fund <sup>64</sup>	Category of region	Basis for the calculation of the Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b) = (c) + (d))	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a)/(e) (2)
						National Public funding (C)	National private funding (d)		
1	YEI specific allocation	NA			0				100%
2	ESF matching support	less developed							
3	ESF matching support	transition							
4	ESF matching support	more developed							

<sup>63</sup> This table has to be completed for every (part of a) priority axis, which implements the YEI.

<sup>64</sup> The YEI (specific allocation and matching ESF support) is considered a Fund and should appear on one separate line even if it is part of a priority axis. To be included in this table in accordance with Art. 15 vii ESF Regulation.

5.	TOTAL: YEI [part of ] priority axis	[Must equal [part of priority axis 3]		Sum (1:4)	Sum (1:4)				
7.			Ratio of ESF by category of region: less developed regions  2/sum(2:4)						
8.			Ratio of ESF by category of region: transition regions  3/sum(2:4)						
9.			Ratio of ESF by category of region: more developed regions 4/sum(2:4)						

**Table 18C Breakdown of the financial plan of the operational programme by priority axis, Fund, category of region and thematic objective for the ERDF, ESF and the Cohesion Fund (Table 18b) (Article 87 (d) (ii) CPR)**

*This breakdown is required in order to fulfil the requirement set out under Article 87 (2) (d) (ii) CPR to specify for priority axes, which combine investment priorities from different thematic objectives, the amount of total financial appropriation from the ERDF, ESF and CF and the national co-financing for each of the corresponding thematic objectives. Where each priority axes corresponds to a single thematic objective, this table will not require a breakdown below the level of a priority axis.*

Priority axis	Fund <sup>65</sup>	Category of region	Thematic objective	Union support	National counterpart	Total funding
Priority axis 1			Thematic objective 1			
			Thematic objective 2			
Priority axis 2			Thematic objective 3			
<b>TOTAL</b>						

<sup>65</sup> For the purposes of this table the YEI (specific allocation and the matching ESF support) is considered a Fund.

**Table 19: The indicative amount of support to be used for climate change objectives (Article 24 (5) CPR)**

*This table is generated automatically by SFC based on categorisation tables included under each of the priority axes. This table is not part of the financial plan in accordance with Article 87 of the CPR and is not subject to Commission decision. The information provided in this table is based on uniform conditions on the implementation of a methodology to each of the ESI Funds adopted by the Commission based on Article 8 of the CPR.*

<b>Priority axis</b>	<b>The indicative amount of support to be used for climate change objectives (EUR)</b>	<b>Share of the total allocation to the operational programme (%)</b>
<b>1.</b>		
<b>Total</b>		

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## INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT - ARTICLE 87(3) CPR

A description of the integrated approach to territorial development, taking into account the content and objectives of the operational programme and having regard to the Partnership Agreement, and showing how it contributes to the accomplishment of the programme objectives and expected results.

[a maximum of 3 500 characters with spaces= approx. 1 page]

*A description of the approach to territorial development outlining:*

- *The main territorial development needs and bottlenecks to be addressed, and main territorial development potentials, with reference to section 2, where appropriate and the means to achieve an integrated approach at regional and sub-regional level, where necessary to complement the Partnership Agreement. Where the Partnership Agreement is comprehensive and the programme does not have a specific territorial considerations (which can be the case especially where all programmes are prepared at the national level), the repetition of the Partnership Agreement is not necessary.*
- *The contribution of the territorial approach to the specific objectives and expected results of the operational programme.  
In case of operational programmes dedicated to technical assistance, this section should outline the support provided through this programme to the integrated territorial approach set out in the Partnership Agreement.*

### **4.1 \*Where appropriate, the approach to the use of community led local development instruments and the principles for identifying the areas where it will be implemented**

[a maximum of 7000 characters with spaces= approx. 2 pages]

As described in the UK Partnership Agreement, the Government's localism agenda encourages communities in England to take control of their own issues and shape their own solutions.

This position is underlined by recent research, undertaken by independent consultants<sup>66</sup> as part of the Department for Communities and Local Government (DCLG) European Regional Development Fund Analytical Programme (2007-2013), which confirms the critical role played by local partners in both stimulating and facilitating innovative approaches to local economic development. The central role of Local Enterprise Partnerships and partners in developing and implementing local European Structural and Investment Fund strategies further reinforces this commitment.

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<sup>66</sup> Economic efficiency and what works in local economic policy, Peter Tyler, July 2013, Regeneris Consulting Ltd on behalf of DCLG.



The national European Regional Development Fund analysis and assessment of need in relation to selected Thematic Objectives identifies spatial disparities and market and information failures at local level that restrict the ability of places, Small and Medium size Enterprises and people to strengthen economic growth and achieve social inclusion. In certain circumstances, Community Led Local Development offers an opportunity to address some of these issues through an integrated and tightly focussed approach in specific urban, rural and coastal areas.

Circumstances in which a Community Led Local Development approach might apply include:

- Stimulating targeted and deprived local economies to deliver jobs and growth in urban, rural and coastal areas;
- Lack of amenities, community capacity/ social capital and low levels of enterprise, including social enterprise and the development of start-ups (including high growth start-ups);
- Poor linkages between areas of deprivation and areas of high economic growth and jobs opportunities;
- Protection of the environment and promotion of local energy plans.

During the development of local European Structural and Investment Fund strategies, local partners and Local Enterprise Partnerships were asked to consider the use of Community Led Local Development. Successful Community Led Local Development proposals will be funded under Thematic Objective 9 in both the European Regional Development Fund and European Social Fund Operational Programmes, although activities can address needs identified through other thematic objectives, in particular those focussed upon:

- Innovation and social innovation (Thematic objectives 1 and 9)
- Access to, use and quality of ICT (Thematic objective 2)
- Competitiveness of Small and Medium size Enterprises and promotion of entrepreneurship (Thematic objective 3)
- Resource efficiency and shift towards a low carbon economy (Thematic objectives 4 and 6)

Government is seeking an integrated multi-fund approach at local level. In addition, where justified, government will support the identification of a lead fund arrangement so that management and administration costs (of up to 25% of the total investment identified for Community Led Local Development) can be drawn from one fund. Government has committed to align any proposed Community Led Local Development under the Growth Programme funded by European Regional Development Fund, European Social Fund and European Agricultural Fund for Regional Development (EAFRD) with any future EAFRD LEADER and European

Maritime and Fisheries Fund Fisheries Community Led Local Development investment using non-Growth Programme resource to ensure complementarity and synergy in implementation.

Local Enterprise Partnership territories have been advised that Community Led Local Development should be focussed on the specific needs and opportunities of a particular area, typically much smaller than the average Local Enterprise Partnership area and be based on communities with a population size of between 10,000 and 150,000<sup>67</sup>. Plans could be related to a particular theme, such as urban mobility, local energy plans or labour market issues, or to a particular target group, such as young people or migrants. Community Led Local Development can be used across urban, rural and coastal areas and also in Less Developed, Transition and More Developed areas.

It is therefore envisaged that Community Led Local Development under the English Growth Programme will be implemented through the following high level areas and structures:

<b>European Structural and Investment Fund</b>	<b>Area targeted</b>
European Regional Development Fund/European Social Fund	Urban based Local Action Groups
European Regional Development Fund/European Social Fund/European Agricultural Fund for Regional Development	Urban/Rural Local Action Groups
European Regional Development Fund/European Social Fund/European	Non LEADER rural based Local Action Groups

<sup>67</sup> Subject to agreement of the UK Partnership Agreement.

Agricultural Fund for Regional Development	
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It is also envisaged that non Growth Programme Community Led Local Development under European Agricultural Fund for Regional Development LEADER/ EMFF Fisheries Local Action Groups (FLAGs) may where appropriate and with the agreement of Managing Authorities and local partners bid into Growth Programme resource to supplement their respective Local Action Groups (including for Fisheries) activity.

