



Department for
Communities and
Local Government

European Regional Development Fund Operational Programme 2014-2020



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

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August 2014

ISBN: 978-1-4098-4307-8

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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 European economic, social and territorial cohesion (Article 24 (1) and Article 87(2) (a) Common provisions regulation)

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 Europe 2020 targets relevant to the European Regional Development Fund and the relevant country specific recommendations for the UK economy, adopted by the Council of the European Union, are set down below.

- Research and development: 3% of the European Union's gross domestic product to be invested in Research and Development
- 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.
- Access to finance for businesses: Address structural bottlenecks related to access to finance for small and medium enterprises to boost growth in the export of both goods and services.

Continue efforts to improve the availability of bank and non-bank financing to small and medium enterprises. Ensure the effective functioning of the Business Bank and support an increased presence of challenger banks.

- Infrastructure: Address structural bottlenecks related to infrastructure to boost growth in the export of both goods and services.

Follow up on the National Infrastructure Plan by providing clarity on funding commitments.

England's current economic position

England has the strongest economy in the UK in terms of Gross Value Added (gross value added) and productivity. In 2012 gross value added per head for England was £21,937, marginally higher than that for the UK at £21,295 and substantially higher than that for Wales at £15,401. Productivity in England is also higher at 101.5% of the UK average compared to 97.4% for Scotland, 85.2% for Wales and 82.8% for Northern Ireland.

In 2013 the UK economy grew by 1.8% after experiencing one of the deepest recessions seen by any major economy ever. UK gross domestic product contracted by 7.2% between the first quarter of 2008 and the third quarter of 2009. In comparison, between 1980 and 1997 gross domestic product grew by an average of 2.8% per year accelerating to 3.2% per year in real terms between 1997 and 2007.

Latest economic measures are encouraging and show that the recovery is now well established. The Office for Budgetary Responsibility expects gross domestic product growth to rise to 2.6% by 2017. 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 housing market indicators and increases in business confidence supporting the recovery in business investment. Business investment is now at its highest level since the third quarter of 2008.

The labour market remained resilient during the crisis and continues to strengthen. England employment figures have seen quarter-on-quarter growth and falling unemployment. In February-April 2014 there were 25.8m people in employment in England, an employment rate of 73.2%. The employment rate is now close to 73.5%, the pre-recession peak reached in December-February 2005. The ILO unemployment rate in England is now 6.6%. Unemployment in England was at its lowest at 4.7% in the third quarter of 2005.

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 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. In 2005 the highest unemployment rate was in London at 7.9% and the lowest in Oxfordshire at 2.4%. In 2013 the highest unemployment rate was 11.4% in Black Country compared to 4.4% in Oxfordshire.

These differences in labour market performance mirror differences in economic performance across England. gross value added per head is typically used to consider performance levels within a country. This measure provides a full picture of performance implicitly including both productivity and employment effects although it does not reflect factors such as pension and investment incomes or. It also does not take account of differences in the cost of living across the country. gross value added varies from £13,036 or 61.2% of the UK average in Cornwall and the Isles of Scilly to £37,232 or 174.8% of the UK average in London.

A broad range of alternative measures such as differences in population growth; dependency on public sector employment and household income, a proxy indicator for concentrations of higher skilled labour and prevalence of higher paid employment also vary across the country also underline the wide variation between different areas of the country.

Trends in spatial disparity

Analysis of long term trends in gross value added per head conclude that the current episode of increasing spatial disparity in England began around the end of the 1970s and beginning of the 1980s coinciding with increased international trade and globalisation Increased international trade and globalisation shifted the economic structure of England. Industrial structures across England have shifted away from manufacturing and towards services, in particular, finance and professional services. This is as illustrated in table A by the share of output generated across the country by these different sectors. Some Local Enterprise Partnership territories have an industrial structure similar to the overall economy and some have particular specialisations that make those structures even 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.

Table A: England's industrial change

| England Headline Workplace gross value added, %Share by Industrial Sector, 2000-2010 | | | |
|---|-------------|-------------|---------------|
| | 2000 | 2010 | Change |
| <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> | | | |

Available data shows that the trend in growing spatial disparity has continued since 1996. This is illustrated in Table B which shows the growth in Gross Value Added for each Local Enterprise Partnership between 1997 and 2012.

Table B: Growth in Gross Value Added for each Local Enterprise Partnership between 1997 and 2012

| Local Enterprise Partnerships | Growth in Gross Value Added between 2007 and 2012 |
|---|--|
| Black Country | 46% |
| Buckinghamshire Thames Valley | 81% |
| Cheshire and Warrington | 83% |
| Coast to Capital | 82% |
| Cornwall and Isles of Scilly | 88% |
| Coventry and Warwickshire | 61% |
| Cumbria | 60% |
| Derby, Derbyshire, Nottingham and Nottinghamshire | 73% |
| Dorset | 87% |
| Enterprise M3 | 96% |
| Gloucestershire | 83% |
| Greater Birmingham and Solihull | 68% |
| Greater Cambridge and Greater Peterborough | 88% |
| Greater Lincolnshire | 63% |
| Greater Manchester | 81% |

| | |
|---------------------------------------|------|
| Heart of the South West | 75% |
| Hertfordshire | 78% |
| Humber | 58% |
| Lancashire | 62% |
| Leeds City Region | 76% |
| Leicester and Leicestershire | 61% |
| Liverpool City Region | 86% |
| London | 111% |
| New Anglia | 70% |
| North Eastern | 80% |
| Northamptonshire | 77% |
| Oxfordshire | 94% |
| Sheffield City Region | 79% |
| Solent | 79% |
| South East | 77% |
| South East Midlands | 85% |
| Stoke-on-Trent and Staffordshire | 60% |
| Swindon and Wiltshire | 70% |
| Tees Valley | 66% |
| Thames Valley Berkshire | 85% |
| The Marches | 68% |
| West of England | 90% |
| Worcestershire | 91% |
| York, North Yorkshire and East Riding | 69% |

Source: Regional Economic Analysis, gross value added for Local Enterprise Partnerships

The analysis in the Partnership Agreement shows that although England is unusual in that economic activity is concentrated in one place (London), sub-national disparity cannot only be understood in terms of 'London versus the rest'. The England Chapter of the Partnership Agreement shows that these spatial disparities exist even at the most detailed spatial level (paragraphs 1 to 7). There is a lot of variation in performance at the lowest spatial level reflecting different challenges and opportunities unique to each area. Areas can be broadly classified as follows:

- **London:** as England's largest centre of economic activity, London is home to 15% of England's residents and 18% of jobs and generates over 25% 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

There is a range of variation within each classification.

- **London:** in 2012 the gross value added per head in Inner London was £65,765 compared to £18,571 in Outer London.
- **Prospering Southern England:** The gross value added per head in Berkshire, Buckinghamshire and Oxfordshire was £29,579 compared to £17,722 in Essex
- **City Centres:** The gross value added per head in Gloucestershire, Wiltshire and Bristol/Bath was £22,663 compared to £15,262 in South Yorkshire
- **Industrial Hinterlands:** The gross value added per head of Leicestershire, Rutland and Northants is £18,642, compared to £14,710 in Tees Valley and Durham.
- **Prospering Smaller Towns:** The gross value added per head of Cheshire is 24,154, compared to £19,320 in East Anglia.

- **Coastal and Countryside:** The gross value added per head of Herefordshire, Worcestershire and Warwickshire is £18,393 compared to £13,036 in Cornwall and Isles of Scilly.

What drives spatial disparities in England?

Places in England differ in natural and institutional resources, inherited infrastructure and labour pool, preferences and knowledge, and the role played by the linkages with other places. These differences mean that individual places have different comparative advantages and therefore different growth potential.

The main component that explains much of the differences in economic performance between areas and variation from national averages in England seems to be the productivity of people in work.

Table C: Disparity in productivity levels

| | Productivity levels (gross value added per hour index, UK =100) 2004 | Productivity levels (gross value added per hour index, UK =100) 2012 |
|--|---|---|
| England | 101.9 | 101.7 |
| Inner London | 144.2 | 147 |
| Outer London | 109.7 | 109.3 |
| Gloucestershire, Wiltshire and Bristol/Bath | 100.4 | 100.6 |
| South Yorkshire | 84.2 | 84.5 |
| Leicestershire, Rutland and Northants | 88.9 | 87.2 |
| Tees Valley and Durham | 89.3 | 88.7 |
| Cheshire | 105.1 | 106.6 |
| East Anglia | 92.9 | 93.7 |
| Berkshire, Buckinghamshire and Oxfordshire | 121.7 | 118.2 |
| Essex | 98.1 | 96.2 |

| | | |
|---|------|------|
| Herefordshire, Worcestershire and Warwickshire | 89.6 | 86.2 |
| Cornwall and Isles of Scilly | 74.2 | 68.2 |

Source: *Sub regional productivity, 2014, ONS*

There are many competing theories on what drives differences in productivity growth at sub-national levels. At a basic level, differences in sub national performance come down to on locational decisions made by people, firms and developers: choices made by people on where to live and work; choices made by firms on where to produce and sell and choices made by developers about where to invest and build.

Decisions made by skilled workers on where to locate have a strong impact on differences in productivity levels across England especially with the shift in England’s comparative advantage towards knowledge intensive areas. There is a highly uneven distribution of skilled workers across England. London has the highest proportion of the working population with a qualification of at least NQV4 and the Black County, Greater Lincolnshire and the Humber the lowest.

According to research by the Spatial Economics Research Centre this distribution explains, in some cases, well over half of the apparent difference in wage disparities across areas. This research attributes the disparities to the movement of highly skilled individuals to areas of the country where growth rates and incomes are higher rather than differences in the quality of education provision across these areas. Other factors that may have an impact on people’s location choices, other than job availability and income are amenities and the costs of housing and transport.

Firm local decisions are in part influenced by the distribution of these skilled workers. ‘Thick labour markets’ are advantageous to both firms and workers especially where specialised workers are required. This in part drives *agglomeration* - the formation of towns, cities, city-regions and business clusters. Apart from a supply of skilled, economic benefits of agglomeration for firms include easier access to inputs and suppliers and the creation of knowledge spill overs. Eventually though clusters of economic activity may see negative effects such as congestion.

Agglomeration suggests that different kinds of economic activity will accumulate in different areas based on the value firms and workers put on different spatial assets according to their business needs or preferences and the costs and benefits of different location options. Spatial disparities between places can then become amplified as better performing locations attract better skilled labour accompanied by increased investment and increased productivity levels. Research by the Organisation for Economic Co-operative and Development on factors that underpin spatial differences in economic growth also underlines the role of infrastructure and finds that differences in economic

performance result from an interplay between human capital, the business environment and physical capital.

However, there may be market failures which prevent people and firms from making locational choices that produce the best outcomes.

These market failures will vary across local areas. Government intervention may then be required to target these market failures that distort locational choices and constrain local growth.

Actions taken by government

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

- Create the most competitive tax system in the G20;
- Make the UK 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 Partnership Agreement sets out in more detail the actions the Government has already put in hand.

The creation of Local Enterprise Partnerships as key drivers of growth

A central plank of the Government's strategy for growth has been 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 accountable, 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 thirty-nine Local Enterprise Partnerships. The central role of partners in Local Enterprise Partnership territories in developing and implementing local European Structural and Investment Funds strategies further reinforces this commitment. This position is underlined by recent research as part of the DCLG European Regional Development Fund Analytical Programme (2007-2013), which points to the positive impact that decentralised approaches can have on local growth by tailoring economic development activity to local circumstances and finding new ways to tackle barriers to growth because they will have better information about local needs and will be able to coordinate private and public investment better.

The research also underlines that the best level at which to design, organise and deliver interventions varies between the type of investment and between areas. In some cases, for example financial instruments supported by European Structural and Investment Funds, there may be a need to ensure economies of scale and efficiencies.

The research underlines the point that Local Enterprise Partnerships' ability to shape local economic development will depend on the scale and nature of the funding resources they directly control or influence including the European Structural and Investment Funds. The research suggests that this aspect of decentralisation will be critical to bridge the link between the strategic economic development priorities Local Enterprise Partnership territories identify and the investment to realise them. The 2007-2013 programmes have seen their European Regional Development Fund 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.

For 2014-2020 local areas will face choices about where and how to invest these Funds. Local Partners in Local Enterprise Partnership territories have identified 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 and Investment Funds will deliver. These priorities have been developed in response to a high level strategic steer given by the Government, setting out the challenges facing the European Union and England at economy level and for each relevant thematic objective.

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. The strategy underpinning this operational programme 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 Cornwall and the Isles of Scilly and certain Transition territories.

Thematic Objective 1: Strengthening research, technological development & innovation

The Partnership Agreement provides a summary of the strengths and weaknesses of the science and innovation system. Strengths include research excellence, quality of Higher Education institutions and the business environment. Weaknesses include a sustained long-term pattern of under-investment in public and private research and development and publicly funded innovation. In 2012, UK gross expenditure on research and development was 1.72%, a fall from 1.79% in 2011 and below the target of 3% for the whole of the European Union. The majority took place in England.

In 2012, in the UK, most funding was provided by the business sector, which funded £12.3bn. Levels of investment by businesses have been growing steadily since 1985 in real terms, but remain static as a proportion of gross

domestic product and are dominated by a relatively small number of sectors: pharmaceutical, computer programming, motor vehicles and parts and the aerospace sectors.

There is wide variation in innovation expenditure across England. The variation is detailed in the England chapter of the Partnership Agreement and illustrated in Figure 46 there. Local Enterprise Partnership territories closest to London dominate research and development and account for almost 41% of the total in the UK. In 2012 businesses spent £4,086m on research and development in Local Enterprise Partnership territories in the south east in 2012, compared with £282m in Local Enterprise Partnership territories in the north east. In Cornwall and the Isles of Scilly, investment in research and development lags at 0.19% of gross domestic product. This geographical disparity in gross expenditure on research and development matches the geographical disparity in levels of commercialisation with the number of active businesses claiming research and development tax-credits varying across the country.

This variation is driven by the location of sectors and larger sized firms across England. The variation in innovation between larger and smaller firms can be illustrated by the value of tax credit claims. The value of research and development tax credit claims made by large companies in 2011/12 was £727m compared with £381m by small and medium enterprises.

Innovation in small and medium enterprises

The relationship between size and appetite for innovation is evident across all size bands. According to the innovation survey, 44.9% of small and medium enterprises (with more than 10 and less than 249 employees) were 'innovation active' in England. This ranged from 43.8% in smaller firms with between 10 and 49 employees and 51.1% in firms with between 100 and 249 employees. This is however an increase from 2011 when 37.5% of all small and medium enterprises were 'innovation active' with the range between firms with 10 and 49 employees and those with between 100 and 249 employees varying from 36.2% and 46.6%.

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

The evidence highlights specific barriers for small and medium enterprises to innovate:

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

Role of public investment in supporting innovation within small and medium enterprises

One way of supporting innovation within small and medium enterprises is to exploit the strengths in the UK's knowledge base. The national Innovation and Research Strategy for Growth (2011) recognises the strength of universities and the wider knowledge base as a national asset. Although the UK spends relatively less in terms of research and development expenditure as a proportion of gross domestic product it punches above its weight in terms of measured research outputs. While the UK represents just 0.9% of global population, 3.2% of research and development expenditure, and 4.1% of researchers, it accounts for 9.5% of downloads, 11.6% of citations and 15.9% of the world's most highly-cited articles. The UK is a highly productive research nation in terms of articles and citation outputs per researcher or per unit of research and development expenditure, resulting from a trend towards increasing outputs from broadly stable or decreasing inputs. Amongst its comparator countries, the UK has overtaken the United States to rank first by field-weighted citation impact (an indicator of research quality). Moreover, with just 2.4% of global patent applications, the UK's share of citations from patents (both applications and granted) to journal articles is 10.9%.

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 of external knowledge.

At present there is wide variation in the levels of collaborative research between research institutions and public institutions and enterprises of difference sizes. The Higher Education business and community interaction survey put the value of these interactions between Higher Education and larger enterprises in 2012/13 at £599m compared with £139.8m with small and medium enterprises. Figure 48 the Partnership Agreement also shows that this relationship varies across Local Enterprise Partnership territories.

Other ways to support innovation specifically in small and medium enterprises could be through initiatives targeted at business formation in the form of grant, loan or equity for start-ups or support for 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 has the potential to reduce 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.

In line with these development needs and opportunities 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. The number of priorities differs across England according to specific area-based needs. Smart specialisation is a new innovation policy concept that takes as its starting point a thorough analysis of local assets and technology. This provides a framework within which to target public investment towards those activities that can best support innovation and promote economic growth. Details are set out in 'Smart Specialisation in England', submitted as a separate but complementary document to the European Regional Development Fund Operational Programme.