**Coordination of and administrative set up for Community Led Local Development, and the specific role the local action groups will be attributed in its delivery**

Community Led Local Development will be based on a partnership of public, private and civil society sectors coming together to form a Local Action Group (LAG) that will develop and drive the delivery of a Local Development Strategy (LDS). Community Led Local Development funded by Growth Programme resource will expand on the LEADER approach used in the 2007-2013 Rural Development Programme for England.

**Funding**

The funding for Community Led Local Development will come from the Local Enterprise Partnership area's notional allocation. In order to provide an indication of scale, those Local Enterprise Partnership areas that wish to use Community Led Local Development should consider a minimum total public sector investment of €3 million over the Community Led Local Development Strategy period envisaged. Subject to a robust rationale and intervention logic being set out at local level, local partners may consider allocating up to 5% of their notional European Structural and Investment Funds allocation to Community Led Local Development type activity.

**Commissioning of Community Led Local Development activity**

Local partners in consultation with the Managing Authority will agree whether Community Led Local Development is an appropriate mechanism to respond to the development needs identified in each European Structural and Investment Funds strategy. Where a robust case has been made that Community Led Local Development is an appropriate response, the Managing Authority will work with the Local Enterprise Partnership and local partners to commission Community Led Local

Development type activity and invite expressions of interest from existing or new Local Action Groups to develop a Community Led Local Development strategy. The following issues will be considered when assessing strategies:

- fit with the local European Structural and Investment Funds strategy;
- clear socio-economic rationale underpinning proposed use of Community Led Local Development in targeted geographic areas;
- clear explanation as to the rationale for the use of Community Led Local Development over and above mainstream programme activity;
- demonstration of value for money;
- identification of thematic objectives and results and outputs;
- identification of the population to be targeted;
- demonstration of robust governance and partnership arrangements;
- demonstration of capacity and resource.

The Managing Authority will consider reimbursing the preparatory costs of developing and designing local development strategies and for facilitation and capacity building activity. This will be subject to activities and expenditure being compliant with European Union rules, and to the funding of retrospective activity being agreed within the European Regional Development Fund Operational Programme.

### **Local Action Groups**

The Local Action Group (LAG) is an essential feature of the Community Led Local Development approach. Local Action Groups' responsibilities will include as a minimum:

- Design and implementation of Community Led Local Development strategies;
- Decision to select a lead partner in administrative and financial matters or to come together in a legally constituted common structure;
- Building the capacity of local partners to develop and implement operations including fostering their project management responsibilities;
- Drawing up a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations, which avoid conflicts of interest, ensure that at least 50% of the votes in selection decisions are cast by partners which are not public authorities, and allow selection by written procedure;
- Ensuring coherence with the community led local development strategy when selecting operations, by prioritising those operations according to their contribution to meeting that strategy's objective and targets;
- Preparing and publishing calls for proposals or an on going project submission procedure, including defining selection criteria;
- Receiving and assessing applications for support;

- Selecting operations and fixing the amount of support and, where relevant, presenting the proposals to the body responsible for final verification of eligibility before approval;
- Monitoring the implementation of the community led local development strategy and the operations supported and carrying out evaluation activities linked to that strategy.

Any additional tasks are subject to discussion and agreement by the Managing Authority.

**4.2 Where appropriate, the support for sustainable urban development - Article 87 (3) (b) CPR and Article 7 (2) and (3) of Regulation (EU) No [ERDF]**

The indicative amount of the ERDF support for integrated actions for sustainable urban development, to be implemented in accordance with the provisions under Article 7(2) of Regulation (EU) No [ERDF] and the indicative allocation of ESF support for integrated action. [a maximum of 3500 characters with spaces= approx. 1 page]

As set out in the UK chapter of the Partnership Agreement, in order for integrated actions for sustainable urban development to count towards the 5% included in the European Regional Development Fund Regulation, tasks relating at least to the selection of operations must be delegated to urban authorities. London will be designated as an Intermediary Body reflecting its relative size and the fact that the Greater London Authority has an established designation as an Intermediate Body for the 2007-2013 European Regional Development Fund Operational Programme. Whilst this in itself is likely to deliver the 5% minimum threshold for SUD, the English Managing Authority is keen for Core Cities to deliver such development as well.

The Government is giving England's cities new powers, freedoms and control over funding streams through City Deals and England's cities are playing a leading role within Local Enterprise Partnership territories in the development of European Structural and Investment Funds strategies. This means that cities' local development strategies bring together European Structural and Investment Funds proposals and domestic funding and levers into integrated packages.

Government is very keen to build on these arrangements to enable UK cities to participate in the European Union's Urban Development Network.

Urban authorities responsible for urban areas with a population in excess of 600,000 (according to the latest primary urban area dataset<sup>68</sup>) will therefore be invited to submit proposals to Government in line with the provisions set out in Article 7 of the European Regional Development Fund Regulation to deliver

<sup>68</sup> <http://www.citiesoutlook.org/population/table>

integrated actions for sustainable urban development. In England, the Core Cities meet this criterion. They will be invited to submit urban strategies for use of up to 10% of the relevant Local Enterprise Partnership territories' allocations, provided local partners agree. If Government agrees these urban strategies, Core Cities will be able to select projects appropriate for their delivery. These arrangements will be set out in writing and procedures will be put in place to ensure clear accountability. Core Cities with urban strategies agreed by Government will be able to access the European Union's Urban Development Network.

A separate SUD Priority Axis is programmed in the England ERDF OP to reflect these arrangements.

**Table 20: The indicative amount of the ERDF support for sustainable urban integrated actions under Article 7(2) of Regulation (EU) No [ERDF] and the indicative allocation of ESF support for integrated actions**

1. Fund	2. Indicative amount of the ERDF support for sustainable urban integrated actions under Article 7(2) of Regulation (EU) No [ERDF] and the indicative allocation of ESF support for integrated actions	2. Share of column 2 of the total allocation of the Fund to the operational programme
Total ERDF	£320,475,660	10.75%
Total ESF	£320,475,660	10.75%
TOTAL ERDF+ESF	£640,951,320	10.75%

**4.3 \*Where appropriate, the approach to the use of Integrated Territorial Investment (ITI) (as defined in Article 99 of the Common Provisions Regulation) other than urban development undertaken under Article 7 (2) of the ERDF Regulation and their indicative financial allocation from each priority axis.**

IF THERE ARE NO ITIs THEN NO NEED TO FILL IN THIS SECTION

[a maximum of 5000 characters with spaces= approx. 1,5 pages]

*An indication of whether the Member State will apply the approach outlined in Article 99 of the Common Provisions Regulation to other areas in addition to sustainable urban development referred to in point 5.2 and where relevant:*

- *whether ITIs will constitute a significant or a widely used implementation tool for the operational programme;*
- *the areas where ITI will be used (where this is known) or types of areas, if the concrete areas are to be selected later e.g. by competitive procedures, specifying how and by when the areas covered by ITIs will be decided, where relevant;*
- *an indicative financial allocation to ITI other than those mentioned under point 5.2 (table 21);*
- *the arrangements for the management and implementation of the ITI including*

*the coordination between the managing authorities of the operational programmes contributing financially to the implementation of an ITI.*

*The use of ITIs is optional. Therefore the filling in of this section is not mandatory, where no ITIs will be used to implement the operational programme.*

*Where ITIs are used for the purposes of integrated urban development in accordance with Article 7 of the ERDF Regulation, the description of these arrangements should be set out under section 4.2.*

*This section is generally not relevant for operational programmes dedicated to technical assistance. However, where actions are envisaged under such operational programmes specifically to support the implementation of ITIs, it should be indicated.*

No ITIs are planned to be used.