Implications of the development needs and opportunities on the use of European Regional Development Fund funding:

- The innovative activity within small and medium enterprises is low due to specific market failures. European Regional Development Fund funding can be used to target these barriers and improve small and medium enterprise access to finance, information and access to external networks. The baseline for any activity will be levels of small and medium enterprises that are currently active as well as the value of research and development tax credit claims.
- The UK's knowledge base has depth and breadth of expertise across many distinct research areas. There is an opportunity to exploit these strengths and support small and medium enterprises to commercialise more research and development through increased collaboration with large enterprises, research institutions and public institutions. The baseline will be the current value of collaboration between enterprises, research and public institutions as measured in the Higher Education Business and Community Interaction survey.

Thematic objective 2: Enhancing access to, and use and quality of, Information and Communications Technology (information and communications technology)

The European Union 2020 includes the Digital Agenda for Europe as one of its seven flagship initiatives. It contains a series of measures designed to help Europe's citizens and businesses to get the most out of digital technologies,

including through improving the broadband infrastructure, raising eSkills and encouraging investment in information technology. Recognizing the importance of broadband to growth the Europe 2020 target is to deliver 100% coverage for superfast broadband at 30Mbps and 50% coverage for ultrafast broadband at 100Mbps by 2020 for the entire European Union

Superfast and ultrafast broadband and economic growth

The provision of superfast and ultrafast broadband can have a strong impact on economic growth. Access to 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 enterprises to outsource processes and information, enabling increased international trade and facilitating collaborative innovation. Research by the European Commission attributes half of European productivity growth over the last 15 years to information and communication development.

The adoption of faster broadband by firms stimulates further investment in wider information and communications technology systems and applications and results in more informed decision making and productivity gains. The spill-over effects of broadband investment are discussed in more detail in the Partnership Agreement.

Current coverage of superfast and ultrafast broadband and role of public investment

According to Ofcom statistics, in 2013, 76% of premises in England could currently access superfast broadband services up from 68% in 2012. However, there is wide variation in coverage in different types of areas in England: 24% in rural areas, 79% in semi-urban areas and 89% in urban areas. Data shows that in some areas the proportion of premises that can access superfast broadband fall as low 7.2% (e.g. in Rutland). The average broadband speed also varies falling to less than 2 Mbits/second in some areas in England.

Access and speed is low in these hard to reach and remote areas because the costs of rolling out superfast and ultrafast broadband infrastructure are particularly high and not commercially viable for the private sector. The private sector can be expected to invest in areas where it can make a positive return on its investment. These returns do not capture the significant economic, social and environmental benefits from superfast broadband to users. This is especially relevant in areas with relatively few users or where the users including predominantly business users like business parks where the significant benefits are not captured in the revenues.

In these circumstances, public sector intervention may be necessary to address this market failure and reduce risks to a level that the private sector will tolerate. The government envisages investment of this kind taking place only where a strong link to economic growth and clear market failure can be demonstrated. 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

Government funding - to be matched locally - is intended to extend superfast availability to 95% of the UK by 2017.

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

The take up of broadband in the UK is significantly lower. According, to the latest survey of information and communications technology and e-commerce activity in businesses, 10.1% of businesses used broadband above 30 Mbps and 5.8% above 100 Mbps in 2012.

Other data sources discussed in the Partnership Agreement show that take-up is increasing: 25% of all UK premises (which includes households) now have superfast broadband. Specifically on the BT network the number of customers has doubled in the year to May 2014, and 14% of premises passed have now taken up superfast connections. The earliest projects to be funded by Broadband Delivery UK (BDUK) now have take-up above 20%, although delivery is still under way.

The effective use of information and communications technology is even lower especially by smaller firms. Latest data available shows only a small proportion of small and medium enterprises are fully exploiting the opportunities information and communications technology 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. In 2012, 82% of businesses had a website. However, whereas virtually all of the largest businesses (1000 or more employees) had a website (99%), not all of the smallest (10 to 49 employees) businesses in the UK were making use of this medium to generate sales. In 2012 18.5% of all businesses sold over a website. The range varied from 17.1% of the smallest businesses (those with between 10 and 49 employees) and 47.2% of the largest businesses (those with more than 1000 employees). In terms of other use, just over a quarter of businesses used a website to publish catalogues or price lists, while approximately 1 in 5 had an online ordering or reservation system. 26% of the largest businesses were more likely to host a website that offered personalised content for repeat visitors. Only 6% of the smallest businesses offered this option. In 2012, for businesses with 10-49 employees, the value of e-commerce sales over a website were 19.8bn compared with 41bn for those businesses sized between 250-999 and 84.9bn for those with more than 1000 employees.

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

- Lack of awareness of the benefits of broadband beyond speed. Businesses, particularly small and medium enterprises, may not have sufficient information to exploit fully the opportunities offered by superfast and ultrafast broadband and understand how developments in information and communications technology can help improve their productivity, access to 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.

- Perception that costs of broadband are significant.

The Partnership Agreement details current Government actions in England to support take-up and use of broadband including: small and medium enterprise digital capability programme to reach 1.6m businesses between 2013 and 2018 and equip them with the tools and skills to effectively trade online in both domestic and international markets and grow their business; activity within business growth hubs currently being rolled out such as: the Greater Manchester digital business support programme which provides an effective model for other local broadband projects to adopt as business growth hubs are established elsewhere and; the £1m Women and Broadband Challenge Fund to provide capacity for local broadband projects to support actions that encourage women-led businesses and potential female entrepreneurs to take advantage of faster broadband to expand or set-up new businesses in areas where the superfast broadband programme is being deployed.

Implications of the development needs and opportunities on the use of European Regional Development Fund funding:

Given the development needs and opportunities discussed above European Regional Development Fund funding may be used to:

- **Co-invest with private investors and other public funders in superfast and ultrafast broadband infrastructure aligned with the European Union 2020 digital agenda target** to deliver 100% coverage for superfast broadband at 30Mbps and 50% coverage for ultrafast broadband at 100Mbps by 2020 for the entire European Union. The baseline before the use of any European Regional Development Fund funding would be current coverage of superfast and ultrafast broadband across England and the percentage of businesses with access to superfast broadband.
- **Support demand stimulation measures to increase awareness of the benefits** of superfast and ultrafast broadband. Aligned with the European Union 2020 target for 33% of small and medium enterprises to make online sales by 2015, the baseline for this strand of European Regional Development Fund activity would be the percentage of small and medium enterprises selling goods through a website.

Thematic objective 3: Enhancing the competitiveness of small and medium enterprises

Encouraging entrepreneurship and support for small and medium enterprises are key priorities for Europe 2020. While there is no specific Europe 2020 headline target for this thematic objective, there are country

specific recommendations addressed to the UK to continue efforts to improve the availability of bank and non-bank financing to small and medium enterprises and ensure the effective functioning of the Business Bank and support an increased presence of challenger banks as well deal with structural bottlenecks related to access to finance for small and medium enterprises.

Small and medium enterprises are important for economic growth. Small and medium enterprises drive forward growth through engaging in innovation, creating jobs and spurring competition:

- Of the estimated 4.9m private sector businesses in the UK at the start of 2013, 4.3m (87.2%) were in England. Small and medium enterprises make up nearly 99.9% of these businesses.
- In the UK as whole small and medium enterprises are responsible for 59.3% of private sector employment and 48.1% of private sector turnover at the start of 2013.
- In 2011 the number of jobs associated with small and medium enterprises was 9.826m.

However, small and medium enterprises face a number of challenges:

- **Productivity in small and medium enterprises is low compared with large firms and there is wide sub-national variation.** The Partnership Agreement details the level of disparity in terms of gross value added per employee and levels of business start-ups. In 2011 gross value added per employee in England for small and medium enterprises was £43,600 (compared with £51,000 for large firms). The average gross value added per employee in England in small and medium enterprises ranged from £33,000 to £65,000 across the country in 2011.
- These spatial disparities are also evident in the levels of business-start-ups with 37% of the start-ups in 2013 located in and around areas of London compared with 23% in areas in the north of the country. 45% of high growth businesses in 2011 were found in five Local Enterprise Partnership territories- London, South East, Leeds City Region, Greater Manchester and Enterprise M3.
- ***The level of UK early stage entrepreneurship remains below that in the US, but compares favourably to other G7 nations.*** The proportion of adults (18-64) of working age in the process of starting or running a business less than 42 months old in 2013 was 7.5%. This was higher than those in France at 4.6% and Germany at 5.0%, but trails that of the US at 12.7%. Overall it is slightly below average of the innovation driven economies.
- **Growth in small and medium enterprises is below potential. While a large proportion of small and medium enterprise employers (68%) say they want to grow in the next two to three years, most will not actually show growth in any given year.** A segmentation of these employers shows that, overall in 2012, 13% of employers were classified as 'growers', 57% 'stable' and 13% 'shrinkers'. Separate research shows

that nearly a quarter of all new jobs over three years are created by high growth firms, with around 5% of all small and medium enterprises with 10 or more employees classified as high growth at a point in time. Figure 51 in the Partnership Agreement shows the variation in the percentage of high growth businesses across Local Enterprise Partnership territories.

There are various factors that limit an ability of a small and medium enterprise to grow including:

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

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

These **barriers are more acute for particular groups**. Men in the UK are almost twice as likely to start businesses as women. The rates of female business ownership are particularly low in the UK. The scale of the UK 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 UK had the same rates of women's business ownership as in the US. Ethnic minority groups can also have difficulty with access to finance.

At present the number of small and medium enterprises exporting is low. The Small Business Survey in 2012 showed that only 19% of surveyed small and medium enterprises were exporting compared with 23% who reported exporting in 2010. A recent study found that 25,000 to 150,000 non-exporting UK small and medium enterprises have the potential to be competitive in export markets.

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 has the potential to address information failures that arise from businesses that do not have access to information about ways to enter new markets or improve productivity. This is especially relevant to under-represented groups and business start-ups. Currently less than half of UK small and medium enterprise employers use business support due to: difficulties in accessing information or advice; doubts about the benefits of business support and; concerns about the competence and trustworthiness of support providers. Low demand for business support may result in under-supply of support services in particular areas.

Local supply chains can also be strengthened. Supply chains are important way for small and medium enterprises to build capacity and reputation and access new markets. Foreign owned small and medium enterprises can help strengthen supply chains by bringing in new ideas, skills, new technologies, new management practices, and third country export potential and deliver productivity improvements in supply chains. Small and medium enterprise foreign investors however need help in accessing contacts, networks and information and guidance in navigating the legal and regulatory framework in England.

Implications of the development needs and opportunities on the use of European Regional Development Fund funding

- **The evidence shows a case for public sector intervention to address the market failures in access to finance and information and under supply of support services** for small and medium enterprises, especially for under-represented groups, high-growth or innovative firms and those that want to enter the international market.
- The baseline before the use of any European Regional Development Fund funding would be number of jobs created by small and medium enterprises and the levels of small and medium enterprise productivity.

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

Definition and need for public investment

A low-carbon economy is one that has a minimal output of greenhouse gas emissions into the environment in order to mitigate the effects of climate change. Public investment is required to support shifts towards a low carbon economy because carbon dioxide emissions are a negative externality that is not always directly reflected in business turnover and profit. This means

the environmental costs of emissions is not taken into account in the process of producing or consuming activities that influence carbon dioxide emissions. The market failure creates the need for public investment to mitigate the negative impacts of rising emissions and support activities to reduce their output from production and consumption.

The UK and England has made good progress in tackling the level of greenhouse gases, and against Europe 2020 targets. The Climate Change Act established a legally binding target to reduce the UK's greenhouse gas emissions by at least 80% below base year levels by 2050. Greenhouse gas emissions in England are currently 28% lower than 1990 levels. However as the Partnership Agreement shows there are significant variations in emissions particularly from industrial and commercial sources.

The carbon ratio which is calculated by dividing carbon dioxide emissions by gross domestic product has fallen steadily declining by around 3% per year from 1980 levels. In 2012 it stood at 36.8. The trend has been attributed to a combination of improvements in energy efficiency, decline in relative importance of energy intensive industries and the increased use of more carbon efficient fuels.

Progress on renewable energy

In 2012 11.90% proportion of UK energy came from low carbon sources. Two-thirds of the UK's energy from low carbon sources comes from nuclear power with one-third from renewable sources such as wind, hydro and bio-energy.

The European Union 2020 target is to raise the share of European Union energy consumption produced from renewable resources to 20% and in the UK to 15%.

The UK continues to make good progress towards the 2020 renewables target. In 2012, it exceeded the amount of renewable energy required by our 2011/12 interim target, reaching 4.2% of total energy. The sectors that have seen increases in energy consumption from renewable and waste sources are households (32.9% of all energy consumption from bioenergy and waste sources in 2012) and industry (27%).

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

Progress on these targets will be made principally by implementing national policy. European Regional Development Fund funding can supplement national

level activity and support small scale renewable projects. For example the Feed in Tariff scheme (FiTs) was introduced on 1 April 2010 and is a financial support scheme for eligible low-carbon electricity technologies, aimed at small-scale installations up to a maximum capacity of 5 Megawatts (MW). At the end of quarter 1 of 2013, 1,792.5 MW of capacity (379,534 installations) was confirmed on FiTs, over 50% the number of installations more than that confirmed at the end of quarter 1 2012. Of the total 702.9 MW increase 83% was from solar photovoltaics, 11% from wind installations, with the other technologies (micro-CHP, anaerobic digestion and hydro) contributing to the remaining 5% of this increase.

Progress on energy efficiency

The European Union target on energy efficiency is for there to be a 20% increase in energy efficiency by 2020. In the UK energy intensity (energy use per unit of value added) declined by 31.8% between 2011 and 1997. The energy ratio calculated by dividing temperature corrected primary energy consumption by gross domestic product at constant prices, has declined by around 2% per year.

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

- **Promoting socially cost-effective investment in energy efficiency**, where there is the potential to save 196TWh in 2020, and equivalent to 22 power stations. If this was realised, final energy consumption in 2020 would be 11% lower than current levels. The UK Government has already put in place a suite of policies to encourage deployment of energy efficiency in both the domestic and non-domestic sectors – Including routes to access finance. It is clear however, that the barriers to deployment of energy efficiency are not simply financial.
- **Better, consistent and effective energy efficiency plans** of companies and communities with appropriate measures for energy savings. This development need relates to some firms being unaware of the benefits of investing in resource efficiency measures.

Growth opportunity

There is significant growth potential in the low carbon goods and services sector in England. Existing data on the size of the low carbon environmental goods and services sector show that it had a value of £128.1bn in 2011/12 having grown by 4.8% and 4.7% in nominal terms in each of the previous two years. The value of this sector for England in 2011/12 was approximately £108.5bn, and increased to £113.8bn in 2012/13. The value of this sector varies across activities (with manufacturing accounting for 20% and research and development 5% in 2011/12) and local areas (with four Local Enterprise Partnership territories, London, South East, Greater Manchester and Leeds City Region accounting for 37% of all sales value).

Implications of the development needs and opportunities on the use of European Regional Development Fund funding

- **Carbon dioxide emissions are an externality and the market failure creates the case for public investment** to mitigate the negative impacts of rising emissions and support action to reduce their output from production and consumption.
- **The main focus of European Regional Development Fund funding will be on small scale projects that can have maximum impact such as increasing implementation of whole place low carbon solutions and energy efficiency and decentralised energy production. A high level** baseline for any European Regional Development Fund activity would be current percentage of final consumption from renewable resources (4.1% in 2012) and proportion of UK energy from low carbon sources (11.90% in 2012).
- **European Regional Development Fund funding can also support innovation in and adoption of low carbon technologies linked to existing strengths and natural assets: At a high level** baseline for any activity can be 2012 levels of energy intensity in the industrial (43.1 with 1980 as the base year equal to 100), domestic (85.5 with 1980 as the base year equal to 100) and service sectors (43.3 with 1980 as the base year equal to 100). At a more detailed level Feed in Tariff data which captures small scale activity in low carbon technologies can be used. At the end of the first quarter of 2013, 1,792.5MW of capacity (379,534 installations) was confirmed on FiTs.
- **There is a growth opportunity in supporting the shift towards a low carbon economy** by building the market in low carbon environmental technologies, goods and services. Current measures of the value of this sector show that it was worth £113.8bn in England in 2012/13.

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

Climate change challenges

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

Impact of flood and coastal erosion risk on businesses

There is growing evidence that investment in flood protection can have a major impact on the economic resilience of an area. Research has suggested that a pound invested in flood management projects can generate between £2 and £4 of net additional local gross value added.

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

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

Implications of the development needs and opportunities on the use of European Regional Development Fund funding

- European Regional Development Fund funding aligned with or matched to national and local funding can target flood risk in specific local areas and help to unlock development sites. These sites are unlikely to be development-ready without government intervention as any private developer would be unlikely to absorb the negative environmental externality.
- Any funding under this thematic objective will support the objectives for European Regional Development Fund funding under other thematic objectives especially TO3 as small and medium enterprises are most dependent on availability of office space that has already been developed.

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

Importance of the environment and policy framework

The natural environment plays a critical role in providing a wide range of goods and services that are vital for both the economy and the wellbeing of the population. Recent work by the Office for National Statistics places a conservative partial value on UK natural capital at £1,600bn. The UK National Ecosystem Assessment (NEA) and other recent valuation exercises also provide an indication of the benefits provided by our natural environment including:

- Benefits through buffering the effects of storms and managing flooding.
- Up to 3.2bn visits a year worth an estimated £10bn to UK habitats.
- Reduction in carbon emissions through woodland and soils (especially peat soils) can act as major carbon sinks; it has been estimated that an oak forest in southern England removes about 15 tCO₂ ha⁻¹ yr⁻¹.

A key policy response to protecting the most seriously threatened habitats and species across Europe is the Habitats Directive (which complements the Birds Directive) which established the Natura 2000 network: this includes Special Protection Areas for birds and Special Areas of Conservation designated for other priority species and habitats, which are managed with special legal protection. The UK Prioritised Action Framework (Prioritised Action Framework) for Natura 2000 serves as a strategic planning tool to help deliver the European Union's Biodiversity Strategy to 2020, which has the headline target of *Halting the loss of biodiversity and the degradation of ecosystem services in the European Union by 2020, and restoring them in so far as feasible, while stepping up the European Union contribution to averting global biodiversity loss.*

In England the Natural Environment White Paper outlines a vision for the natural environment of England over the next 50 years. The England Prioritised Action Framework underpins work in England to deliver the European Union 2020 biodiversity targets and *Biodiversity 2020: A strategy for England's wildlife and ecosystem services* builds on this and sets out the strategic direction for biodiversity policy for the next decade on land (including rivers and lakes) and at sea.

Current environmental challenges

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

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

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

Growth opportunities linked to environmental protection

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

To improve environmental protection, investments in green and blue infrastructure can provide a mechanism to develop more efficient use of this natural and man-made capital in the economy. This infrastructure refers to the network of high quality green and blue spaces and other environmental features, designed and managed as a multi-functional resource to deliver a range of environmental and quality of life benefits in local areas. Investment in this infrastructure will add to an area's natural capital (the stock of environmental assets) and can support local growth through its impact on inward investment, visitor spend, environmental cost-saving, mental and physical health improvement, market sales and employment generation.

Developing derelict and brownfield land back in particular can unlock employment and create growth in local areas. Development on these sites is unlikely to happen without public sector intervention either because of abnormal costs associated with remediating the land, need for public sector infrastructure or issues associated with land assembly. There may also be information asymmetries with potential developers lacking information about the type of opportunities available. The main beneficiaries of these site developments are likely to be small and medium enterprises which are most constrained by the availability of existing office space.

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

Ways in which addressing environmental targets can have a positive impact on business growth include:

- Any activity to address environmental challenges will have an impact on business activity by reducing the impacts of air, water and noise pollutants; increasing the aesthetic and recreational appeal of an area (attracting inward investment and new businesses); increasing resilience to natural events such as flooding and high temperatures; providing new

sustainable transport links; and bringing degraded and contaminated land back into functional use.

- Investing in business knowledge transfer can support growth and increase business performance and profitability, as well as create growth opportunities via the development of “green” products and services.
- Improving resource efficiency and reducing waste including better management of energy, materials, and water, improves resilience and competitiveness, reduces exposure of businesses to price and supply shocks in supply chain and provides opportunities for new markets. It is estimated that businesses could save up to £23bn each year from resource efficiency measures alone with about £10bn of this available to small and medium enterprises. These measures can also save about 4% of carbon emissions each year.

Implications of the development needs and opportunities on the use of European Regional Development Fund funding

- England currently has a number of environmental challenges. This is because land owners or users do not take environmental impacts into account. The environment is an externality and this market failure creates the case for public investment to mitigate the negative impacts and support action to reduce their output from production and consumption.
- There can be multiple benefits to the economy from addressing this market failure. Investments in multi-functional blue and green infrastructure can add to an area’s natural capital (the stock of environmental assets) and support the local economy through their impact on inward investment, visitor spend, environmental cost-saving, mental and physical health improvement, market sales and employment generation.
- Bringing back brownfield or derelict sites can unlock growth in specific areas. Development of these sites is unlikely to happen without public sector intervention either because of abnormal costs associated with remediating the land, need for public sector infrastructure or issues associated with land assembly
- Resource efficiency may be constrained without public sector intervention because businesses (especially smaller ones) lack access to finance and information. Supporting resource efficiency within businesses can deliver environmental benefits at the same time as increasing business performance and profitability.
- Supporting investments in business knowledge transfer can also support growth and increase business performance and profitability, as well as create growth opportunities via the development of “green” products and services which may otherwise be restricted due to lack of access to information and finance.

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

Links between transport infrastructure and growth

Research by the Organisation for Economic Co-operative and Development underlines the importance of investments in infrastructure human capital and business environment, in supporting local growth. The research finds that among regions in the Organisation for Economic Co-operative and Development with below average gross domestic product per head, transport infrastructure can play a key role in driving growth by increasing the competitiveness of small and medium enterprises and bringing new businesses to areas.

Transport infrastructure challenges in England

The England Chapter of the Partnership Agreement discusses the significant demand on road networks in the last fifty years compared to low investment in road infrastructure since the 1960s. It also discusses the significant demands on the rail network at present even though investments in rail infrastructure have improved since the 1990s.

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

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

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

Economic development is also hampered by transport infrastructure issues in some of England's areas categorised as ‘transition’ regions. Some areas, such as Cumbria, Lincolnshire and Liverpool require investment in low carbon and

environmentally friendly transport systems to enhance mobility, thereby increasing accessibility to jobs and economic growth.

Implications of the development needs and opportunities on the use of European Regional Development Fund funding

- A combination of under investment in transport infrastructure (especially roads) compared with growing demand have translated into transport challenges in England.
- These transport challenges constrain growth through reduced productivity, increased fuel consumption, increased risk of social exclusion and reduced attractiveness of particular areas resulting in low inward investment or export levels.
- European Regional Development Fund funding under this thematic objective can complement national programmes and target bottlenecks particularly in areas such as Cornwall and Isles of Scilly. Any funding under this thematic objective will support the objectives for European Regional Development Fund funding under other thematic objectives especially TO3 and TO4.
- A baseline for European Regional Development Fund funding would depend on the mode of transport but could be a reduction in congestion; reduction in travel time; and increase in passenger numbers and freight for each category of region supported under this thematic objective.

Thematic objective 9: Promoting social inclusion, combating poverty and any discrimination

The Government’s “Plan for Growth” and commitment to “Local Growth: Realising Every Place’s Potential” 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 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 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.

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] |
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|-----------------------------|------------------------------|--|

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|--|--|--|
| <p>TO1: Strengthening research, technological development & innovation</p> | <p>1.b - 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> | <p>Policy alignment: Europe 2020 target: 3% of the European Union's gross domestic product to be invested in research and development.</p> <p>Innovation has strong link to growth. Expenditure on research and expenditure varies across local areas driven by the spread of existing R & D infrastructure and location of large firms most likely to invest in research and development.</p> <p>There are opportunities to support innovation in fast growing small and medium enterprises. At present this support is uneven across local areas</p> <p>European Regional Development Fund 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.</p> <p>Information failure specifically related to small and medium enterprises that face higher barriers to entry, higher risks, costs and uncertainty and where there is a lack of awareness of benefits.</p> <p>R & D as a public good where the payback takes many years and where intellectual property rights are difficult to attribute.</p> |
| <p>TO2: Enhancing access to, and use and quality of,</p> | <p>2 (a) extending broadband deployment and the roll-out of high-speed</p> | <p>Policy alignment: The Digital Agenda for Europe has two relevant goals:• the entire</p> |

| | | |
|---|---|---|
| <p>information and communications technology</p> | <p>networks and supporting the adoption of emerging technologies and networks for the digital economy;</p> <p>2.(b) developing information and communications technology products and services, e-commerce, and enhancing demand for information and communications technology</p> | <p>European Union to be covered by broadband above 30 Mbps by 2020; • internet speeds of 100 Mbps 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. small and medium enterprises in particular are not exploiting opportunities related to information and communications technology.</p> <p>European Regional Development Fund can be used to address: Network coordination failure where provision to remote areas is too costly for private sector providers</p> <p>Information failures where small and medium enterprises are unable to fully exploit opportunities offered by information and communications technology</p> |
| <p>TO3: Enhancing the Competitiveness of small and medium enterprises</p> | <p>3a - 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>3c- supporting the creation and the extension of advanced capacities for product and service development;</p> <p>3d- supporting the capacity of small and</p> | <p>Policy alignment: Country specific recommendations for the UK to address structural bottlenecks relating to access to finance for small and medium enterprises and to continue efforts to improve the availability of bank and non-bank financing to small and medium enterprises</p> <p>small and medium enterprises drive innovation and growth in the economy. However there is wide variation in small and medium enterprise competitiveness- only 7 per</p> |

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| | <p>medium enterprises to grow in regional, national and international markets, and to engage in innovation processes</p> | <p>cent can be classified as high growth small and medium enterprises at the moment. Small and medium enterprises face various barriers to growth especially in accessing finance and export markets. European Regional Development Fund can address the following market failures:</p> <ul style="list-style-type: none"> • Lack of information and access especially for business start up and particular disadvantaged groups. • Lenders and equity investors face uncertainty about level of risk associated with 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>TO4: Supporting the shift towards a low carbon economy in all sectors</p> | <p>4a - promoting the production and distribution of energy derived from renewable sources;</p> <p>4b - promoting energy efficiency and renewable energy use in enterprises;</p> <p>4c - supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the</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> |

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| | <p>housing sector</p> <p>4e - promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures;</p> <p>4f- Promoting research and innovation in, and adoption of, low-carbon technologies;</p> | <p>Carbon dioxide emissions are an externality and there is a market failure that creates a 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 a high value market.</p> <p>There are also information failures with small and medium enterprises 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 uncertain.</p> |
| <p>TO5: Promoting climate change adaptation, risk prevention and management</p> | <p>5b - promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems</p> | <p>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.</p> <p>Lowering risk of flooding will generate economic activity in specific affected areas supporting local growth.</p> |
| <p>TO6: Preserving and protecting the environment and promoting resource efficiency</p> | <p>6d - Protecting and restoring biodiversity and soil and promoting ecosystems, including through Natura 2000 and green infrastructure</p> <p>6f - promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to</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</p> |

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| | soil, or to reduce air pollution. | competitiveness |
| TO7: Promoting sustainable transport and removing bottlenecks in key network infrastructures | <p>7(a) supporting a multimodal Single European Transport Area by investing in the Trans European Transport Networks;</p> <p>7(b) enhancing regional mobility by connecting secondary and tertiary nodes to Trans European Transport Networks infrastructure, including multimodal nodes;</p> <p>7(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;</p> | <p>Relevant country specific recommendations: Address structural bottlenecks related to infrastructure and follow up on the National Infrastructure Plan by ... providing clarity on funding commitments.</p> <p>Transport is a partial public good and delivers social benefits, addresses environmental externalities, can improve productivity and can also reduce costs to business in securing inputs or delivering to markets especially in peripheral areas.</p> <p>European Regional Development Fund funding can complement national programmes to target transport bottlenecks that are a barrier to growth in specific areas.</p> |
| TO9 Promoting social inclusion and combating poverty | <p>9b - providing support for physical, economic and social regeneration of deprived communities in urban and rural areas;</p> <p>9d - Undertaking investment in the context of community led local development strategies</p> | <p>Europe 2020 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 (for example, those with low or no qualifications).</p> <p>Support investment in places and people to tackle barriers to growth and target regeneration on specific</p> |

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| | | <p>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 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> <p>Physical, social and economic regeneration is an important part of many sustainable urban development strategies</p> |
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1.2 Justification of the financial allocation

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

The Government has announced the provisional allocations of European Regional Development Fund and European Social Fund that Local Enterprise Partnership areas should receive. The Partnership Agreement sets out the basis for these allocations. 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 €6.9bn across England's 39 Local Enterprise Partnership territorial units over seven years in line with identified development needs and opportunities. The European Regional Development Fund contributes around €3.6 billion of that total.

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

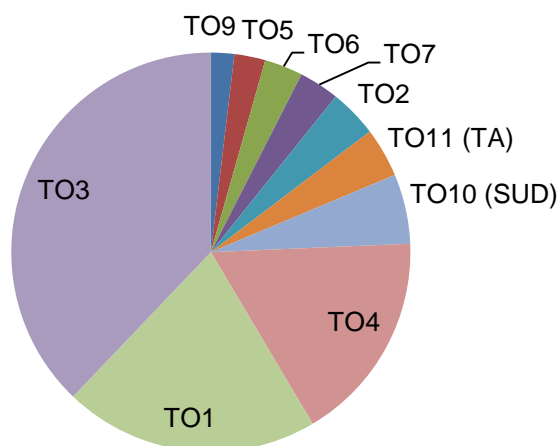
- Less Developed with Gross Domestic Product per capita below 75% of the European Union²⁷ average. The only area is Cornwall (and Isles of Scilly).
- Transition with areas with a Gross Domestic Product per capita between 75% and 90% of the European Union²⁷ average. This includes some rural areas, industrial areas and northern cities. The areas are: Cumbria, Devon, East Yorkshire and North Lincolnshire, Lancashire. South Yorkshire, Shropshire and Staffs, Merseyside, Lincolnshire, Tees Valley and Durham.
- More Developed with a Gross Domestic Product per capita above 90% of the European Union²⁷ average. The rest of England (i.e. the majority) falls into this category.

The Government published detailed guidance in July 2013 that set out at a high level the challenges and opportunities for the English Economy, including for each relevant thematic objective, and that drew from the Europe 2020 strategy and the Common Strategic Framework annexed to then draft Common Provisions Regulation.¹ In response, local partners in Local Enterprise Partnership territories have identified priorities within the Government's intervention logic framework, defined by the scale of the needs of each territory in relation to the challenges set out by the Government. This approach enables the high level strategy prepared by Government that flowed from the Europe 2020 strategy to be tailored to specific local needs and challenges. It means that allocations to thematic allocations will be consistent with both national and local priorities.

The share of European Regional Development Funding in 2014-2020 across thematic objectives is as follows.

¹ HM Government. *Developing and delivering European Structural and Investment Funds strategies: supplementary guidance to local enterprise partnerships*. July 2013

Figure 5: Proposed allocation across thematic objectives European Regional Development Fund 2014-2020



Thematic objectives one, three and four will together absorb 79% of total European Regional Development Fund spend (including technical assistance) in 2014-2020. This responds to the scale of development needs and growth opportunities set out in sections 1.1.1 and 1.1.2 and reflects the importance of these thematic objectives to the strategy underpinning the operational programme. Furthermore, they are consistent with the specific territorial challenges identified at a more local level in the European Structural and Investment Fund strategies prepared by Local Enterprise Partnerships and local partners.

The largest allocation will be for thematic objective three. Encouraging entrepreneurship and support for small and medium enterprises are key priorities for Europe 2020. Small and medium sized enterprises are important for economic growth in England, responsible for 59.3% of private sector employment and 48.1% of private sector turnover at the start of 2013.

However, small and medium sized enterprises face a number of challenges. Productivity in small and medium sized enterprises is low compared with large firms and there is wide sub-national variation. There are various factors that limit an ability of a Small and Medium Sized Enterprises to grow including:

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

Access to finance is a particular area of difficulty for small and medium enterprises. The aspiration in England is to increase the support from European Regional Development Fund for financial instruments, compared to the 2007-13 programming period.

The second largest allocation will be for thematic objective one. Strengthening research, technological development & 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. Although the 2020 target for research is 3% at European Union level, many parts of England fall well below this figure.

The third largest allocation will be for thematic objective four. The UK continues to make good progress towards the 2020 renewables target. Despite the progress significant challenges remain. The UK had the 9th lowest share amongst European Union countries of low carbon energy in 2011 with the UK's share of electricity supply from low carbon sources being around half that of the European Union average of 26 per cent.