**Table 21: An indicative financial allocation to ITI other than those mentioned under point 4.2 (aggregate amount)**

<b>Priority</b>	<b>Fund</b>	<b>Indicative financial allocation (Union support) (EUR)</b>
Priority axis 1	ERDF	
Priority axis 2	ESF	
<b>TOTAL</b>		

#### 4.4. Where appropriate, the mechanisms to ensure coordination with cooperation activities and macro-regional and sea-basin strategies

- **\*The arrangements for interregional and transnational actions, within the operational programme, with beneficiaries located in at least one other Member State.**

[a maximum of 3500 characters with spaces= approx. 1 page]

*An overview of circumstances where actions with beneficiaries located in at least one other Member State are planned under the operational programme in question, the expected contribution of such actions to the achievement of the programme's objectives and the expected benefit of such actions for the programme area. Where applicable, a description of arrangements ensuring audit trail and control.*

*This section is generally not relevant for operational programmes dedicated to technical assistance. However, where actions are envisaged under such operational programmes specifically to support or promote interregional and transnational actions within other national operational programmes, it should be indicated.*

- **Where Member States and regions participate in macro-regional strategies and sea-basin strategies, subject to the needs of the programme area as identified by the Member State, the contribution of the planned interventions to such strategies.** [a maximum of 3500 characters with spaces= approx. 1 pages]

*Where appropriate, a description, of how the macro regional and sea basin strategies have been taken into account in the definition of specific objectives and elaboration of types of actions to be supported. As not all Member States and regions are covered by macro-regional and sea basin strategies, this section may be left unfilled. However, where the Member State or the regions is covered by such a strategy this section should be filled in. Where the strategy is not relevant for the particular programme or these aspects have been sufficiently elaborated in the Partnership Agreement, it should be explained in this section. This section is generally not relevant for operational programmes dedicated to technical assistance. However, where such operational programmes entail a significant contribution to a macro-regional or a sea-basin strategy, it should be outlined.*

England will take part in European Territorial Cooperation programmes with other member states where joint activities deliver national and European growth priorities. European Territorial Cooperation programmes provide opportunities for activities that complement the European Regional Development Fund Operational Programme in areas such as commercialisation of research, strengthening trade (including low carbon markets) measures that address social exclusion and environmental protection challenges. In these and other areas, European Territorial Cooperation provides an opportunity to develop European Union wide activities and knowledge that can strengthen and be strengthened by the implementation of complementary



projects funded through the England European Regional Development Fund Operational Programme.

In addition to European Territorial Cooperation, the European Union Atlantic Strategy will provide a mechanism through a range of Atlantic Action Plan priorities for the 12 Local Enterprise Partnership territories with Atlantic coastlines to engage with eligible member states in joint activities. These include renewable energy technologies, marine engineering technologies, fisheries and aquaculture and the visitor economy. Local Enterprise Partnership territory European Structural and Investment Fund strategies identify a range of activities that can complement Atlantic Strategy priorities. These include entrepreneurship, skills, innovation and coastal community connectivity.

As with the European Territorial Cooperation programmes, Managing Authorities will support local partners wishing to actively plan a complementary approach across local European Structural Investment strategy investments and Atlantic Strategy initiatives.

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**\*THE SPECIFIC NEEDS OF GEOGRAPHICAL AREAS MOST AFFECTED BY POVERTY OR TARGET GROUPS AT HIGHEST RISK OF DISCRIMINATION OR SOCIAL EXCLUSION, WITH SPECIAL REGARD TO MARGINALISED COMMUNITIES, AND PERSONS WITH DISABILITIES (ARTICLE 87 (4) (A) CPR)**

Where appropriate, the identification of whether and how the operational programme addresses the specific needs of geographical areas most affected by poverty or target groups at highest risk of discrimination or social exclusion, with special regard to marginalised communities, and persons with disabilities, and where relevant the contribution to the integrated approach set out in the Partnership Agreement (Article 87(4) CPR).

*This section is relevant for most operational programmes under cohesion policy. However, in some cases, particularly in case of narrowly focused sectoral programmes which do not have a significant social dimension, this section might not be relevant. Where this is the case, these sections do not need to be filled in.*

*Section 6 is generally not relevant for operational programmes dedicated to technical assistance. However, where actions are envisaged under such operational programmes specifically to support the implementation of the integrated approach to the areas and groups concerned, it should be indicated.*

**5.1 Geographical areas most affected by poverty/target groups at highest risk of discrimination**

[a maximum of 7000 characters= approx. 2 pages]

*An identification of the geographical areas most affected by poverty (e.g. NUTS III or LAU 1, formerly known as NUTS IV regions with an at-risk-of-poverty rate 20 percentage points above national average) (preferably on the basis of poverty maps or of target groups at highest risk of discrimination (incl. educational and territorial segregation) covered by the operational programme, or target groups most affected by poverty and a description of their specific needs.*

*There are no restrictions or requirements as regards the level at which this data should be analysed, however in most cases the analysis should be carried out at a lower level than NUTS II regions in order to be useful. NUTS III regions or particular administrative regions of a Member State may also be used as a point of reference. The analysis may also go to a neighbourhood level, where relevant.*

**5.2 The strategy of the operational programme to address the specific needs of geographical areas/target groups most affected by poverty**

[a maximum of 7000 characters= approx. 2 pages]

*The programme's strategy and funding compatible with the overall strategy to address these specific needs. A description of how the operational programme in the implementation of the programme's strategy will contribute to addressing these specific needs, including the main elements included in table 22, as appropriate and the main results.*

**Table 22: An outline of the contribution of the operational programme to addressing the specific needs of geographical areas/target groups most affected by poverty<sup>69</sup>**

*The aim of the table below is to capture the actions focussing on geographical areas/target groups most affected by poverty from different priority axes which contribute, in an integrated manner, to the reduction of poverty in the areas/of target groups identified above. The aim of this section is not to capture all interventions under these priority axes/investment priorities, but only those that are targeted to these geographical areas/target groups.*

*NB: As set out in Article 87 (10) CPR, this section is not subject to the Commission decision approving the operational programme and remains under the responsibility of the Member State.*

<b>Target group/ geographical area</b>	<b>Main types of planned actions which are part of the integrated approach</b>	<b>Priority axis</b>	<b>Investment priority</b>	<b>Fund</b>	<b>Category of region</b>

<sup>69</sup> If the operational programme covers different category of regions, a breakdown by category of region can be necessary.

**\*SPECIFIC NEEDS OF GEOGRAPHICAL AREAS WHICH SUFFER FROM SEVERE AND PERMANENT NATURAL OR DEMOGRAPHIC HANDICAPS (ARTICLE 87 (4) (B) CPR)**

[a maximum of 5000 characters= approx. 1,5 pages]

Where appropriate, the identification of whether and how the operational programmes addresses demographic challenges of regions or specific needs of geographical areas which suffer by severe and permanent natural or demographic handicaps, as defined in Article 174 of the Treaty and the contribution to the integrated approach set out in the Partnership Agreement to this end.

*This section should identify, where appropriate, whether and how the operational programme the addresses demographic challenges of regions and the specific development needs of certain regions with severe and permanent natural or demographic handicaps, with reference to the CSF.*

*Where the Member State has highlighted in section 2 demographic challenges or specific development needs in regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross- border and mountain regions, it should provide a brief summary of how the operational programme will be used to tackle these specific development needs, or demographic challenges in a more wider context.*

*Where the operational programme is implemented solely in e regions referred to in Article 174 of the Treaty, the general strategy of the programme and the description of the priority axes should provide for these elements, and this specific section is in most cases not necessary.*

*This section is not relevant for all operational programmes. Where no demographic challenges are highlighted in section 2 or the operational programme does not cover regions suffering from severe and permanent natural or demographic handicaps, the section does not need to be filled in.*

*Section 6 is generally not relevant for operational programmes dedicated to technical assistance. Where actions are envisaged under such operational programmes specifically to address the needs of the regions concerned, it should be indicated.*

*NB: As set out in Article 87 (10) CPR, this section is not subject to the Commission decision approving the operational programme and remains under the responsibility of the Member State.*

**AUTHORITIES AND BODIES RESPONSIBLE FOR MANAGEMENT, CONTROL AND AUDIT AND THE ROLE OF RELEVANT PARTNERS (ARTICLE 87 (5) CPR)**

**7.1. Identification of the relevant authorities and bodies (Article 87 (5) (a) and (b) CPR)**

**Table 23: Identification of and contact details for the relevant authorities and bodies**

<b>Authority/body</b>	<b>Name of the authority/body, and department or unit, where appropriate</b>	<b>Head of the authority/body (position or post)</b>
Managing authority	Secretary of State, Department for Communities and local Government	Secretary of State, Department for Communities and local Government
Certifying authority, where applicable	Secretary of State, Department for Communities and local Government	Secretary of State, Department for Communities and local Government
Audit authority	Cross Departmental Internal Audit Service (XDIAS), jointly hosted by DCLG, BIS, DfE, DfT and HMT.	Mike Reed, Deputy Director of Cross Departmental Internal Audit Service (XDIAS), jointly hosted by DCLG, BIS, DfE, DfT and HMT.
Body to whom payments will be made by the Commission	Secretary of State, , Department for Communities and local Government	Secretary of State, , Department for Communities and local Government

**7.2. The actions taken to involve the relevant partners referred to in Article 5 in the preparation of the operational programme, and the role of the partners in the implementation, monitoring and evaluation of the operational programme- Article 87 (5) (c) CPR**

***7.2.1. Role of the relevant partners in the preparation, implementation, monitoring and evaluation of the operational programme.***

[a maximum of 14000 characters= approx. 4 pages]

The Government engaged extensively with partners during the development of the England 2014-2020 European Structural and Investment Fund Growth Programme which includes the European Regional Development Fund operational programme.

The process of consulting with partners began substantively in April 2012 with an informal written consultation. Key messages from the informal consultation were:

- Flexible boundaries allowing for place based and thematic programmes as necessary and including local engagement
- Support for integrating and or aligning the Funds
- Better use of local and national match funding
- Reduce the administrative burden on beneficiaries and project developers

This was followed by a series of road show events that included over 1000 local partners across England in the November and December of 2012 to seek views on a new streamlined approach for delivering the European Structural and Investment Funds.

The government proposition was that Local Enterprise Partnerships should work with partners to design and deliver local European Structural Investment Fund strategies based on the EU2020 priorities and menu of Thematic Objectives in accordance with local priorities, needs and opportunities. There was general support for the approach.

In particular, partners said they wanted:

- Support for flexible working across functional economic areas and for new opportunities to collaborate.
- Advice from Managing Authorities through the local teams to be coordinated, consistent and of a high standard.
- Communications engagement to be clear and co-ordinated.
- The requirements on Local Enterprise Partnerships for partnership, consultation and collaboration to be clearly set out as soon as possible.
- Clear mechanisms to be put in place to ensure that partners – especially Small and Medium size Enterprises – are able to take part in developing the European Structural Investment strategies.
- Lessons learnt and best practice from current programmes and other areas to be incorporated into programme design.
- Pooling and capturing of existing local and national expertise, knowledge and ideas - crucial in the delivery of appropriate local strategies.
- Government to take action to ensure best use of national and local funding sources.
- Government to take bold and innovative steps to harmonise and simplify the Funds in order to align them administratively.
- Allocations methodology to be made transparent.
- An effective transition from the current to future programmes.
- Rural and fisheries interests to be safeguarded.

Following this input from local partners, a formal consultation on the delivery of 2014-20 European Structural and Investment Funds was undertaken in spring 2013.

In summer 2013 government commissioned each Local Enterprise Partnership territories to produce a local European Structural and Investment Funds strategy based on EU2020 strategic priorities, national policy goals and local needs and opportunities. These strategies were developed by local partners in two stages and submitted to government in October 2013 and January 2014. The Government's approach of asking all Local Enterprise Partnership territories to produce European Structural and Investment Funds investment strategies has produced a locally coherent and prioritised set of strategies. The European Regional Development Fund Operational Programme has been developed on the basis of national analysis and data and informed by territorial analysis developed in Local Enterprise Partnership territories which were developed in consultation with a wide set of public, private, business, voluntary, social and environmental local partners.

### **Partnership working: governance**

Government will establish European Structural and Investment Funds Growth Programme Board (GPB). It will act as the Programme Monitoring Committee (PMC) for the operation of European Regional Development Fund and European Social Fund European Structural and Investment Funds.

The Programme Monitoring Committee will be chaired by the Managing Authority for the Programmes and the secretariat will be provided by the Managing Authority. It is foreseen that it will meet four times a year. Membership will be drawn from a wide range of partners across the public, private, business, social, voluntary and environmental sectors. The remit of the Committee is to oversee the Programmes in line with the requirements set out in the regulations.

The Programme Monitoring Committee for the Structural Funds will be supported by a number of sub-committees. It is envisaged that these will include:

Thematic committees covering Innovation, Small and Medium size Enterprises, Low Carbon and Skills, Employment and Social Inclusion;  
Cross-cutting thematic committees for equalities and sustainability;  
Functional committees for communications, evaluation and other relevant topics;  
A Technical Assistance sub-committee; and,  
A Performance and Accountability sub-committee to oversee delivery of the programme, guard against conflicts of interest, and provide a forum for holding both partners and the Managing Authority to account.

The Structural Funds Programme Monitoring Committee will be supported by 39 Local Sub-Committees, one for each Local Enterprise Partnership territory. Government will ask Local Enterprise Partnerships to co-ordinate the local sub-committee and partners in their area in accordance with the Code of Conduct on Partnership. Local sub-committees will be chaired by local partners and supported by the Managing Authority. They will report to the Programme Monitoring Committee and by extension to its sub-committees. Their membership must include the full range of local partners as set out in European Commission regulations. The exact format of such groups and its fit with local governance is a matter for partners provided

arrangements are compliant with European Commission regulations.

The Local Subcommittee will, in relation to funds within the scope of the European Growth Programme:

Publicise and promote the opportunities that the funds provide for economic growth;  
Develop a pipeline of operations that meet the local needs in line with the European Structural and Investment Funds strategies;  
Agree the breadth, scope and timing of calls required in each local area;  
Agree with the Managing Authority the selection of operations, especially in regard to prioritisation, the additional opportunities and the fit with local needs;  
Agree with the Managing Authority the level and detail of information required to monitor the progress of European Structural and Investment Funds implementation against spend, milestones and results agreed in their European Structural and Investment Funds strategy, recommending remedial actions where necessary.

The Rural Development Programme will be overseen by the European Agricultural Fund for Regional Development Programme Monitoring Committee. The Growth Programme Board (National PMC) will advise the European Agricultural Fund for Regional Development Programme Monitoring Committee on issues concerning growth, such as those that may require modifications to be made to the Rural Development Programme.

### **Partnership working: roles and responsibilities**

The successful delivery of funds within the European Growth Programme will depend on close working between the Managing Authority and Local Enterprise Partnerships who will co-ordinate and bring in local partners on a fully inclusive basis. This will be based on a clear split of roles and responsibilities, and on close and frequent communication at working level. The Local Sub-Committee will provide a formal basis for this relationship. It will be chaired by a locally-determined partner organised through the Local Enterprise Partnership with the Managing Authority as Deputy Chair. Provided that the membership and functions meet the regulations for the Programme, the exact form of the Local Sub-Committee can vary with local need.