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

- Growing household investment in heat saving measures.
- Promoting socially cost-effective investment in energy efficiency, where there is the potential to save 196TWh in 2020, and equivalent to 22 power stations.
- Better, consistent and effective energy efficiency plans of companies and communities with appropriate measures for energy savings.

Finally, there is significant growth potential in the low carbon goods and services sector in England.

The proposed allocation on the remaining thematic objectives may be low as a proportion of total European Regional Development Fund spend in 2014- 2020 but can be significant for a particular local area where it targets specific constraints to growth.

Technical Assistance

The Technical Assistance budget represents 4% of the overall European Regional Development Fund. The primary aim of technical assistance is to ensure that both the European Regional Development Fund Programme is delivered in a compliant way in accordance with the Common Provisions Regulation and fund specific regulation.

Table 2: Overview of the investment strategy of the Operational Programme

| Priority Axis | Fund | Union Support (€) | Proportion of union support |
|----------------------|-------------------|--------------------------|------------------------------------|
| 1 | European Regional | 712,044,008 | 19.62% |

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| | Development Fund | | |
| 2 | European Regional Development Fund | 122,708,175 | 3.38% |
| 3 | European Regional Development Fund | 1,409,218,466 | 38.84% |
| 4 | European Regional Development Fund | 629,082,285 | 17.34% |
| 5 | European Regional Development Fund | 82,063,821 | 2.26% |
| 6 | European Regional Development Fund | 85,386,652 | 2.35% |
| 7 | European Regional Development Fund | 55,244,103 | 1.52% |
| 8 | European Regional Development Fund | 24,503,621 | 0.68% |
| 9 | European Regional Development Fund | 48,483,576 | 1.34% |
| 10 | European Regional Development Fund | 314,395,183 | 8.67% |
| 11 (technical assistance) | European Regional Development Fund | 145,130,412 | 4% |

Section 2. Description of the Priority Axes

Priority axis 1: Research and innovation

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

Across England, there is significant variation in levels of overall investment in research and development. Some areas are well ahead of the 3% target set for the European Union as a whole. These include London, the East, the South East and some parts of the North West. Levels of investment in research and development in other parts of England trail significantly. There is also significant variation across England in the numbers of businesses actively innovating to bring new products to the market. There is a disparity across firms of different sizes across England. There are also wide variations in the levels of collaborative research between enterprises, research institutions and public institutions. These variations do not match exactly against the breakdown of regions according to the categorisation of more developed, less developed and transition.

The reasons for these geographical variations in levels in investment in innovation are complex and long standing:

- the relative concentration of more productive economic activity and more knowledge intensive industries in London, the wider South East and the larger cities;
- geographical concentration of genuinely world class research intensive universities and research campuses which provide access to advanced facilities and expertise, provide homes to high-tech companies and are magnets for investment;
- other important European Union and national investment programmes in research and innovation which are targeted deliberately to centres of research excellence, largely irrespective of their location; and
- the economic geography of England is highly complex and diverse. The concentration of industrial sectors differs markedly in different parts of England. Naturally, the scale and potential scope for innovation in rural areas is significantly different to that in those parts of England where, for example, advanced manufacturing, life sciences, aerospace and automotive industries predominate.

Although some Local Enterprise Partnership territories are large and populous, others are relatively small and can lack the necessary critical mass for their investments alone to have a significant impact. While the priority sectors identified may be strong locally that strength may not resonate on a national scale. To take advantage fully of local competitive advantages, innovation capital identified in specific parts of England will be assessed in relation to sectoral strengths across the wider national and European economy.

A single Priority Axis that covers all territorial categories - : Less developed, more developed and Transition - will facilitate collaborations across borders that are needed to make the most effective investments in this Priority Axis. This is particularly the case for Cornwall and the Isle's of Scilly, the only Less Developed Region in England.

Investment Priority 1 of priority axis 1 :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.

2.A.1 Specific objectives corresponding to the investment priority and expected results (article 96 (2) (b) (i)-(ii))

SPECIFIC OBJECTIVE 1: Increase the number of small and medium enterprises innovating to bring new products and processes to the market

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

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

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

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

| ID | Indicator | Measurement unit | Cat of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Freq of reporting |
|-----|---|------------------|--------------------------------|----------------|---------------|---------------------|----------------------------|-------------------|
| 1.1 | Proportion of small and medium sized enterprises that are innovation active | percentage | | 44.9 | 2013 | Increase | ONS – UK innovation survey | Biennial |
| 1.2 | research and development tax credit claims Number of businesses actively innovating to bring new products and/or new processes to the market | Enterprises | | 8,810 | 2011/12 | Increase | HMRC | Annual |
| 1.3 | research and development tax credit claims Number of | GBP | | 381 million | 2011/12 | Increase | HMRC | Annual |

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| | businesses actively innovating to bring new products and/or new processes to the market | | | | | | | |
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Specific Objective 2: Increase collaborative research and innovation between large enterprises, research institutions and public institutions to improve small and medium enterprise commercialisation

The UK exhibits strong performance in the quality of its research and knowledge base. The quality of the research produced is strong; research produced generates more articles and citations per researcher per unit of public research and development spend than other major countries including Canada, China, France, Germany, Italy Japan and the United States of America.

There is scope to better build on the knowledge base by stimulating more productive interactions between business and universities, research centres and other organisations - 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.

The goal is to increase the number of small and medium enterprises who collaborate with large enterprises, universities, research centres other public institutions. There is no direct measure but the Higher Education Funding Council for England does collect data on the value of services provided to Higher Education institutions by small and medium enterprises. This covers consultancy, contract research, continuing professional development, facilities and equipment related or intellectual property services. This provides an adequate proxy. The aim will be to show an increase over the course of the programme. As a benchmark the value for larger businesses in £583m. Because of a break in data and changes in rules during the time series, the suggested target value is to show an increase. To ensure that the average is not raised as a consequence of the same total value being shared between fewer small and medium enterprises. There will also be an indicator on the number of small and medium enterprises providing services to Higher Education institutions.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|---|------------------|-------------------------------------|----------------|---------------|---------------------|--|------------------------|
| 1.4 | Value of services provided by small and medium enterprises to higher education institutions | GBP | | 139761000 | 2012/13 | Increase | Higher Education funding council for England - Higher Education business and community interaction survey | Annual |
| 1.5 | Number of contracts or interactions with small and medium enterprises | Number | | 50782 | 2012/13 | increase | Higher Education funding council for England - Higher Education business and community interaction survey | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by European Regional Development Fund may support include, but are not limited to strengthening research, technological development and innovation by:

- promoting business investment in research and innovation, including through the attraction of new companies and inward investment, especially where the purpose is to help small and medium enterprises bring new products and processes to the commercial markets;
- developing links, synergies and joint activity between enterprises, research and development centres and the Higher Education sector, including the development of innovation centres that combine physical space for innovative firms with specialist support services and/or equipment needed for the commercialisation of new products;
- facilitating the development of spin out companies from Higher Education institutions and other research centres
- promoting investment in product and service development, including social innovation, eco innovation and public service applications, including the development of new solutions through public service procurement;
- supporting, including through capital investment where necessary, the development of existing (and a limited number of new) enterprise, innovation and technology hubs and centres of excellence, manufacturing clusters and the development of appropriate test facilities, pilot lines and advance manufacturing capabilities
- driving demand for innovation, including through business engagement and the provision of advice, support for networking and clusters of innovative firms and those firms seeking to become innovative, business-to-business collaborations, especially where actions seek to build systems and cultures of open innovation

The focus of activity under this priority axis is improving small and medium enterprise commercialisation but this requires the involvement of a much wider group including larger firms in cooperation with their supply chains and other small and medium enterprises, Higher Education institutions, public sector institutions and research centres, Catapult Centres and other centres of excellence.

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

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

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) Common Provisions Regulation)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 Local Sub-Committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 European Structural and Investment Funds strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

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

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

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii) Common Provisions Regulation)

Subject to the outcome of an ex-ante assessment evidencing need, financial instruments operating under the Managing Authority's Urban Development model will support this priority axis. This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme and may

involve a revolving mix of loan, equity and grant to target the creation or refurbishment of urban infrastructure through urban regeneration and low carbon projects. This might include capital investment to support:

- Innovative financing solutions for equipment and competence centres with a focus on the commercialisation of research; and
- Innovation through technology transfer, applied research, technology development and demonstration facilities

Access to finance schemes providing equity, loan and mixed investment to Small and Medium size Enterprises as part of activity under priority axis 3 will also benefit technology start-ups and spin-outs and other innovative companies, including providing funding for proof of concept.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii) Common Provisions Regulation)

No major projects are planned within this priority axis.

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv) Common Provisions Regulation)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|----|---|------------------|------------------------------------|-------------------------------------|--------------|-------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | 33433 | Monitoring data | Annual | |
| C2 | Number of new Enterprises supported | enterprises | European Regional Development Fund | | | 6232 | Monitoring data | Annual | |
| C3 | Number of enterprises receiving grants | enterprises | European Regional Development Fund | | | 6687 | Monitoring data | Annual | |
| C4 | Number of enterprises receiving financial support other than grants | enterprises | European Regional Development Fund | | | 3343 | Monitoring data | Annual | |

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|-----|---|-------------|------------------------------------|--|--|--|---------|-----------------|--------|
| C5 | Number of enterprises receiving non-financial support | enterprises | European Regional Development Fund | | | | 26746 | Monitoring data | Annual |
| C28 | Number of enterprises supported to introduce new to the market products | enterprises | European Regional Development Fund | | | | 2675 | Monitoring data | Annual |
| C29 | Number of enterprises supported to introduce new to the firm products | enterprises | European Regional Development Fund | | | | 5349 | Monitoring | Annual |
| C6 | Private investment matching public support to enterprises (grants) | Euros | European Regional Development Fund | | | | 2594592 | Monitoring | Annual |
| C26 | Number of enterprises cooperating with research entities | enterprises | European Regional Development Fund | | | | 15894 | Monitoring | Annual |

2.A.3 Performance framework (Article 97 (2) (b) (v))

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

| ID | Indicator Type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|-----|----------------|---|------------------|------------------------------------|--------------------|--------------------|------|---|---------------------|-------|-----------------|---|---|
| | | | | | | M | W | T | M | W | T | | |
| CO1 | Output | Number of Enterprises receiving support | Enterprises | European Regional Development Fund | | | | | | 33433 | Monitoring data | The focus of the priority axis is small and medium enterprise commercialisation. The indicator captures activity under both specific objectives | |
| I1 | Implementation | Percentage of final target of number of enterprises receiving support that has been | Percentage | European Regional Development Fund | | | 25.5 | | | | Monitoring data | Evidence from the 2007-13 programmes suggests there will be too few, if any, | |

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| | | achieved by partially or fully completed operations | | | | | | | | | | completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted. |
| Financial | F1 | Expenditure | Euros | European Regional Development Fund | Less | | 25355217 | | | 99275870 | Monitoring data | |
| Financial | F1 | Expenditure | Euros | | Transition | | 53597937 | | | 209857470 | Monitoring data | |

| | | | | | | | | | | | | | |
|-----------|----|-------------|-------|--|------|--|--|---------------|--|--|---------------|-----------------|--|
| Financial | F1 | Expenditure | Euros | | More | | | 102952 998 | | | 402910 668 | Monitoring data | |
|-----------|----|-------------|-------|--|------|--|--|---------------|--|--|---------------|-----------------|--|

Additional qualitative information on the establishment of the performance framework

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

2.A.4 Categories of intervention (Article 97 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|--|---------------|
| European Regional Development Fund | More developed | 002 – research and innovation processes in large enterprises | 0 |
| European Regional Development Fund | More developed | 056 – investment in infrastructure, capacities and equipment in small and medium enterprises directly linked to research and innovation activities | 53721423 |
| European Regional Development Fund | More developed | 056 – investment in infrastructure, capacities and equipment in large companies directly linked to research and innovation activities | 0 |
| European Regional Development Fund | More developed | 058 – research and innovation infrastructure (public) | 26860711 |
| European Regional Development Fund | More developed | 059 - research and innovation infrastructure (private, including science parks) | 26860711 |
| European Regional Development Fund | More developed | 060 – research and innovation activities in public research centres and centres of competence including networking | 26860711 |
| European Regional | More developed | 061 - research and innovation activities | 26860711 |

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|------------------------------------|----------------|--|----------|
| Development Fund | | in private research centres including networking | |
| European Regional Development Fund | More developed | 062 – technology transfer and university-enterprise cooperation primarily benefiting small and medium enterprises | 53721423 |
| European Regional Development Fund | More developed | 063 – cluster support and business networks primarily benefiting small and medium enterprises | 53721422 |
| European Regional Development Fund | More developed | 064 – Research and innovation processes in small and medium enterprises (including voucher schemes, process, design, service and social innovation) | 53721423 |
| European Regional Development Fund | More developed | 065 – Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change | 26860711 |
| European Regional Development Fund | More developed | 067 – small and medium enterprise business development, support to entrepreneurship and incubation (including support to spin offs and spin | 53721422 |

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| | | outs) | |
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| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|--|---------------|
| European Regional Development Fund | Transition | 002 – research and innovation processes in large enterprises | 0 |
| European Regional Development Fund | Transition | 056 – investment in infrastructure, capacities and equipment in small and medium enterprises directly linked to research and innovation activities | 27980995 |
| European Regional Development Fund | Transition | 056 – investment in infrastructure, capacities and equipment in large companies directly linked to research and innovation activities | |
| European Regional Development Fund | Transition | 058 – research and innovation infrastructure (public) | 13990499 |
| European Regional Development Fund | Transition | 059 - research and innovation infrastructure (private, including science parks) | 13990499 |
| European Regional Development Fund | Transition | 060 – research and innovation activities in public research centres and centres of competence including | 13990499 |

| | | | |
|------------------------------------|------------|---|----------|
| | | networking | |
| European Regional Development Fund | Transition | 061 - research and innovation activities in private research centres including networking | 13990499 |
| European Regional Development Fund | Transition | 062 – technology transfer and university-enterprise cooperation primarily benefiting small and medium enterprises | 27980995 |
| European Regional Development Fund | Transition | 063 – cluster support and business networks primarily benefiting small and medium enterprises | 27980995 |
| European Regional Development Fund | Transition | 064 – Research and innovation processes in small and medium enterprises (including voucher schemes, process, design, service and social innovation) | 27980995 |
| European Regional Development Fund | Transition | 065 – Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to | 13990499 |

| | | | |
|------------------------------------|------------|---|----------|
| | | climate change | |
| European Regional Development Fund | Transition | 067 – small and medium enterprise business development, support to entrepreneurship and incubation (including support to spin offs and spin outs) | 27980995 |

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|--|---------------|
| European Regional Development Fund | Less developed | 002 – research and innovation processes in large enterprises | 0 |
| European Regional Development Fund | Less developed | 056 – investment in infrastructure, capacities and equipment in small and medium enterprises directly linked to research and innovation activities | 13236783 |
| European Regional Development Fund | Less developed | 056 – investment in infrastructure, capacities and equipment in large companies directly linked to research and innovation activities | 0 |
| European Regional Development Fund | Less developed | 058 – research and innovation infrastructure (public) | 6618391 |
| European Regional | Less developed | 059 - research and innovation infrastructure | 6618391 |

| | | | |
|------------------------------------|----------------|---|----------|
| Development Fund | | (private, including science parks) | |
| European Regional Development Fund | Less developed | 060 – research and innovation activities in public research centres and centres of competence including networking | 6618391 |
| European Regional Development Fund | Less developed | 061 - research and innovation activities in private research centres including networking | 6618391 |
| European Regional Development Fund | Less developed | 062 – technology transfer and university-enterprise cooperation primarily benefiting small and medium enterprises | 13236783 |
| European Regional Development Fund | Less developed | 063 – cluster support and business networks primarily benefiting small and medium enterprises | 13236783 |
| European Regional Development Fund | Less developed | 064 – Research and innovation processes in small and medium enterprises (including voucher schemes, process, design, service and social innovation) | 13236783 |
| European Regional | Less developed | 065 – Research and innovation infrastructure, | 6618391 |

| | | | |
|------------------|--|---|----------|
| Development Fund | | processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change | |
| | | 067 – small and medium enterprise business development, support to entrepreneurship and incubation (including support to spin offs and spin outs) | 13236783 |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|--|---------------|
| European Regional Development Fund | More developed | 01 – non-repayable grant | 369186071 |
| European Regional Development Fund | More developed | 02 – repayable grant | 0 |
| European Regional Development Fund | More developed | 03 – support through financial instruments: venture and equity capital or equivalent | 0 |
| European Regional Development Fund | More developed | 04 – support through financial instruments: loan or equivalent | 33724597 |
| European Regional Development Fund | More developed | 05 – support through financial instruments: guarantee or | 0 |

| | | | |
|------------------------------------|----------------|---|---|
| | | equivalent | |
| European Regional Development Fund | More developed | 06 – support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support or equivalent | 0 |
| European Regional Development Fund | More developed | 07 - prize | 0 |