The Managing Authority is responsible for managing the Operational Programmes in accordance with the principle of sound financial management.

The Managing Authority will do so by working in partnership with economic and social partners and bodies representing civil society at national, regional and local levels throughout the whole programme cycle consisting of preparation, implementation, monitoring and evaluation.

For the funds within the European Growth Programme, Local Enterprise Partnerships will be responsible for coordinating these partners and driving the production and delivery of the European Structural and Investment Funds strategy which makes best



use of the Funds in delivering growth in their area and reflects the aims set out in the area's Strategic Economic Plan. This wide (Local Enterprise Partnership organised) partnership will collectively bring forward operations which deliver the best balance of outcomes and agree those with the Managing Authority.

**7.2.2. ESF**

**7.2.3. ESF**

DRAFT

**\*COORDINATION BETWEEN THE FUNDS, THE EAFRD, THE EMFF AND OTHER UNION AND NATIONAL FUNDING INSTRUMENTS, AND WITH THE EIB - ARTICLE 87(6) (A) CPR**

The mechanisms that ensure coordination between the Funds, the EAFRD, the EMFF and other Union and national funding instruments, and with the EIB taking into account the relevant provisions laid down in the CSF as set out in Annex I of the CPR

[a maximum of 14 000 characters= approx. 4 pages]

Coordination between the European Structural and Investment Funds is an overarching principle of the European SIF Growth Programme which will combine the European Regional Development Fund (ERDF) and the European Social Fund (ESF). It will also include part of the European Agricultural Fund for Rural Development (EAFRD), and will be aligned with the objectives of the UK European Maritime and Fisheries Fund. Bringing the funds together in this way will allow much greater flexibility in the way money is spent.

The Common Strategic Framework cites the following Funds as being areas where there needs to be coordination:

- Coordination with the Common Agricultural Policy and the Common Fisheries Policy
- Horizon 2020<sup>70</sup> and other centrally managed European Union programmes in the areas of research and innovation
- New Entrants Reserve (NER) 300 demonstration funding<sup>71</sup>
- LIFE<sup>72</sup> and the environmental acquis
- ERASMUS for All<sup>73</sup>
- Programme for Social Change and Innovation (PSCI)<sup>74</sup>
- Connecting Europe Facility (CEF)<sup>75</sup>
- IPA, ENI and EDF<sup>76</sup>

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<sup>70</sup> COM(2011) 809 final

<sup>71</sup> OJ L 290, 6.11.2010, p. 39–48 2010/670/EU: Commission Decision of 3 November 2010 laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO<sub>2</sub> as well as demonstration projects of innovative renewable energy technologies under the scheme for greenhouse gas emission allowance trading within the Community established by Directive 2003/87/EC of the European Parliament and of the Council (2010/670/EU) OJ L 275, 25.10.2003, p. 32–46.

<sup>72</sup> COM(2011) 874 final.

<sup>73</sup> COM(2011) 788 final.

<sup>74</sup> COM(2011) 609 final.

<sup>75</sup> COM(2011) 665 final.

<sup>76</sup> COM(2011) 838 final; COM(2011) 839 final; COM(2011) 837 final.

## **European Investment Bank**

The European Investment Bank is already a major co-financer of financial instruments in the 2007-13 England programme. The 4 model delivery mechanism for delivery of financial instruments in the 2014-20 England programme is described in section 1.5 on Financial Instruments. Three of these models may utilise European Investment Bank funding. Discussions between the European Investment Bank, Managing Authority, Local Enterprise Partnerships and partners to develop the individual funds are on-going.

In addition to the above Funds, the European Territorial Cooperation Programmes and Atlantic Strategy provide further opportunities for complementary investment with actions supported through the England European Regional Development Fund Operational Programme. These opportunities are summarised in Section 2.3.

### Section 4.2: National funds

European Union rules require Structural and Investment Funds to be matched with domestic funding. Some of this will come from Government. The Local Growth Fund will provide a potential source of match funding for some Thematic Objectives when it comes on stream in April 2015. Match funding will also be available from UK Trade and Investment, the Manufacturing Advisory Service and Growth Accelerator.

In addition, a range of other public sources of match funding will be available nationally and locally to support implementation of the European Regional Development Fund Operational Programme. Government is keen to see maximum leverage of private match funding to support delivery, and private sector sources identified in Local Enterprise Partnership territories' European Structural and Investment Fund Strategies confirm that this will be a significant match funding component during 2014-2020.

**\* EX-ANTE CONDITIONALITIES - ARTICLE 87(6) (B) CPR**

For each ex ante conditionality, established in accordance with Article 17 and Annex (xx), which is applicable to the operational programme an assessment of whether the ex-ante conditionality is fulfilled at the date of submission of the Partnership Agreement and operational programme, and where ex-ante conditionalities are not fulfilled, a description of the actions to fulfil the ex-ante conditionality, the responsible bodies and a timetable for such actions in accordance with the summary submitted in the Partnership Agreement.

*In accordance with Article 17 of the CPR, the Member States should provide the Commission with information on the applicability of ex-ante conditionalities and on the fulfilment of applicable ex ante conditionalities. Information on this regard may be provided within separate explanatory documents submitted with the operational programme. However, it may also be included under this section of the operational programme in order to complement the information set out in table 24.*

*NB: No thematic ex-ante conditionalities have been proposed for technical assistance. However, general ex-ante conditionalities may be applicable to technical assistance priority axes, therefore tables 24 and 25 are relevant also for operational programmes dedicated to technical assistance. Table 26 on thematic ex-ante conditionalities is not relevant for such programmes.*

*Where necessary, explanations or additional information to complement the tables below can be added here [a maximum of 14 000 characters= approx. 4 pages]*

**9.1. Identification of applicable ex-ante conditionalities and assessment of their fulfilment (table 24).**

*This table sets out all applicable general and thematic ex-ante conditionalities for the operational programme, including those which have been included in the Partnership Agreement, but which are applicable to the priority axes of the programme in question and the fulfilment or non-fulfilment of which therefore affects the implementation of the programme. It is necessary to identify, for each applicable ex-ante conditionality, the priority axes to which it applies and to indicate and , explain, which criteria are fulfilled or unfulfilled.*

**Table 24: Identification of applicable ex-ante conditionalities and assessment of their fulfilmen**

Applicable ex-ante conditionality	Priority axis or axes to which the conditionality applies	Ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (reference to the strategies, legal act or other relevant documents, incl. references to relevant sections, articles or paragraphs, accompanied by weblinks or access to full text)	Explanations

**9.2 A description of the actions to fulfil the ex-ante conditionalities, the responsible bodies and a timetable for such actions (tables 25 and 26)**

*These tables cover only applicable general and thematic ex-ante conditionalities which are completely unfulfilled or partially fulfilled (as set out in table 24 above) at the time of submission of the operational programme.*

**Table 25: Actions to be undertaken to fulfil applicable general ex-ante conditionalities**

<b>Applicable general ex-ante conditionalities which are completely unfulfilled or partially fulfilled</b>	<b>Criteria not fulfilled</b>	<b>Action to be taken</b>	<b>Deadline (date)</b>	<b>Bodies responsible for fulfilment</b>
1. X		Action 1	Deadline for action 1	
		Action 2	Deadline for action 2	

**Table 26: Actions to be undertaken to fulfil applicable thematic ex-ante conditionalities**

<b>Applicable thematic ex-ante conditionalities which are completely unfulfilled or partially fulfilled</b>	<b>Criteria not fulfilled</b>	<b>Action to be taken</b>	<b>Deadline (date)</b>	<b>Bodies responsible for fulfilment</b>
1. X		Action 1	Deadline for action 1	
		Action 2	Deadline for action 2	

## \*REDUCTION OF THE ADMINISTRATIVE BURDEN FOR BENEFICIARIES (ARTICLE 87 (6) (c) CPR)

A summary of the assessment of the administrative burden for beneficiaries and, where necessary, the actions planned accompanied by an indicative timeframe to reduce administrative burden.