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|--|---------------|
| European Regional Development Fund | Transition | 01 – non-repayable grant | 204455695 |
| European Regional Development Fund | Transition | 02 – repayable grant | 0 |
| European Regional Development Fund | Transition | 03 – support through financial instruments: venture and equity capital or equivalent | 0 |
| European Regional Development Fund | Transition | 04 – support through financial instruments: loan or equivalent | 5401775 |
| European Regional Development Fund | Transition | 05 – support through financial instruments: guarantee or equivalent | 0 |
| European Regional Development Fund | Transition | 06 – support through financial instruments: interest rate subsidy, guarantee fee | 0 |

| | | | |
|------------------------------------|------------|--|---|
| | | subsidy, technical support or equivalent | |
| European Regional Development Fund | Transition | 07 - prize | 0 |

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|---|---------------|
| European Regional Development Fund | Less developed | 01 – non-repayable grant | 99275870 |
| European Regional Development Fund | Less developed | 02 – repayable grant | 0 |
| European Regional Development Fund | Less developed | 03 – support through financial instruments: venture and equity capital or equivalent | 0 |
| European Regional Development Fund | Less developed | 04 – support through financial instruments: loan or equivalent | 0 |
| European Regional Development Fund | Less developed | 05 – support through financial instruments: guarantee or equivalent | 0 |
| European Regional Development Fund | Less developed | 06 – support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support or equivalent | 0 |
| European Regional Development Fund | Less developed | 07 - prize | 0 |

Table 9: Dimension 3 – Territory type

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|---------------------|---------------|
| European Regional Development Fund | More developed | 07 – Not applicable | 402910668 |

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|---------------------|---------------|
| European Regional Development Fund | Transition | 07 – Not applicable | 209857470 |

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|---------------------|---------------|
| European Regional Development Fund | Less developed | 07 – not applicable | 99275870 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|---------------------|---------------|
| European Regional Development Fund | More developed | 07 – not applicable | 402910668 |

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|---------------------|---------------|
| European Regional Development Fund | Transition | 07 – not applicable | 209857470 |

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|------------------|---------------|
| European Regional Development Fund | Less developed | 03 – ITI (other) | 99275870 |

Priority Axis 2: Enhancing Access To, And Use And Quality Of, ICT

2.A.0 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, tor more than one thematic objective or more than one Fund (Article 96 (1) CPR)

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

A single Priority Axis for Enhancing access to, and use and quality of, ICT will cover all three categories of region and the total eligible expenditure or eligible public expenditure for European Regional Development Fund: 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, improved take up and support to exploit existing infrastructure for SMEs through European Regional Development Fund. Partner investment choices will ensure that European Regional Development Fund is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

Investment priority 1 of priority axis 2 : Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 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

Although 77 per cent of England 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. Some of this will be addressed by continuing investments during the 2007-13 programming period and by BDUK's current plans. Projects which are currently funded and in delivery will increase UK coverage to 90% superfast and slightly more than this in England. As a result, the coverage in Cumbria, for example, is expected to increase to about 86% (Reading is expected to remain at about 95%). However, there will still be a shortfall against the Digital Agenda goals; regions will not all have the same levels of connectivity; and at the local level there will still be many areas with no superfast coverage at all. As a result, the areas left out will be at a competitive disadvantage with the rest of the country. Coverage of ultrafast broadband is significantly lower. 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 current programme for rolling out broadband is largely 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 by local funding and by European Regional Development Fund - is intended to extend superfast availability to 95 per cent of the UK by 2017. The Government will also be willing to support projects which use other funding models, provided they can demonstrate State aid compliance. Other potential models have been described by the European Commission in its Guide to Broadband Investment².

The Government also currently has a voucher scheme in 22 cities which will extend ultrafast broadband provision to SMEs. The Government has further aspirations beyond current programmes to increase superfast broadband coverage to as near universal coverage as possible.

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.

Take-up is increasing rapidly: 25% of the UK's premises now have access to superfast broadband. On BT's network, the number of customers doubled in the year to May 2014, and 14% of premises passed have now taken up superfast connections. The earliest projects to be funded by Broadband Delivery UK (BDUK) in the Department for Culture, Media and Sport (DCMS) now have take-up above 20%, although delivery is still under way.

² http://ec.europa.eu/regional_policy/sources/docgener/presenta/broadband2011/broadband2011_en.pdf.

The support provided through this specific objective will improve ICT connections, so they are no longer a barrier to growth for businesses and will help them to improve their productivity, growth and create jobs, in turn increasing the percentage of businesses which use superfast broadband. The resulting economic benefits are described in the UK Broadband Impact Study.³ The aim of the result is to increase coverage and enable more SMEs in particular to access superfast broadband.

³ SQW – UK Broadband Impact Study – November 2013 <https://www.gov.uk/government/publications/uk-broadband-impact-study--2>

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|--|------------------|-------------------------------------|----------------|---------------|---------------------|-----------------------------------|------------------------|
| 2.1 | Coverage of superfast (>30Mbps) broadband across England | Percentage | | 77 | 2013 | 100 | OFCOM | Annual |
| 2.2 | Percentage of businesses with access to at least superfast (>30Mbps) broadband | Percentage | | 15.9 | 2012 | 20 | ICT and e commerce activity (ONS) | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions that the European Regional Development Fund may support include but are not limited to :

- Improve access to superfast and ultrafast broadband
- Increase business take up of ICT connections. This could include: use of IP Telephony Solutions, cloud computing solutions, the implementation of flexible working and remote access solutions

Examples of actions which may be supported are:

- Extension of superfast broadband networks
- Provision of vouchers to SMEs to help with superfast or ultrafast connection costs

Activities will target businesses and SMEs, including social enterprises.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 local sub-committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed in local ESIF strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

**2.A.2.3 The Planned use of financial instruments (where appropriate)
(Article 96 (2) (b) (iii)CPR)**

Financial instruments are not planned to be used to support this investment priority.

**2.A.2.4 The Planned use of major projects (where appropriate)
(Article 96 (2) (b) (iii)CPR)**

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|----|--|------------------|------------------------------------|-------------------------------------|--------------|------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | 3118 | Monitoring data | Quarterly | |
| C5 | Number of new enterprises supported | enterprises | European Regional Development Fund | | | 1378 | Monitoring data | Quarterly | |
| P1 | Additional businesses with broadband access of at least 30mbps | enterprises | European Regional Development Fund | | | 1762 | Monitoring data | Quarterly | |

Investment priority 2 of priority axis 2 : Developing ICT products and services, e-commerce, and enhancing demand for ICT

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 2: Increase the number of SMEs using and having access to digital technologies including trading on line.

Exploitation of ICT is key to increasing SME competitiveness and productivity growth and to enabling research and innovation. However, while the majority of UK businesses with 10 or more employees have a website (79% in 2010), approximately 85% do not use a website for selling their goods or services.⁴ For small firms it is estimated that a 10% productivity increase is achieved from internet usage, as SMEs with significant internet usage grow and export twice as fast as others.⁵ In fact, evidence shows that the impact of broadband on productivity is highest for enterprises with between 1 and 9 employees and increasing the proportion of SMEs exploiting ICT opportunities will increase growth potential in SMEs.

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

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

Research from Lloyds Bank⁶ has looked at benchmarking the digital maturity of SMEs in the UK. From a survey in 2014 of its customers it found that:

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

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

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

⁴ Table: [ONS data on adoption of E-commerce and ICT Activity by size of business \(%\), 2010.](#)

⁵ Internet Matters - McKinsey May 2011

⁶ <http://businesshelp.lloydsbankbusiness.com/research/uk-business-digital-index-2014/>

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

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|---|------------------|-------------------------------------|----------------|---------------|--|----------------|------------------------|
| 2.3 | Percentage of SMEs selling goods and services through a website | percentage | | 33.5% | 2012 | Increase the percentage of SMEs selling through a website. | SBS | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions that the European Regional Development Fund may support include but are not limited to:

- Support for SMEs to update or introduce new ICT business models which will drive business performance.
- Advice and support for SMEs to access new markets through improved ICT connections
- Advice and support for SMEs to develop ICT skills
- Advice and support for SMEs to implement productivity improvements from use of ICT.

Examples of actions which may be supported are:

- Provision of coaching, advice, consultancy, mentoring and peer-to-peer support.
- Business engagement and provision of digital advice for SMEs

Activities will target SMEs, including Social Enterprises.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 local sub-Committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions

expressed in local ESIF strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted

**2.A.2.3 The Planned use of financial instruments (where appropriate)
(Article 96 (2) (b) (iii)CPR)**

Financial instruments are not planned to be used to support this investment priority.

**2.A.2.4 The Planned use of major projects (where appropriate)
(Article 96 (2) (b) (iii)CPR)**

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|------|---|------------------|------------------------------------|-------------------------------------|--------------|------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | 4498 | Monitoring data | | |
| CO5 | Number of new enterprises supported | enterprises | European Regional Development Fund | | | 1499 | Monitoring data | | |
| CO29 | Number of enterprises supported to introduce new to the firm products | Enterprises | European Regional Development Fund | | | 720 | Monitoring data | | |
| P1 | Additional businesses with | enterprises | European Regional Development | | | 4006 | Monitoring data | | |

| | | | | | | | | | |
|--|-------------------------------------|--|------|--|--|--|--|--|--|
| | broadband access of at least 30mbps | | Fund | | | | | | |
|--|-------------------------------------|--|------|--|--|--|--|--|--|

2.A.3 Performance framework (Article 96 (2) (b) (v))

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

| ID | Indicator Type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|----|----------------|---|------------------|------------------------------------|--------------------|--------------------|------|---|---------------------|------|-----------------|--|---|
| | | | | | | M | W | T | M | W | T | | |
| P1 | Output | Additional businesses with broadband access of at least 30mbps | Enterprises | European Regional Development Fund | | | | | | 5768 | Monitoring data | The output measures activity under both investment priorities used | |
| I1 | Implementation | Percentage of final target of number of enterprises receiving support that has been achieved by | Percentage | European Regional Development Fund | | | 25.5 | | | | Monitoring data | Evidence from the 2007-13 programmes suggests there will be too few, if any, completed | |

| | | | | | | | | | | | | |
|-----------|----|---|-------|------------------------------------|------------|--|---------|--|--|----------|-----------------|---|
| | | partially or fully completed operations | | | | | | | | | | operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted. |
| Financial | F1 | Expenditure | Euros | European Regional Development Fund | Less | | 4862235 | | | 19037608 | Monitoring data | |
| Financial | F1 | Expenditure | Euros | | Transition | | 8776586 | | | 34363866 | Monitoring data | |

| | | | | | | | | | | | | | |
|-----------|----|-------------|-------|--|------|--|--|--------------|--|--|--------------|-----------------|--|
| Financial | F1 | Expenditure | Euros | | More | | | 177094 65 | | | 693067 01 | Monitoring data | |
|-----------|----|-------------|-------|--|------|--|--|--------------|--|--|--------------|-----------------|--|

Additional qualitative information on the establishment of the performance framework

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

2.A.4 Categories of intervention (Article 96 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | More developed | 004 – productive investment linked to the cooperation between large enterprises and SMEs for developing information and communication technology (ICT) products and services, e-commerce and enhancing demand for ICT | 0 |
| European Regional Development Fund | More developed | 045 – ICT backbone/backhaul network | 0 |
| European Regional Development Fund | More developed | 046 – High-speed broadband network (access/local loop \geq 30 Mbps) | 24950412 |
| European Regional Development Fund | More developed | 047 – ICT – Very high-speed broadband network (access/local loop; \geq 100Mbps) | 8316804 |
| European Regional Development Fund | More developed | 082 ICT services and applications for SMEs (including e-commerce, e-Business and networked business | 36039485 |

| | | | |
|--|--|--|--|
| | | processes, living labs, web entrepreneurs and ICT start-ups) | |
|--|--|--|--|

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| | | | |
| European Regional Development Fund | Transition | 004 – productive investment linked to the cooperation between large enterprises and SMEs for developing information and communication technology (ICT) products and services, e-commerce and enhancing demand for ICT | 0 |
| European Regional Development Fund | Transition | 045 – ICT backbone/backhaul network | 0 |
| European Regional Development Fund | Transition | 046 – High-speed broadband network (access/local loop >= 30 Mbps) | 12370992 |
| European Regional Development Fund | Transition | 047 – ICT – Very high-speed broadband network (access/local loop; >=100Mbps) | 4123664 |
| European Regional Development | Transition | 048 – Other types of ICT infrastructure/large scale computer | 0 |

| | | | |
|------------------------------------|------------|--|----------|
| Fund | | resources/equipment (including e-infrastructure, data centres and sensors; also where embedded in other infrastructure such as research facilities, environmental and social infrastructure) | |
| European Regional Development Fund | Transition | 082 ICT services and applications for SMEs (including e-commerce, e-Business and networked business processes, living labs, web entrepreneurs and ICT start-ups) | 17869210 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|--------|
| | | | |
| European Regional Development Fund | Less developed | 004 – productive investment linked to the cooperation between large enterprises and SMEs for developing information and communication technology (ICT) products and services, e-commerce and enhancing demand for ICT | 0 |
| European Regional | Less developed | 045 – ICT backbone/backhaul | 0 |

| | | | |
|------------------------------------|----------------|---|----------|
| Development Fund | | network | |
| European Regional Development Fund | Less developed | 046 – High-speed broadband network (access/local loop >= 30 Mbps) | 6306938 |
| European Regional Development Fund | Less developed | 047 – ICT – Very high-speed broadband network (access/local loop; >=100Mbps) | 2102312 |
| European Regional Development Fund | Less developed | 048 – Other types of ICT infrastructure/large scale computer resources/equipment (including e-infrastructure, data centres and sensors; also where embedded in other infrastructure such as research facilities, environmental and social infrastructure) | 0 |
| European Regional Development Fund | Less developed | 082 ICT services and applications for SMEs (including e-commerce, e-Business and networked business processes, living labs, web entrepreneurs and ICT start-ups) | 10628358 |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code | Amount |
|------|--------------------|------|--------|
|------|--------------------|------|--------|

| | | | |
|------------------------------------|----------------|------------------------|----------|
| European Regional Development Fund | More developed | 01 Non-repayable grant | 69306701 |
|------------------------------------|----------------|------------------------|----------|

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|------------------------|----------|
| European Regional Development Fund | Transition | 01 Non-repayable grant | 34363866 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|------------------------|----------|
| European Regional Development Fund | Less developed | 01 Non-repayable grant | 19037608 |

Table 9: Dimension 3 – Territory type

| for | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | More developed | 07 Not applicable | 69306701 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Transition | 07 Not applicable | 34363866 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Less developed | 07 Not applicable | 19037608 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------|--------------------|------|--------|
|------|--------------------|------|--------|

| | | | |
|------------------------------------|----------------|-------------------|----------|
| European Regional Development Fund | More developed | 07 Not applicable | 69306701 |
|------------------------------------|----------------|-------------------|----------|

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Transition | 07 Not applicable | 34363866 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|----------------|----------|
| European Regional Development Fund | Less developed | 03 ITI (other) | 19037608 |

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

Not appropriate

| |
|--|
| Priority axis 3: Enhancing the competitiveness of small and medium enterprises (SMEs) |
|--|

2.A.0 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, for more than one thematic objective or more than one Fund (Article 96 (1) CPR)

The primary aim of this Priority Axis is to improve the competitiveness of SMEs in the programme by increasing the capacity and capability of SMEs and promoting entrepreneurship. The priority axis will support the Government's commitment to support SMEs and in doing so strengthen the pipeline of high growth business across England.⁷

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

| |
|--|
| Investment priority 1 of priority axis 3 : 3c - Supporting the creation and the extension of advanced capacities for products, services and development |
|--|

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 1: Increase growth capacity of SMEs

⁷ 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.

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

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

Capacity concerns explain some of this. For example there are access to finance issues, including relatively low level of capital investment⁸, and weaknesses within the supply chain. All of these mean that Small and Medium Sized Enterprises in England are not meeting their productivity potential.

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

SME jobs will be tracked against the baseline for 2011. Figures on the numbers of those working in SMEs are available for 2009-2011. There was a significant drop in 2010 which makes it difficult to use this data to determine future trends.

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 for large enterprise this was £51,000.