[a maximum of 7 000 characters = approx. 2 pages]

The key focus of the approach to simplification has to been to review and apply the lessons learned from the review of the 2007-2013 programmes and to introduce measures that reduce the administrative burden on beneficiaries.

The Managing Authority has invested significant resources in reflecting on and learning from operational experience from both a beneficiary and Managing Authority perspective.

Beneficiary feedback has indicated that partners wish the Managing Authorities to develop a process and approach that includes the following features:

- Clearly defined roles and responsibilities;
- An approach aligned across different funds;
- Standard documentation within a single business process, where possible;
- Clear and unequivocal guidance and;
- Better access to information.

The Managing Authority has taken this feedback into account and designed the business process to be employed for the 2014-20 programmes on the following principles:

- **A single process** for structural Funds (European Regional Development Fund and European Social Fund) including a single point of access, single application documentation/process whilst maintaining separate management of funds
- The **customer journey is at the heart of the process** design – keeping things clear, simple and as accessible as possible. The emphasis is on clear and explicit information and guidance so that there are no surprises for the applicant/beneficiary
- Doing the **right things at the right time and doing it well**. Avoiding duplication and focussing resources and effort where they deliver most impact/benefit
- **Reducing compliance risk** through clear guidance and **early** and robust testing
- **Digital by default**. Design and implementation of a single accessible Information Technology (IT) system holding all relevant information and operating on the principle of '*collect once, use often*'.

The process design reflects the valuable learning from the 2007-13 (and previous) programme(s) resulting in a process that incorporates:

- Clearly defined roles and responsibilities at all stages of the process
- An Information Technology (IT) system designed around the needs of the business process, and capable of meeting the varying needs of the Programme life cycle
- Review and continuous improvement a key component of the process
- Systems designed to survive possible structural and organisational changes.

Specific examples of how the process will help reduce the administrative burden on beneficiaries whilst maintaining robustness in approach include:

### **1. Standardisation of management arrangements**

A standard business processes will apply across all European Regional Development Funding and European Social Fund from the beginning of the programme. Applicants will have a single, clear route of entry into the European Structural and Investment Funds Programmes avoiding confusion and duplication.

### **2. Application and Appraisal Process**

The application and appraisal process has been designed to focus on relevant and essential information appropriate to each stage in the application/approval process. Applications will be submitted through a single portal. Information should be provided once and tested at the appropriate time so that potential duplication of information is eliminated. The process has a strengthened focus on identifying and addressing potential compliance risk at the earliest stages. This will help mitigate risk to both the beneficiary and Managing Authority and ensure potential beneficiaries consider compliance more fully in developing applications.

### **3. Information Technology**

A single Information Technology system will underpin the new business process. The Managing Authority, the Certifying Authority, the Audit Authority, applicants, Intermediate Bodies and partners will all have access and use the same system as the primary source of data and reporting. Wherever possible all transactions will be done electronically. This will ensure greater transparency, greater and faster access to information and simplify reporting. Information on, for example, the organisation or a specific partner will only need to be entered on the system once.

### **4. Support for Applicants**

The Managing Authority has teams located across the country. These teams will provide information, advice and support to local partners and applicants to ensure that all players are very clear of the requirements early in the process and are empowered to bring forward robust compliant applications capable of delivering the ambition of the



operational programme.

## **5. Regulations, Guidance and Procedures**

Guidance and information will be available from a single accessible portal. A single national set of controlled documents will be produced for European Regional Development Funding and European Social Fund. The guidance will draw directly from the European Commission regulations and Committee of Coordination of Funds (Committee of European Structural and Investment Funds) guidance as a minimum. Additional requirements will only be created where there is clear evidence from the lessons learned that additional requirements will help the applicant or reduce risk. Guidance will be concise, clear and will avoid use of jargon wherever possible.

## **6. Monitoring and Audit**

The scheduling of monitoring and verification visits (Project Initiation Visits, On-the-spot visits, contract management visits) will be co-ordinated across the European Regional Development Fund and European Social Fund. This is intended to reduce the number of individual visits to beneficiaries and promote greater consistency. Standardised documents will be used for all monitoring, verification and checks. In addition, the Audit Authorities will use a shared set of criteria for European Social Fund and European Regional Development Fund audits. This will help beneficiaries understand the requirements of monitoring and verification visits and to plan accordingly.

## **7. Simplified Costs**

Simplified costs will be the default approach for all indirect costs (following the European Commission recommendation that a rate of 15% of eligible direct staff costs can be claimed as indirect costs without the need for evidence of these costs or explanation of the methodology). This will provide greater clarity for applicants and beneficiaries and reduce the requirement for complex apportionment methodologies. This approach will also help reduce the risks of non-compliance for beneficiaries.

## **Opt-Ins**

The 'opt-in model' has been developed to allow local partners to access national 'match' funding and administrative support from key national programmes. The model provides a mechanism for national bodies to deliver policy priorities that are part-funded by the European Structural and Investment Funds and which are tailored to local conditions. The 'opt-in model' builds on the 'Co-financing' model which was introduced in the 2000-2006 European Social Fund programme and further developed in the 2007-2013 programme. Co-financing has enabled public bodies to manage European Social Fund and public match funding together, and has proved an effective means of delivering European Social Fund investment. By providing and

accounting for 'match' funding, the 'opt-in model' will reduce administrative burdens on providers. It will also allow providers who do not have 'match' funding to access European Structural and Investment Funds, thus removing a major barrier to participation. The model has been considered for ERDF and might be used.

## **HORIZONTAL PRINCIPLES (ARTICLE 87(7) CPR)**

### **11.1. Sustainable development**

A description of specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, in the selection of operations. [a maximum of 5 500 characters= approx. 1,5 pages]

#### **Cross Cutting Theme – Sustainable Development**

Sustainable development envisages economic growth that is inclusive and environmentally sound to build shared prosperity, deliver immediate and long-term benefits, and meet the needs of future generations.

Decarbonising the economy is key to long-term sustainable economic growth.

Businesses need to address increasing costs of energy, water and raw materials, and harness opportunities within the low carbon goods and services sector.

Businesses also need to reflect in their planning the resilience of their assets and operations to severe weather events - flooding, droughts, and heat waves.

Four thematic objectives within the operational programme directly support delivery of sustainable development. However environmental sustainability will also be embedded into the assessment and delivery of programme activities across all thematic areas.

#### **Delivering the Cross Cutting theme**

The European Union's Common Provisions Regulations cover environmental protection; resource efficiency, climate change mitigation and adaptation, biodiversity, disaster resilience, risk prevention and management. Proposals must demonstrate how these positive environmental aspects will be enhanced and, where appropriate, negative effects minimised, at strategic and project levels.

The cross-cutting theme reflects the 'Polluter Pays Principle' - the party responsible for producing pollution should pay for the damage to the natural environment. All European Regional Development Fund funded projects must comply with UK environmental law and apply this principle systematically.

Proposals must show how they support moving towards a low carbon economy;

for example by adhering to UK government buying standards and through using nationally recognised building and civil engineering sustainability standards.

Adaptation and local resilience to a changing climate must be integrated within proposals, specifically where these strengthen local economic development by managing risk, avoiding disinvestment and safeguarding growth.

Green infrastructure provides potential for joint social, economic and environmental benefits. It also supports local and strategic approaches to climate change adaptation. In considering capital investments, proposals must identify how these support green infrastructure within and, where relevant, beyond their boundaries.

Investments supported by the European Regional Development Fund should demonstrate how they contribute to the European Union's commitment to halting biodiversity loss and degradation of ecosystem services.

Capital proposals should use recognised standards - the Building Research Establishment Environmental Assessment Method (BREEAM) and The Civil Engineering Environmental Quality Assessment and Award Scheme (CEEQUAL) – to ensure that environmental sustainability is considered throughout the whole lifecycle of a project and a quality threshold for investments, drive innovation and support the low carbon supply chain:

- New build projects - BREEAM Excellent
- Refurbishment projects – BREEAM Very Good
- Infrastructure Projects – CEEQUAL Very Good

To achieve this, investments must demonstrate a proactive approach, maximising energy efficiency and minimising water consumption and drainage off site.

### **Suggested Deliverables**

Environmental sustainability should be part of developing all projects. The focus for the thematic objectives for the cross cutting themes is:

- 1. Research, development and innovation** - Capital investment in new buildings should achieve a BREEAM rating of Excellent; refurbishments should achieve Very Good.
- 2. Small and Medium size Enterprises' competitiveness** - In providing support for Small and Medium Enterprises, applicants should demonstrate how resource efficiency is embedded into the business support offer.
- 3. Low carbon** – Greenhouse Gas (GHG) reduction projects must have a transparent methodology for calculating and monitoring emissions, with actual and auditable GHG reductions in line with the Climate Change Act 2008.
- 4. Climate change and protecting the environment and promoting resource efficiency** – Green Infrastructure projects will require a wider

strategic overview to ensure maximum benefits, and provide a future management plan. Applications for projects delivering carbon savings will need to include a coherent and transparent methodology for measuring the savings.

5. **Skills** – Relevant proposals will need to demonstrate how they will support Small and Medium size Enterprises on climate change mitigation and adaptation, including support for behavioural change and promoting growth in adaptation goods and services.

6.

## **11.2. Equal opportunities and non-discrimination**

[a maximum of 5 500 characters= approx. 1.5 pages]

A description of the specific actions to promote equal opportunities and prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the operational programme and in particular in relation to access to funding taking account of the needs of the various target groups at risk of such discrimination and in particular the requirements of ensuring accessibility for persons with disability.

### **UK Legal context**

All European Structural and Investment funds will promote equality in accordance with European and domestic legislative and regulatory requirements. The 2010 Equality Act provides a framework to effectively tackle disadvantage and discrimination. The Act protects nine characteristics – age, disability, gender reassignment, marital or civil partnership status, pregnancy and maternity, race, religion and belief, sex and sexual orientation. The public sector Equality Duty applies in the delivery of European funding, and means that delivery of the Operational Programme should consider the needs of all individuals and have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities.

### **Equality Principles**

The broad equality principles of the Programme are:

- no beneficiaries are excluded from participation in the Programme on the grounds of their protected characteristics
- the needs of all potential beneficiaries are considered at project design stage in order that the service is appropriately delivered
- all physical regeneration, i.e. new buildings and upgrading existing premises, meets minimum accessibility requirements (Equality Act, which

superceded the Disability Discrimination Act, Part M of Building Regulations and recommended British Standards for accessibility)

- services are responsive to the needs of all communities and under-represented groups
- support is targeted towards under-represented communities where relevant
- responsiveness to, and inclusiveness of, under-represented groups in delivery and management

This will be done by:

- Having a Government Equality Office representative on the Growth Programme Board (the national Programme Monitoring Committee)
- Setting up an Equalities sub-committee of the Growth Programme Board (national Programme Monitoring Committee) and embedding equalities considerations in the Terms of Reference of Local Partnerships and other GBP sub-group/ sub-committees as appropriate;
- The preparation of programme-level equal opportunities and gender equality mainstreaming plans in consultation with the Growth Programme Board equalities sub-committee which will include partners and equality experts;
- Building appropriate equality criteria into the investment application process
- Using appraisal processes to check the extent to which equality is applied at project level, including for capital projects in relation to their accessibility
- Using investment management processes, progress reporting, monitoring visits and evaluation to monitor equality progress at project level
- Giving implementation staff appropriate equality training, with advice and guidance obtained where necessary from equality bodies or experts
- Providing equality guidance to projects, including lessons learnt from other projects, to help inform their practice
- Promoting equality to applicants by awareness-raising and signposting Small and Medium size Enterprises and support providers to equality advice
- Monitoring and evaluating the equality impacts of the Programme, based primarily around the production of best practice case studies
- The equalities sub-committee reviewing progress and monitoring and evaluating the equality impacts of the Programme on a regular basis and reporting progress to the Growth Programme Board.

### **Ex-ante assessment**

- The operational programme will be informed by an ex-ante assessment which will assess the potential equality impacts of the operational programme. This can inform how equality issues are considered in the programme and shaped implementation and administration arrangements. It will identify opportunities to promote equality, proposed solutions for elimination of potential negative impacts and identified opportunities for monitoring.

## Investments

- Lessons learnt from previous programmes show that equality should be embedded throughout a project - from design to evaluation. Therefore this message will be clearly communicated to projects and applicants will be supported by providing guidance on how to address equality issues, and promoting sharing of best practice. Many investments will have some common generic functions - recruitment and employment, communications, marketing, procurement, monitoring and evaluation – investments will therefore consider the equality impacts of these functions, how any equality risks can be mitigated and how equality can be promoted during delivery. Projects will be encouraged to ensure employment opportunities are inclusive, to adopt equality and family-friendly policies.
- Local European Structural and Investment Fund Strategies have set out evidence around equality across local areas. Therefore account has been taken of under-representation and gaps in provision, and proportionate efforts will be taken to address these groups through project implementation. Partners with expertise in equality have helped prepare local European Structural and Investment Fund Strategies and will assist as necessary throughout the delivery and monitoring of programmes.

## Thematic priorities

- **Innovation** – innovation is common in the sector areas of science, technology and engineering, all of which are employment sectors with a particular gender bias and thereby impacting women more. Therefore projects under this theme will be expected to demonstrate additional engagement with women. This theme also engages in physical infrastructure (incubation space), therefore projects under this theme will take into account the needs of disabled people when completing capital builds. Buildings will meet minimum accessibility requirements. Where possible, good practice will be achieved to add quality to investments, by using accessibility toolkits and undertaking pre- and post-build access audits.
- **Information and Communications Technology (ICT)** – there are likely to be few significant impacts in relation to broadband access and higher internet speeds – in general, Information and Communications Technology issues are likely to impact more on older people and disabled people, so digital infrastructure investments will be accompanied by relevant skills support.
- **Small and Medium size Enterprises** – the focus on growth and entrepreneurial culture means there are likely to be more significant equality impacts - reducing barriers to entrepreneurship is important as some groups

lack entrepreneurial ambition and feel that enterprise is not for them. People in difficult social or economic circumstances face barriers to enterprise, but some groups have additional barriers – for example often women and black and minority ethnic groups are under-represented in enterprise compared to the wider population, so investments will actively address barriers to business start-up for such groups.

- **Low carbon, climate change and environment protection** – there are likely to be few significant impacts for these thematic objectives, however investments will still be expected to promote equality where appropriate.
- **Sustainable transport** – there are potential impacts around general transportation and in road building – the needs of, in particular, young people, older people and physically disabled people will be appropriately considered.
- **Employment / labour mobility, inclusion and skills** – there are likely to be significant impacts for these thematic objectives. However, these themes are more directly delivered by European Social Fund than European Regional Development Fund.

### 11.3. Equality between men and women

A description of the contribution to the promotion of equality between men and women and, where appropriate, the arrangements to ensure the integration of the gender perspective at operational programme and operation level.