⁸ 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)

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|---|------------------|-------------------------------------|----------------|---------------|---|--|------------------------|
| 3.1 | Number of small and medium sized jobs | Persons | England | 9826000 | 2011 | Increase in SME jobs | Business Register of Employment Survey | annual |
| 3.2 | Gap in productivity between SMEs and large companies productivity measured in terms of gross value added per employee | GPB | England | 7400 | 2011 | Increase in SME productivity by reducing the productivity gap between large and small business. | Annual Business Survey | annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include but are not limited to:

- Provision of advice to develop new business models or higher quality products, processes or services
- Advice and support for businesses to implement productivity improvements including through the provision of resource efficiency advice,
- Advice to improve business processes and workforce development
- Advice and support for supply chain interventions to strengthen and grow the domestic supplier base
- Developing local offers and capacity to attract overseas investment.
- Ensuring SMEs have access to sufficient levels of finance to implement their growth plans, including appropriate capital investment for premises and equipment to help build capacity

Examples of actions which may be supported are:

- Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaborative projects
- Grant finance for business to invest for product, process and service improvements
- Provision of non-grant finance where there is a clearly evidenced market failure, for example
 - co-investment funds, e.g. for angel investment, venture capital or debt finance;
 - Early stage growth, Equity, quasi-Equity, Loan, guarantees or Mezzanine funds, seed capital;
 - Microloan funds delivered by Community Development Finance Institutions
 - Proof of concept funds

- Provision of independent access to finance advice
- Provision of business incubation, managed workspace, or grow-on space

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

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 local sub-committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed through local ESIF strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

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

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

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need (through market analysis) and the subsequent identification of the expected results, including outputs, being ascertained through an ex-ante assessment, the MA's Access to Finance, Urban Development and Local Impact Fund Models will be used. This investment priority will focus on the provision of finance.

Access to finance - 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 of Local Enterprise Partnership territories.

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 locally but at the same time provide 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), to generate a total fund size of around £100m. 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 value for money, including an appropriate critical mass and economies of scale. Here, the European Regional Development Fund will be matched by private or public investment.

Individual Financial Instruments will only be implemented where they are underpinned by a robust evidence base via a formal ex-ante assessment.

ii Urban development and energy efficiency (non-domestic) – This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme where there are a number of such Financial Instruments now running successfully across England. It will enable Local Enterprise Partnership territories singularly or in collaboration to create Urban Development Funds (UDFs) to target the creation or refurbishment of urban infrastructure through urban regeneration and low carbon projects. Under this investment priority the focus will be on projects that include premises for SMEs.

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 typically 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 or other private or 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.

lii Local impact funds (LIF) - will promote investment into social enterprises through loans to Social Sector Organisations (SSOs). 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.

The consultancy element will be covered under Investment Priority 3.d.

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.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

It is possible that three business support projects that are procured nationally and that may operate through an “opt-in” model will exceed the threshold set out in Article 100 of the Common Provisions Regulation and discussions will take place with the Commission to determine whether they fulfil other parts of the definition of a major project, for example whether they accomplish an indivisible task of a precise economic or technical nature. The three relevant projects that may be supported by European Regional Development Fund are the Growth Accelerator, the Manufacturing Advisory Service and UK Trade and Investment.

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|------|--|-----------------------|------------------------------------|-------------------------------------|--------------|-------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 33624 | Monitoring data | | |
| C5 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 2286 | Monitoring data | | |
| C8 | Employment increase in supported enterprises | Full time equivalents | European Regional Development Fund | | | 25219 | Monitoring data | | |
| CO29 | number of enterprises supported to introduce new to the firm | Enterprises | European Regional Development Fund | | | 5379 | Monitoring data | | |

| | | | | | | | | | |
|----|--|-------------|------------------------------------|--|--|--|-----------|-----------------|--|
| | products | | | | | | | | |
| C6 | Private investment matching public support to enterprises (grants) | GBP | European Regional Development Fund | | | | 191378155 | Monitoring data | |
| C7 | Private investment matching public support to enterprises (non-grants) | GPB | European Regional Development Fund | | | | 64133400 | Monitoring date | |
| C3 | Number of enterprises receiving financial support other than grants | enterprises | European Regional Development Fund | | | | 3362 | Monitoring data | |

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

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 2: Increase growth capability of SMEs

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

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

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

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

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

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

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|---|-----------------------|-------------------------------------|----------------|---------------|----------------------|--|------------------------|
| 3.1 | Number of small and medium sized jobs created | Full time equivalents | England | 9.826 million | 2011 | Increase in SME jobs | Business Register of Employment Survey | Annual |
| 3.2 | Gap in productivity between SMEs and large companies productivity measured in terms of gross value added per employee | GPB | England | 7400 | 2011 | Reduction in gap | Annual Business Survey | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include but are not limited to:

- Provision of efficient local referral routes to ensure that SMEs are able to identify and access the most appropriate and tailored support for their specific growth needs
- Support SMEs to develop focused growth strategies and update or introduce new business models which will drive business performance
- Attracting new business investments to England.
- Advice and support for SMEs to enter, establish and expand in new domestic and international markets.
- Advice and support for businesses to become investment ready

Examples of actions which may be supported are:

- Provision of advice, consultancy, mentoring and peer-to-peer support to indigenous businesses and inward investors (SMEs from outside the EU who will move to England)
- Leadership and management coaching where connected to the development and implementation of a business growth plan
- Support events, trade fairs and missions to enable SMEs to enter, establish and expand in new domestic and international markets
- Targeted grant schemes to support productive investment
- Provision of advice and consultancy on access to finance

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

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) CPR)

The Programme Monitoring Committee will approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 local sub-committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed through local ESIF strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii) CPR)

Activity under this investment priority will focus on addressing the barriers that business face in identifying, accessing and understanding the different types of finance that is available. It will be supported by financial instruments under the access to finance model, urban development fund and the local impact funds model.

(i) Access to finance - 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 of Local Enterprise Partnership territories.

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 locally but at the same time provide 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.

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 value for money, including an appropriate critical mass and economies of scale. Here, the European Regional Development Fund will be matched by private or public investment.

ii **Urban development and energy efficiency (non-domestic)** – This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme where there are a number of such Financial Instruments now running successfully across England. It will enable Local Enterprise Partnership territories singularly or in collaboration to create Urban Development Funds (UDFs) to target the creation or refurbishment of urban infrastructure through urban regeneration and low carbon projects. Under this investment priority, the focus will be on support for projects that include premises for SME.

Urban Development Funds will typically 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 or other private or 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.

iii) **Local impact funds (LIF)** - will promote investment into social enterprises through loans to Social Sector Organisations (SSOs). 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.

A range of investors will fund them and potential match contributors might include Social Investors, Local Authorities, Clinical Commissioning Groups, Universities, and Housing Associations.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

It is possible that three business support projects that are procured nationally and that may operate through an “opt-in” model will exceed the threshold set out in Article 100 of the Common Provisions Regulation and discussions will take place with the Commission to determine whether they fulfil other parts of the definition of a major project, for example whether they accomplish an indivisible task of a precise economic or technical nature. The relevant projects that may be supported by European Regional Development Fund are the Growth Accelerator, the Manufacturing Advisory Service and UK Trade and Investment.

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|-----------------------|------------------------------------|-------------------------------------|--------------|-------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C11 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 22416 | Monitoring data | | |
| C5 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 2191 | Monitoring data | | |
| C8 | Employment increase in supported enterprises | Full time equivalents | European Regional Development Fund | | | 16812 | Monitoring data | | |
| C29 | number of enterprises supported to introduce new to the firm | Enterprises | European Regional Development Fund | | | 1793 | Monitoring data | | |

| | | | | | | | | | |
|----|--|-------------|------------------------------------|--|--|--|-----------|-----------------|--|
| | products | | | | | | | | |
| C6 | Private investment matching public support to enterprises (grants) | GBP | European Regional Development Fund | | | | 126222708 | Monitoring data | |
| C7 | Private investment matching public support to enterprises (non-grants) | GPB | European Regional Development Fund | | | | 42755600 | Monitoring date | |
| C3 | Number of enterprises receiving financial support other than grants | enterprises | European Regional Development Fund | | | | 2241 | Monitoring data | |

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

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 3: Increase entrepreneurship, particularly in areas with low levels of enterprise activity and amongst under-represented groups

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

There are disparities in rates of business start-ups, in some territories and amongst some groups. For instance, 37% of start-ups in 2013 were located in London and the South East, with only 23% within Northern Local Enterprise 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.⁹

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

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

⁹ According to 2013 BPE estimates with Small Business Survey data

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|---|------------------|-------------------------------------|----------------|---------------|--|---------------------------------|------------------------|
| 3.3 | Total early stage Entrepreneurial Activity, represented by the proportion of adults of working age (18-64) in the process of starting a business or running a business less than 42 months old, | Percentage | | 7.5 | 2013 | Increase in the TEA rate to be higher than the average for innovation driven economies | Global Entrepreneurship Monitor | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by the European Regional Development Fund may include but are not limited to:

- Targeted engagement, outreach and mentoring to strengthen entrepreneurial and enterprise culture
- Provision of advice and support for entrepreneurship and self-employment in particular amongst under-represented groups by developing entrepreneurial skills and attitudes with a focus on increasing the number of business start-ups .
- Provision of advice and support for new business start-ups to survive and grow.
- Support to address market failures in the provision of start-up finance, e.g. seed finance, start-up loans

Examples of actions which may be supported are:

- Outreach, coaching, mentoring, networking and consultancy support to promote business start-up, survival and growth
- Grants to support productive investment. Provision of non-grant finance to support start-ups or entrepreneurs where there is a clearly evidenced market failure, for example:
 - Early stage growth, Equity, quasi-Equity, Loan or Mezzanine funds;
 - Microloan funds delivered by Community Development Finance Institutions; and
 - Proof of Concept funds.
- Provision of land and premises for employment sites including incubator space, managed workspace, or grow-on space

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

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 local sub-committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed through local ESIF strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

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

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

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

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need (through market analysis) and the subsequent identification of the expected results being ascertained through an ex-ante assessment, the MA's Access to Finance, Urban Development (JESSICA) and Local Impact Fund Models will be used. Under this investment priority they will support entrepreneurs and start-ups.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|-----------------------|------------------------------------|-------------------------------------|--------------|-------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 11208 | Monitoring data | | |
| C5 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 1095 | Monitoring data | | |
| C8 | Employment increase in supported enterprises | Full time equivalents | European Regional Development Fund | | | 8406 | Monitoring data | | |
| C28 | number of enterprises supported to introduce new to the market | Enterprises | European Regional Development Fund | | | 896 | Monitoring data | | |

| | | | | | | | | | |
|-----|--|-------------|------------------------------------|--|--|--|----------|-----------------|--|
| | products | | | | | | | | |
| C29 | Private investment matching public support to enterprises (grants) | GBP | European Regional Development Fund | | | | 63792718 | Monitoring data | |
| C7 | Private investment matching public support to enterprises (non-grants) | GPB | European Regional Development Fund | | | | 21377800 | Monitoring date | |
| C3 | Number of enterprises receiving financial support other than grants | enterprises | European Regional Development Fund | | | | 1120 | Monitoring data | |

2.A.3 Performance framework (Article 96 (2) (b) (v))

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

| ID | Indicator Type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|-----|----------------|---|------------------|------------------------------------|----------------------|--------------------|---|---|---------------------|---|------------------------|-----------------|--|
| | | | | | | M | W | T | M | W | T | | |
| C 1 | Output | Number of Enterprises receiving support | Enterprises | European Regional Development Fund | Less Transition More | | | | | | 2690 17564 46995 | Monitoring data | The output measures activity under the one Investment Priority being used and will account for all spend allocated by all category of regions for this Priority. |

| | | | | | | | | | | | | | |
|----|----------------|---|------------|------------------------------------|------|--|--|------|--|--|--|-----------------|--|
| 11 | Implementation | Percentage of final target of number of enterprises receiving support that has been achieved by partially or fully completed operations | Percentage | European Regional Development Fund | Less | | | 25.5 | | | | Monitoring data | Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted. |
|----|----------------|---|------------|------------------------------------|------|--|--|------|--|--|--|-----------------|--|

| | | | | | | | | | | | | | |
|----|----------------|---|------------|------------------------------------|------------|--|--|------|--|--|--|-----------------|--|
| 11 | Implementation | Percentage of final target of number of enterprises receiving support that has been achieved by partially or fully completed operations | Percentage | European Regional Development Fund | Transition | | | 25.5 | | | | Monitoring data | Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted. |
|----|----------------|---|------------|------------------------------------|------------|--|--|------|--|--|--|-----------------|--|

| | | | | | | | | | | | | |
|----|----------------|---|------------|------------------------------------|------|--|---------|--|--|---------|-----------------|--|
| I1 | Implementation | Percentage of final target of number of enterprises receiving support that has been achieved by partially or fully completed operations | Percentage | European Regional Development Fund | More | | 25.5 | | | | Monitoring data | Evidence from the 2007-13 programmes suggests there will be too few, if any, completed operations by 2018 to set a reasonable milestone. This implementation step will measure outputs actually delivered rather than merely contracted. |
| F | Financial | Expenditure | Euros | European Regional | Less | | 4157991 | | | 1628020 | Monitoring | |

| | | | | | | | | | | | | |
|-----|--------------|-------------|-------|------------------|-------------|--|---------------|--|--|---------------|------------------|--|
| 1 | | | | Development Fund | | | 8 | | | 95 | ng data | |
| F 2 | Financial F1 | Expenditure | Euros | | Transiti on | | 1232190 92 | | | 4824522 78 | Monitori ng data | |
| F 3 | Financial F1 | Expenditure | Euros | | More | | 1944971 39 | | | 7639640 93 | Monitori ng data | |

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

2.A.4 Categories of intervention (Article 96 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|-----------|
| European Regional Development Fund | More developed | 001 – general productive investment in SMEs | 284987219 |
| European Regional Development Fund | More developed | 056 – investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities | 58397571 |
| European Regional Development Fund | More developed | 063 – Cluster support and business networks primarily benefiting SMEs | 116795141 |
| European Regional Development Fund | More developed | 066 – advance support service for SMEs and groups of SMEs (including management, marketing and design services) | 58397571 |
| European Regional Development Fund | More developed | 067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs) | 175309506 |
| European Regional | More developed | 072 – business infrastructure for | 58397571 |

| | | | |
|------------------------------------|----------------|---|----------|
| Development Fund | | SMEs (including industrial parks and sites) | |
| European Regional Development Fund | More developed | 073 Support for social enterprises (SMEs) | 11679514 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|-----------|
| European Regional Development Fund | Transition | 001 – general productive investment in SMEs | 243022239 |
| European Regional Development Fund | Transition | 056 – investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities | 29198785 |
| European Regional Development Fund | Transition | 063 – Cluster support and business networks primarily benefiting SMEs | 58397571 |
| European Regional Development Fund | Transition | 066 – advance support service for SMEs and groups of SMEs (including management, marketing and design services) | 29198785 |
| European Regional Development | Transition | 067 – SME business development, support to | 87596356 |

| | | | |
|------------------------------------|------------|--|----------|
| Fund | | entrepreneurship and incubation (including support to spin offs and spin outs) | |
| European Regional Development Fund | Transition | 072 – business infrastructure for SMEs (including industrial parks and sites) | 29198785 |
| European Regional Development Fund | Transition | 073 Support for social enterprises (SMEs) | 5839757 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|----------|
| European Regional Development Fund | Less developed | 001 – general productive investment in SMEs | 60963522 |
| European Regional Development Fund | Less developed | 056 – investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities | 11679514 |
| European Regional Development Fund | Less developed | 063 – Cluster support and business networks primarily benefiting SMEs | 23359028 |
| European Regional Development Fund | Less developed | 066 – advance support service for SMEs and groups of SMEs (including | 11679514 |

| | | | |
|------------------------------------|----------------|---|----------|
| | | management, marketing and design services) | |
| European Regional Development Fund | Less developed | 067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs) | 40029200 |
| European Regional Development Fund | Less developed | 072 – business infrastructure for SMEs (including industrial parks and sites) | 11679514 |
| European Regional Development Fund | Less developed | 073 Support for social enterprises (SMEs) | 3411803 |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|-----------|
| European Regional Development Fund | More developed | 01 – non-repayable grant | 609673525 |
| European Regional Development Fund | More developed | 02 – repayable grant | 0 |
| European Regional Development Fund | More developed | 03 – support through financial instruments: venture and equity capital | 71583742 |

| | | | |
|------------------------------------|----------------|---|----------|
| European Regional Development Fund | More developed | 04 – support through financial instruments: loan | 47722494 |
| European Regional Development Fund | More developed | 05 – support through financial instruments - guarantee | 17492166 |
| European Regional Development Fund | More developed | 06 - support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support | 17492166 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|-----------|
| European Regional Development Fund | Transition | 01 – non-repayable grant | 356161694 |
| European Regional Development Fund | Transition | 02 – repayable grant | 0 |
| European Regional Development Fund | Transition | 03 – support through financial instruments: venture and equity capital | 54122868 |
| European Regional Development Fund | Transition | 04 – support through financial instruments: loan | 36078019 |

| | | | |
|------------------------------------|------------|---|----------|
| European Regional Development Fund | Transition | 05 – support through financial instruments - guarantee | 18044849 |
| European Regional Development Fund | Transition | 06 - support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support | 18044848 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|----------|
| European Regional Development Fund | Less developed | 01 – non-repayable grant | 98384909 |
| European Regional Development Fund | Less developed | 02 – repayable grant | 0 |
| European Regional Development Fund | Less developed | 03 – support through financial instruments: venture and equity capital | 32897098 |
| European Regional Development Fund | Less developed | 04 – support through financial instruments: loan | 31520088 |
| European Regional Development Fund | Less developed | 05 – support through financial instruments - guarantee | 0 |
| European Regional | Less developed | 06 - support through financial | 0 |

| | | | |
|------------------|--|---|--|
| Development Fund | | instruments: interest rate subsidy, guarantee fee subsidy, technical support | |
|------------------|--|---|--|

Table 9: Dimension 3 – Territory type

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|-----------|
| European Regional Development Fund | More developed | 07 Not applicable | 763964093 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|-----------|
| European Regional Development Fund | Transition | 07 Not applicable | 482452278 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|-----------|
| European Regional Development Fund | Less developed | 07 Not applicable | 162802095 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|-----------|
| European Regional Development Fund | More developed | 07 Not applicable | 763964093 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|-----------|
| European Regional Development Fund | Transition | 07 Not applicable | 482452278 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|----------------|-----------|
| European Regional Development Fund | Less developed | 04 ITI (other) | 162802095 |

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

In relation to financial instruments, technical assistance may be used for the ex-ante assessment and for other start-up costs.

Priority Axis 4: Supporting the shift towards a low carbon economy in all sectors

2.A.0 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, tor more than one thematic objective or more than one Fund (Article 96 (1) CPR)

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 per cent of electricity in England is generated from renewables, with bio-energy as the largest component, this differs across territories. This proportion varies widely with a range of 767 GWh and 3,871 GWh generated from renewable sources across England in 2012. This reflects both differences in renewable energy generating capacity (from wind, bio-energy and bio-mass) and levels of investment in this capacity across England. In 2012 there were 314, 944 sites in total generating electricity from renewable resources in England but varying from 10,376 to 64,574 in different parts of the country.¹⁰

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

In response a single Priority Axis for supporting the shift towards a low carbon economy in all sectors will cover all three categories of region: Less Developed, More Developed and Transition. This approach will best ensure a coherent and streamlined approach to tackling the most acute development needs and opportunities across England. Partner investment choices will ensure that European Regional Development Fund is targeted at the specific challenges of highest priority and potential across specific territories at the most appropriate spatial level.

¹⁰ DECC (2013) Sub national renewable electricity
<https://www.gov.uk/government/publications/energy-trends-september-2013-special-feature-articles-renewable-electricity-in-scotland-wales-northern-ireland-and-the-regions-of-england-in-201>

Investment priority 1 of priority axis 4 : Promoting research and innovation in, and adoption of, low-carbon technologies

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 1: Increase innovation in, and adoption of, low carbon technologies.

The UK and England are currently making good progress in tackling the level of greenhouse gases, and against the Europe 2020 targets.

The Climate Change Act has established a legally binding target to reduce the UK's greenhouse gas emissions by at least 80 per cent below base year levels by 2050. Greenhouse gas emissions in England are currently 28% lower than in 1990.¹¹

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 European Regional Development Fund will be on small scale projects 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 Low 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 nominal terms 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 2011/12) and will therefore be appropriately open to activities across a span of industries including new ones to emerge in the 2014-2020 programme period. Data available currently on the size of the low carbon environmental goods and services sector shows a mixed spatial distribution of development needs and opportunities 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.¹² Supporting the development of a low carbon market will therefore be a key focus for the European Regional Development Fund in England.

¹¹ Source:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318096/da_ghgi_1990_2012_report.pdf

¹² BIS (2013) Low Carbon Environmental Goods and Services:2011-2012 (Page 42) (<https://www.gov.uk/government/publications/low-carbon-and-environmental-goods-and-services-2011-to-2012>)

The survey that supplied the figure for the size of the sector in 2011/12 has recently been discontinued. Discussions are taking place with the Department for Energy and Climate Change to identify an alternative way of measuring the growth of the sector over coming years.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|--|------------------|-------------------------------------|----------------|---------------|---------------------|----------------|------------------------|
| 4.1 | The size of the low carbon environmental goods and services sector in England. | GPB | | tbc | tbc | Increase | tbc | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include, but are not limited to :

- R&D, innovation, supply chain work for low carbon technologies and materials, including carbon capture and carbon storage, wave and wind energy, smart grids, distributed generation, solar and photovoltaics, heat networks, heat pumps and low carbon heat for energy intensive industries.
- Technology centres of excellence and test facilities, including relevant Catapult centres
- Renewable technologies in the UK renewable energy roadmap

- Mitigation and adapted technologies
- Development of low carbon vehicles and fuels
- Knowledge transfer with Higher Education/Further Education and Businesses
- Low carbon technologies to build the market in Low Carbon Environmental Technologies, Goods and Services sector and its supply chain, focusing on goods and services with embedded low carbon technologies.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 local sub-committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed through local ESIF strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

Investments in research, development and innovation in low carbon goods and services will be consistent with Smart Specialisation in England, the national smart specialisation strategic framework submitted to the European Commission, and with local ESIF strategies which have embedded the principles of smart specialisation within them.

Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

SMEs may benefit from the financial instruments providing access to finance that will be established under Priority Axis 3. This includes support for co-investment funds.

Urban Development Funds, including those based on the successful JESSICA model established in the 2007-13 programming period, will provide support for urban regeneration which may include capital for low carbon projects and research and development facilities.

**2.A.2.4 The Planned use of major projects (where appropriate)
(Article 96 (2) (b) (iii)CPR)**

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------|------------------------------------|-------------------------------------|--------------|------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 3310 | Monitoring data | | |
| C2 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 1557 | Monitoring data | | |
| C29 | number of enterprises supported to introduce new to the firm products | Enterprises | European Regional Development Fund | | | 618 | Monitoring data | | |
| C26 | Number of enterprises cooperating | Enterprises | European Regional Development | | | 882 | Monitoring data | | |

| | | | | | | | | | |
|-----|----------------------------|------------------------------|------------------------------------|--|--|--|--------|-----------------|--|
| | with research institutions | | Fund | | | | | | |
| C34 | Estimated GHG reductions | Tonnes of CO ₂ eq | European Regional Development Fund | | | | 737834 | Monitoring data | |

Investment priority 2 of priority axis 4 : Promoting the production and distribution of energy derived from renewable sources

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 2: Increase implementation of whole place low carbon solutions and decentralised energy measures.

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 2012 energy consumption in the UK from renewable and waste sources was 4.2 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 and in the UK to 15%.

The sectors that have seen increases in energy consumption from renewable and waste sources are households (32.9 per cent of all energy consumption from bioenergy and waste sources in 2012), and industry (27.9 per cent). 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 European Regional Development Fund can make to national renewable energy obligation which will be significantly met through alternative public/private sector investment in renewable energy infrastructure. The European Regional Development Fund is best targeted at approaches which stimulate whole-place carbon reduction plans and micro-energy installations, off-grid energy productions, heat networks including Gas CHP, heat pumps, and low carbon heat for energy intensive industries in order to address deficits in specific territories as well as development opportunities in places and sectors.

There will be two result indicators:

- Increase in the level of local energy renewables in places with a low carbon plan
- Reduction in carbon emissions in areas with whole place low carbon plans

In both cases, the low carbon plan will set a benchmark against 2011 data for the local authority areas covered by it. The plan will be required to show a reduction by the end of the programming period. The benchmark for the specific objective will therefore be the total derived from all low carbon plans when prepared. A key implementation step will be the development of such plans.

Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4(e), which will contribute to the same specific objective and expected results.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|---|------------------|-------------------------------------|---|---------------|---------------------|----------------|------------------------|
| 4.2 | Increase in the level of local energy renewables in places with a low carbon plan | MW | | To be established in each low carbon plan | 2011 | Increase | | annual |
| 4.3 | Reduction in carbon emissions in areas with whole place low carbon plans | kWh/year | | To be established in each low carbon plan | 2011 | Decrease | | annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include, but is not limited to:

- Supporting increased production of renewable and low carbon fuels/energy
- Whole place low carbon initiatives/solutions
- Urban design and smart grids
- Waste to Energy projects
- Decentralised renewable energy, district heating, geothermal, micro-generation
- Resilient low carbon energy infrastructure.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 local sub-committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed through 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 (where appropriate) (Article 96 (2) (b) (iii)CPR)

None planned.

**2.A.2.4 The Planned use of major projects (where appropriate)
(Article 96 (2) (b) (iii)CPR)**

No major projects are planned

**2.A.2.5 Output indicators by investment priority and, where
appropriate by category of region (Article 96 (2) (b) (iv)CPR)**

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|------------------------------|------------------------------------|-------------------------------------|--------------|--------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 7427 | Monitoring data | | |
| CO2 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 3664 | Monitoring data | | |
| C34 | Estimated GHG reductions | Tonnes of CO ₂ eq | European Regional Development Fund | | | 162323 | Monitoring data | | |
| C30 | Additional capacity of renewable energy production | MW | European Regional Development Fund | | | | Monitoring data | | |

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

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 2: Increase implementation of whole place low carbon solutions and decentralised energy measures.

The UK has the 9th lowest share amongst EU countries of low carbon energy in 2011 with the UK's share of electricity 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 2012 energy consumption in the UK from renewable and waste sources was 4.2 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 European Regional Development Fund can make to national renewable energy obligation which will be significantly met through alternative public/private sector investment in renewable energy infrastructure. The European Regional Development Fund is best targeted at approaches which stimulate whole-place carbon reduction plans and micro-energy installations, off-grid energy productions, heat networks including Gas CHP and sustainable urban mobility in order to address deficits in specific territories as well as development opportunities in places and sectors.

There will be two result indicators:

- Increase in the level of local energy renewables in places with a low carbon plan
- Reduction in carbon emissions in areas with whole place low carbon plans

In both cases, the low carbon plan will set a benchmark against 2011 data for the local authority areas covered by it. The plan will be required to show an increase or reduction as appropriate by the end of the programming period. The benchmark for the specific objective will therefore be the total derived from all low carbon plans when prepared. A key implementation step will be the development of such plans.

Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4(a), which will contribute to the same specific objective and expected results.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|---|------------------|-------------------------------------|---|---------------|---------------------|----------------|------------------------|
| 4.2 | Increase in the level of local energy renewables in places with a low carbon plan | MW | | To be established in each low carbon plan | 2011 | increase | | annual |
| 4.3 | Reduction in carbon emissions in areas with whole place low carbon plans | Tonnes | | To be established in each low carbon plan | 2011 | decrease | | |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Activities and actions are required to take place within the framework of low carbon strategies or whole place low carbon plans.

Within the strategies or plans, indicative actions to be supported by European Regional Development Fund may include, but are not limited to:

- Provision of advice and support to increase the use or take up of renewable and low carbon fuels/energy
- Whole place low carbon initiatives/solutions
- Low carbon transport, including electric/low carbon vehicle infrastructure, cycle paths, walking and waterways
- Smart Cities, urban mobility, urban design,
- Smart grids and demand management
- Low carbon modal shift and smart systems,
- Green and blue infrastructure to reduce whole place energy requirements.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 Local Sub-Committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed through local ESIF strategies. The Managing Authority shall use this

advice to make the selection against the criteria and the contribution to the Operational Programme.

Projects will need to demonstrate clearly how they would contribute to the relevant low carbon strategy or whole place low carbon plan.

Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment, this investment priority may be supported by financial instruments under the urban development and energy efficiency (non-domestic) model.

This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme, where there are a number of such Financial Instruments now running successfully across England. 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 ideally 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.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|------|---|------------------------------|------------------------------------|-------------------------------------|--------------|--------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 8473 | Monitoring data | | |
| CO2 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 4162 | Monitoring data | | |
| CO34 | Estimated GHG reductions | Tonnes of CO ₂ eq | European Regional Development Fund | | | 184459 | Monitoring data | | |

Investment priority 4 of priority axis 4 : Promoting energy efficiency and renewable energy use in enterprises

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 3: Increase energy efficiency and implementation of low carbon technologies in all types of enterprise

Energy intensity (energy use per unit of value added) has declined by 31.8 per cent between 2011 and 1997. If however UK emissions targets are to be met energy efficiency will need to increase across all sectors. There is a potential for growth in this area to increase non-domestic energy efficiency in England, especially in promoting socially cost-effective investment in energy efficiency, where there is the potential to save 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 or business processes or lack the know-how about approaches to adopt and embed new methods.

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

The result indicator to measure progress will assess the effectiveness of energy efficiency measures adopted in companies, buildings and transport. There will be separate indicators for the industrial and service sectors.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|---|------------------|-------------------------------------|----------------|---------------|---------------------|--------------------|------------------------|
| 4.3 | Industrial energy consumption (in tonnes oil equivalent) per million units of GVA | tonnes | | 127.6 | 2012 | | UK energy in brief | annual |
| 4.3 | Service sector energy consumption (in tonnes oil equivalent) per million units of GVA | tonnes | | 20.1 | 2012 | | UK energy in brief | annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

The main target group are enterprises, particularly SMEs.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include, but are not limited to:

- Low carbon innovation in relation to waste and re-use within enterprises
- 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, electricity and transport.
- Building retrofit and energy efficiency especially whole building solutions exemplifying next phase technologies which are near to market.
- low carbon construction techniques

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 Local Sub-Committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed through 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 (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment., this investment priority may be supported by financial instruments under the Urban development and energy efficiency (non-domestic) model. –

This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme, where there are a number of such Financial Instruments now running successfully across England. 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 typically 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.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------------------|------------------------------------|-------------------------------------|--------------|--------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 6063 | Monitoring data | | |
| CO2 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 3095 | Monitoring data | | |
| CO7 | Estimated GHG reductions | Tonnes of CO ₂ eq | European Regional Development Fund | | | 132810 | Monitoring data | | |

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

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific objective 4: Increase energy efficiency and implementation of low carbon technologies in homes and public buildings

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 households in England, especially in growing household investment in heat saving measures.

According to the English Housing Survey in 2012, 34% of dwellings had 200mm or more of loft insulation, up from just 3% of dwellings in 1996. Over the same period, the proportion of homes with cavity wall insulation increased from 14% to 40% and the proportion of homes with full double glazing increased from 30% to 79%. A range of measures to improve these kinds of conventional domestic insulation are in place, through national initiatives such as the Green Deal. Where European Regional Development Fund can make a difference is 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.

The chosen result indicator is Domestic energy consumption per household. The target will be to seek a reduction in this.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|----|--|------------------|-------------------------------------|----------------|---------------|---------------------|----------------|------------------------|
| | | | | | | | | |
| | | | | | | | | |
| | Index of Domestic energy consumption per household (1980+10) | Number | | 85.5 | | tbc | | |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include, but is not exhaustive of

- Provision of advice and support to increase the use and take up of low carbon technologies and energy efficiency in housing and public buildings
- Non Domestic Low Carbon Technologies and Energy Efficiency
- Low carbon innovation in relation to waste and re-use
- 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

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 Local Sub-Committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed through 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 (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment.

Urban development and energy efficiency (non-domestic) – This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme where there are a number of such Financial Instruments now running successfully across England. 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 ideally 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.

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.