[a maximum of 5 500 characters= approx. 1.5 pages]

#### **UK legal context**

While the UK Government takes a wider interpretation of equality, at a European level there is a more pronounced focus on gender equality specifically. As a result, UK legislation has embedded gender (or sex as it is referred to in UK legislation) as part of wider equality legislation, in particular the 2010 Equality Act.

However, gender is probably the most pervasive of the different inequalities, and gender issues are compounded when individual are also part of other under-represented groups. The UK Government therefore acknowledges the importance of gender equality and recognises the potential of the ERDF Operational Programme to positively impact upon gender and contribute to greater equality between men and women. Countries with greater gender equality in employment and education are likely to report higher rates of economic growth and human development.

#### **Specific gender challenges in the UK**

The principle of smart, sustainable and inclusive growth implicitly includes gender equality, however, the nature of this may mean that the ERDF Operational Programme will have a different impact for men and women. Particular issues include:

- Childcare commitments, availability and cost
- Lack of visible and aspirational role models

- Lack of self confidence in starting a business
- Fear of debt and taking on finance
- Reticence in taking risks
- Timings of events and seminars, working patterns and concerns about return to work
- Lack of previous engagement with business support provision

A combination of the above, and other, issues has resulted in only around 15% of businesses owned by women. ERDF Programmes often focus on high growth and high value, leading to a concentration of investment in science, technology and engineering and similar sectors. Such sectors often have an occupational bias – with female employees comprising 13-18% of the workforce – meaning ERDF Programmes normally impact a higher proportion of men than women. Therefore this Programme will focus on opening up as many opportunities to women as possible.

Progress towards gender equality has stalled since the recession with a drop in equality of womens' earnings with mens', the proportion of women in work, the female employment rate and the proportion of women in full-time employment. Reductions in public sector employment impact disproportionately on women as they make up two thirds of the workforce. Enterprise support and employment opportunities created by ERDF investment, offers opportunities to help such women back into the labour market. If women were setting up new businesses at the same rate as men, there could be one million more women entrepreneurs – furthermore, up to 2% of GDP could be gained by better harnessing women's skills. Female entrepreneurs are more likely to produce something unfamiliar to the market, to have fewer competitors, and to be using technology in their products than their male counterparts.

A significantly higher proportion of women with dependent children than men work part-time, therefore projects will need to recognise this in their recruitment processes. Women are only 17% board directors of FTSE 100 companies, so the Programme will attempt to address this issue of female representation that decision-making. Historical data shows that women-owned businesses are nearly three times as likely to collaborate with research institutions than male-owned – this will be maximised, where relevant, at project level.

### **Gender Equality Principles**

While the ERDF Operational Programme cannot resolve all gender-related barriers and issues, it can impact on some. Therefore, the gender equality principles of the Programme are that:

- no women or men are excluded from Programme participation on grounds of their gender
- the needs of both men and women are considered at project design stage in order that the service is appropriately delivered
- where possible, through individual investments, both women and men are supported to overcome common barriers to participation
- where relevant, support is targeted towards men or women where they are under-represented, and a more mixed gender profile encouraged in job creation
- programme decision-making structures contain an appropriate gender mix

This will be addressed by:

- Broadly the same approach and actions set out in section 11.2 will apply to



equality between men and women;

- projects assessing potential impacts around gender and implementing measures to mitigate potential negative impacts or maximise positive impacts
- gender consideration, in the form of specific questions around equality, being built into different stages of the investment management process, from application, through appraisal, to monitoring and evaluation
- where appropriate, targeting women's enterprise initiatives and providing gender specific delivery of business support
- where relevant, encouraging projects to have visible and aspirational gender role models
- at a Programme level, a Government Equalities Office representative sitting on the Growth Programme Board
- where relevant, encouraging as representative a gender structure as possible within decision-making groups in the Programme
- providing gender equality guidance to projects, such as recruitment advice and including lessons learnt from other projects, to inform their practice
- monitoring and evaluating gender equality impacts of the Programme, based primarily around the production of best practice case studies

**12.1. A list of major projects for which the implementation is planned during the programming period (Article 87 (2) (e) CPR) (Table 27)**

**Table 27: A list of major projects**

As defined in Article 100 in the European Commission's CPR document, there are no Major Projects planned in England.

Title	Planned time of notification/submission of the major project application to the Commission (year, quarter)	Planned start of implementation (year, quarter)	Planned completion date of implementation (year quarter)	Investment priority	Priority axis

**12.2. The performance framework of the operational programme**

The summary table is generated automatically by the SFC based on the tables outlined by priority axis.

**Table 28: The performance framework of the operational programme, broken down by fund and category of region, where appropriate**

Priority axis (broken down by Fund and by category of region)	Fund	Category of region	Implementation step, financial, output or result indicator	Measurement unit, where appropriate	Milestone for 2018	Final target (2023) <sup>77</sup>		
						M	W	T

**12.3 List of relevant partners involved in the preparation of the operational programme [max. 10 500 characters]**

This list will complement the description of partnership arrangements and the involvement of partners outlined in section 1.  
 NB: As set out in Article 87 (10) CPR, this section is not subject to the Commission decision approving the operational programme and remains under

<sup>77</sup> The target value can be presented either as a total (men+women) or broken down by gender. For the ERDF and CF gender breakdown is in most cases not relevant..

*the responsibility of the Member State.*

**List of relevant partners involved in the preparation of the operational programme**

Local Enterprise Partnerships  
Local Authorities  
Universities  
Colleges  
Businesses  
Skills Funding Agency  
Local Nature Partnerships  
Environment Agency  
Civil Society Interest Networks  
Chambers of Commerce  
Government Departments and Agencies  
National Farmers Union  
High Street Banks  
Job Centre Plus  
Community and Voluntary Services  
National Housing Federation  
National Health Service  
Princes Trust  
The Shaw Trust  
Voluntary Sector Organisations  
Business Representative Organisations  
Employer Representative Organisations  
Local Enterprise Partnerships  
Enterprise Zones  
Natural England  
National Park Authorities  
Local Action Groups  
Forestry Commission  
Housing Associations  
Sustrans  
Credit Unions  
Royal Society for the Preservation of Birds  
National Housing Federation  
English Heritage  
Big Lottery

**ANNEXED (uploaded to SFC 2014 as a separate files):**

- Draft report of the ex-ante evaluation, with an executive summary (mandatory) (Article 48 (2) CPR)
- Documentation on the assessment of the applicability and the fulfilment of ex-ante conditionalities (as appropriate)
- The opinion of national equality bodies on sections 12.2 and 12.3 (Article 87 (7)(c) CPR) (as appropriate)
- A citizens' summary of the operational programme (as appropriate)

*A citizens' summary is an optional element. The Member State is not obliged to submit it to the Commission and it is not covered by the Commission decision approving the operational programme. It can be used to outline, in the format chosen by the Member State, the objectives and the content of the operational programme, including the intervention logic, as appropriate, for the purposes of consultation and communication.*

*Where necessary, this section can also outline the content of each individual priority axis.*

*The format proposed (upload to the SFC 2014 as a separate file, no structured data) enables the Member State to use the structure and the formatting it considers most appropriate for communication purposes. It also entails no restrictions on the number of characters used.*

*NB: This document complements the mandatory elements of the operational programme. It does not replace any of the elements for which format requirements have been outlined in the model to be adopted by way of implementing acts. All data required in a structured format must be submitted to comply with the requirements of Article 87 CPR.*

*In the case of inconsistencies between the structured data submitted (i.e. the formal content of the operational programme) and the citizens summary (not part of the formal content of operational programme under Article 87 CPR), the structured data submitted in the required format shall prevail.*