**2.A.2.4 The Planned use of major projects (where appropriate)
(Article 96 (2) (b) (iii)CPR)**

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------------------|------------------------------------|-------------------------------------|--------------|--------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C31 | Number of households with improved energy consumption | Households | European Regional Development Fund | | | | Monitoring data | | |
| C32 | Decrease of annual primary energy consumption of public buildings | KWh/year | | | | | Monitoring data | | |
| C34 | Estimated GHG reductions | tonnes of CO ₂ eq | | | | 184458 | Monitoring data | | |

2.A.3 Performance framework (Article 96 (2) (b) (v))

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

| ID | Indicator Type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|-----|----------------|--------------------------------------|------------------------------|------|--------------------|--------------------|---|---|---------------------|---|--------|-----------------|--|
| | | | | | | M | W | T | M | W | T | | |
| C34 | Output | Estimated GHG reductions | tonnes of CO ₂ eq | | less | | | | | | 70 | Monitoring data | This indicator covers activity under all investment priorities |
| C34 | Output | Estimated GHG reductions | tonnes of CO ₂ eq | | transition | | | | | | 142288 | Monitoring data | This indicator covers activity under all investment priorities |

| | | | | | | | | | | | | |
|-----|----------------|--------------------------------------|------------------------------|--|------|--|----|--|--|--------|-----------------|---|
| C34 | Output | Estimated GHG reductions | tonnes of CO ₂ eq | | more | | | | | 470108 | Monitoring data | This indicator covers activity under all investment priorities |
| I | Implementation | Development of low carbon strategies | Number | | more | | 18 | | | | | Experience from past programmes suggests few operations will be fully completed by 2018. This implementation step is a prerequisite for activity under investment priority 4c which will account for 25% per of |

| | | | | | | | | | | | | | |
|---|----------------|--------------------------------------|--------|--|------------|--|--|---|--|--|--|--|--|
| | | | | | | | | | | | | | spend from this priority axis |
| 1 | Implementation | Development of low carbon strategies | Number | | transition | | | 6 | | | | | Experience from past programmes suggests few operations will be fully completed by 2018. This implementation step is a prerequisite for activity under investment priority 4c which will account for 25% per of spend from this priority axis. |

| | | | | | | | | | | | | |
|---|----------------|---|------------|--|------|--|------|--|--|--|--|--|
| 1 | Implementation | % of enterprises supported under investment priority 4.4 from completed or partially completed operations | Percentage | | More | | 25.5 | | | | | Too few operations will be fully completed by 2018 in order to establish a reasonable milestone. Also, impact of carbon emission reductions increases over time. This implementation step is linked to investment priority 4c which accounts for 18% of the spend of this priority axis. |
|---|----------------|---|------------|--|------|--|------|--|--|--|--|--|

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|---|----------------|---|------------|--|------------|--|------|--|--|--|--|--|--|
| | | | | | | | | | | | | | Energy efficiency measures in businesses will contribute to reducing emissions over the programme . This step measures progress in supporting enterprises to this end from completed or partially completed operations |
| 1 | Implementation | % of enterprises supported under investment | Percentage | | Transition | | 25.5 | | | | | | Too few operations will be fully completed by 2018 in |

| | | | | | | | | | | | | | |
|--|--|---|--|--|--|--|--|--|--|--|--|--|---|
| | | priority 4.3 from completed or partially completed operations | | | | | | | | | | | order to establish a reasonable milestone. Also, impact of carbon emission reductions increases over time. This implementation step is linked to investment priority 4c which accounts for 18% of the spend of this priority axis. Energy efficiency measures in businesses |
|--|--|---|--|--|--|--|--|--|--|--|--|--|---|

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|---|----------------|---|------------|--|------|--|------|--|--|--|--|--|---|
| | | | | | | | | | | | | | will contribute to reducing emissions over the programme . This step measures progress in supporting enterprises to this end from completed or partially completed operations |
| 1 | Implementation | Percentage of enterprises supported under investment priority 4.3 from completed or partially | Percentage | | Less | | 25.5 | | | | | | Too few operations will be fully completed by 2018 in order to establish a reasonable milestone. Also, |

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|--|--|----------------------|--|--|--|--|--|--|--|--|--|--|---|
| | | completed operations | | | | | | | | | | | impact of carbon emission reductions increases over time. This implementation step is linked to investment priority 4c which accounts for 18% of the spend of this priority axis. Energy efficiency measures in businesses will contribute to reducing emissions over the |
|--|--|----------------------|--|--|--|--|--|--|--|--|--|--|---|

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|---|--------------------|---|--|--|------|--|------|--|--|--|--|--|---|
| | | | | | | | | | | | | | programme . This step measures progress in supporting enterprises to this end from completed or partially completed operations |
| 1 | Implementa tion | Percentage of enterprise supported under investment priority under investment priority 4.1 | | | More | | 25.5 | | | | | | Experience form past programme s suggest few operation will be fully completed by 2018 to establish a milestone. This implementa tion step measures |

| | | | | | | | | | | | | |
|-----------|----|-------------------------------|-------|----------------------------|------|--|----------|--|--|----------|-----------------|---|
| | | under investment priority 4.1 | | | | | | | | | | completed by 2018 to establish a milestone. This implementation step measures progress in supporting enterprises under investment priority 4f which in due course will contribute to the overall target on CHG emissions reductions |
| Financial | F1 | Expenditure | Euros | European Regional Developm | Less | | 14190868 | | | 55562953 | Monitoring data | |

| | | | | | | | | | | | | |
|-----------|----|-------------|-------|------------------------------------|------------|--|--|-----------|--|--|-----------|-----------------|
| | | | | ent Fund | | | | | | | | |
| Financial | F1 | Expenditure | Euros | European Regional Development Fund | Transition | | | 45792989 | | | 179297960 | Monitoring data |
| Financial | F1 | Expenditure | Euros | European Regional Development Fund | More | | | 100684776 | | | 394221372 | Monitoring data |

Additional qualitative information on the establishment of the performance framework

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

2.A.4 Categories of intervention (Article 96 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | More developed | 002 – research and innovation processes in large enterprises | |
| European Regional Development Fund | More developed | 003 Productive investment in large enterprises linked to the low carbon economy | |
| European Regional Development Fund | More developed | 009 Renewable energy: wind | 14454784 |
| European Regional Development Fund | More developed | 010: renewable energy: solar | 14454783 |
| European Regional Development Fund | More developed | 011: Renewable energy: biomass | 14454783 |
| European Regional Development Fund | More developed | 012: Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen) | 43360352 |

| | | | |
|------------------------------------|----------------|--|----------|
| | | infrastructure) | |
| European Regional Development Fund | More developed | 013: Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures | 49277670 |
| European Regional Development Fund | More developed | 014: Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures | 49277671 |
| European Regional Development Fund | More developed | 015: Intelligent energy distribution systems at medium and low voltage levels (including smart grids and ICT systems) | 15768549 |
| European Regional Development Fund | More developed | 016: High efficiency cogeneration and district heating | 15768549 |
| European Regional Development Fund | More developed | 023: Environmental measures aimed at reducing and / or avoiding greenhouse gas emissions (including treatment and storage of methane gas and composting) | |

| | | | |
|------------------------------------|----------------|--|----------|
| European Regional Development Fund | More developed | 036 Multimodal transport | |
| European Regional Development Fund | More developed | 042 Inland Waterways and Ports (regional and local) | |
| European Regional Development Fund | More developed | 043 Clean urban transport infrastructure and promotion (including equipment and rolling stock) | |
| European Regional Development Fund | More developed | 044 Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring, control and information systems) | 67018248 |
| European Regional Development Fund | More developed | 065 Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change | 39422137 |
| European Regional Development Fund | More developed | 068 Energy efficiency and demonstration projects in SMEs and supporting | 70959847 |

| | | | |
|------------------------------------|----------------|--|--|
| | | measures | |
| European Regional Development Fund | More developed | 069 Support to environmentally-friendly production processes and resource efficiency in SMEs | |
| European Regional Development Fund | More developed | 070 Promotion of energy efficiency in large enterprises | |
| European Regional Development Fund | More developed | 071 Development and promotion of enterprises specialised in providing services contributing to the low carbon economy and to resilience to climate change (including support to such services) | |
| European Regional Development Fund | More developed | 090 Cycle tracks and footpaths | |

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|--|---------------|
| European Regional Development Fund | Transition | 002 – research and innovation processes in large enterprises | |
| European Regional Development Fund | Transition | 003 Productive investment in large enterprises linked to the low | |

| | | | |
|------------------------------------|------------|--|----------|
| | | carbon economy | |
| European Regional Development Fund | Transition | 009 Renewable energy: wind | 6574258 |
| European Regional Development Fund | Transition | 010: renewable energy: solar | 6574258 |
| European Regional Development Fund | Transition | 011: Renewable energy: biomass | 6574259 |
| European Regional Development Fund | Transition | 012: Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure) | 19722776 |
| European Regional Development Fund | Transition | 013: Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures | 22412245 |
| European Regional Development Fund | Transition | 014: Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures | 22412245 |

| | | | |
|------------------------------------|------------|--|----------|
| European Regional Development Fund | Transition | 015: Intelligent energy distribution systems at medium and low voltage levels (including smart grids and ICT systems) | 17929796 |
| European Regional Development Fund | Transition | 016: High efficiency cogeneration and district heating | 17929796 |
| European Regional Development Fund | Transition | 023: Environmental measures aimed at reducing and / or avoiding greenhouse gas emissions (including treatment and storage of methane gas and composting) | |
| European Regional Development Fund | Transition | 036 Multimodal transport | |
| European Regional Development Fund | Transition | 042 Inland Waterways and Ports (regional and local) | |
| European Regional Development Fund | Transition | 043 Clean urban transport infrastructure and promotion (including equipment and rolling stock) | 8964898 |
| European Regional Development Fund | Transition | 044 Intelligent transport systems | |

| | | | |
|------------------------------------|------------|--|----------|
| | | (including the introduction of demand management, tolling systems, IT monitoring, control and information systems) | |
| European Regional Development Fund | Transition | 065 Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change | 17929796 |
| European Regional Development Fund | Transition | 068 Energy efficiency and demonstration projects in SMEs and supporting measures | 32273633 |
| European Regional Development Fund | Transition | 069 Support to environmentally-friendly production processes and resource efficiency in SMEs | |
| European Regional Development Fund | Transition | 070 Promotion of energy efficiency in large enterprises | |
| European Regional Development Fund | Transition | 071 Development and promotion of enterprises | |

| | | | |
|------------------------------------|------------|---|--|
| | | specialised in providing services contributing to the low carbon economy and to resilience to climate change (including support to such services) | |
| European Regional Development Fund | Transition | 090 Cycle tracks and footpaths | |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | Less developed | 002 – research and innovation processes in large enterprises | |
| European Regional Development Fund | Less developed | 003 Productive investment in large enterprises linked to the low carbon economy | |
| European Regional Development Fund | Less developed | 009 Renewable energy: wind | |
| European Regional Development Fund | Less developed | 010: renewable energy: solar | |
| European Regional Development Fund | Less developed | 011: Renewable energy: biomass | |
| European Regional Development Fund | Less developed | 012: Other renewable energy (including hydroelectric, geothermal and marine energy) | 23359027 |

| | | | |
|------------------------------------|----------------|---|----------|
| | | and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure) | |
| European Regional Development Fund | Less developed | 013: Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures | |
| European Regional Development Fund | Less developed | 014: Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures | |
| European Regional Development Fund | Less developed | 015: Intelligent energy distribution systems at medium and low voltage levels (including smart grids and ICT systems) | |
| European Regional Development Fund | Less developed | 016: High efficiency cogeneration and district heating | 23359027 |
| European Regional | Less developed | 023: Environmental measures aimed | |

| | | | |
|------------------------------------|----------------|--|---------|
| Development Fund | | at reducing and / or avoiding greenhouse gas emissions (including treatment and storage of methane gas and composting) | |
| European Regional Development Fund | Less developed | 036 Multimodal transport | |
| European Regional Development Fund | Less developed | 042 Inland Waterways and Ports (regional and local) | |
| European Regional Development Fund | Less developed | 043 Clean urban transport infrastructure and promotion (including equipment and rolling stock) | |
| European Regional Development Fund | Less developed | 044 Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring, control and information systems) | |
| European Regional Development Fund | Less developed | 065 Research and innovation infrastructure, processes, technology transfer and cooperation in | 8848898 |

| | | | |
|------------------------------------|----------------|--|--|
| | | enterprises focusing on the low carbon economy and on resilience to climate change | |
| European Regional Development Fund | Less developed | 068 Energy efficiency and demonstration projects in SMEs and supporting measures | |
| European Regional Development Fund | Less developed | 069 Support to environmentally-friendly production processes and resource efficiency in SMEs | |
| European Regional Development Fund | Less developed | 070 Promotion of energy efficiency in large enterprises | |
| European Regional Development Fund | Less developed | 071 Development and promotion of enterprises specialised in providing services contributing to the low carbon economy and to resilience to climate change (including support to such services) | |
| European Regional Development Fund | Less developed | 090 Cycle tracks and footpaths | |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|-----------|
| European Regional Development Fund | More developed | 01 – non-repayable grant | 374395397 |
| European Regional Development Fund | More developed | 02 – repayable grant | |
| European Regional Development Fund | More developed | 03 – support through financial instruments: venture and equity capital | |
| European Regional Development Fund | More developed | 04 – support through financial instruments: loan | 19825975 |
| European Regional Development Fund | More developed | 05 – support through financial instruments - guarantee | |
| European Regional Development Fund | More developed | 06 - support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support | |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|-----------|
| European Regional Development Fund | Transition | 01 – non-repayable grant | 156873293 |
| European Regional Development Fund | Transition | 02 – repayable grant | |
| European Regional Development Fund | Transition | 03 – support through financial instruments: venture and equity | |

| | | | |
|------------------------------------|------------|---|----------|
| | | capital | |
| European Regional Development Fund | Transition | 04 – support through financial instruments: loan | 22424667 |
| European Regional Development Fund | Transition | 05 – support through financial instruments - guarantee | |
| European Regional Development Fund | Transition | 06 - support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support | |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|----------|
| European Regional Development Fund | Less developed | 01 – non-repayable grant | 55562953 |
| European Regional Development Fund | Less developed | 02 – repayable grant | |
| European Regional Development Fund | Less developed | 03 – support through financial instruments: venture and equity capital | |
| European Regional Development Fund | Less developed | 04 – support through financial instruments: loan | |
| European Regional Development Fund | Less developed | 05 – support through financial instruments - guarantee | |
| European Regional | Less developed | 06 - support through financial | |

| | | | |
|------------------|--|---|--|
| Development Fund | | instruments: interest rate subsidy, guarantee fee subsidy, technical support | |
|------------------|--|---|--|

Table 9: Dimension 3 – Territory type

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|-----------|
| European Regional Development Fund | More developed | 07 Not applicable | 394221372 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|-----------|
| European Regional Development Fund | Transition | 07 Not applicable | 179297960 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Less developed | 07 Not applicable | 55562953 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|-----------|
| European Regional Development Fund | More developed | 07 Not applicable | 394221372 |

| Fund | Category of region | Code | Amount |
|------|--------------------|------|--------|
|------|--------------------|------|--------|

| | | | |
|------------------------------------|------------|-------------------|-----------|
| European Regional Development Fund | Transition | 07 Not applicable | 179297960 |
|------------------------------------|------------|-------------------|-----------|

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|----------------|----------|
| European Regional Development Fund | Less developed | 03 ITI (other) | 55562953 |

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

Technical assistance may be used to support the preparation of ex ante assessments required for financial instruments.

Priority Axis 5: Promoting climate change adaptation, risk prevention and management

2.A.0 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, for more than one thematic objective or more than one Fund (Article 96 (1) Common Provisions Regulation)

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 European Regional Development Fund are shared across territories.

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 European Regional Development Fund 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 : Enabling and protecting economic development potential through investment in flood and coastal flooding management where there is demonstrable market failure

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

SPECIFIC OBJECTIVE 1: Enabling and protecting economic development potential through investment in flood and coastal flooding management where there is demonstrable market failure

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.

The result indicator will be local Gross Value Added safeguarded or created, measured as a 10-year Present Value using methods in the Defra/Environment Agency Toolkit for assessing the impacts of flood management on the local economy. The provisional target value for net impact is £300m, based on the funding allocated, an expectation of leveraged private sector contributions, and the average potential gross value added return derived from research supporting the Toolkit. The target may be refined once work to establish the baseline is complete. The baseline will initially be set at zero but an exercise to establish baseline gross value added for flood risk areas, based on the national accounts for England is underway and will report later in 2014.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|------|--|------------------|-------------------------------------|----------------|---------------|--|-----------------|------------------------|
| 5.2. | 10-year discounted additional Gross Value Added measured at Local Enterprise Partnership level | GBP | | 0 | 2012 | Increase in local gross value added of [£300m] across England Local Enterprise Partnership territories [to be refined] | Monitoring data | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions supported by European Regional Development Fund may include but are not limited to :

- 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.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) Common Provisions Regulation)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 local sub-committees, one for each Local Enterprise Partnership territory , chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed in local European Structural

and Investment Funds 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 (where appropriate) (Article 96 (2) (b) (iii) Common Provisions Regulation)

It is possible that urban development funds might be used to support some capital investment on flood defences in urban areas.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii) Common Provisions Regulation)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv) Common Provisions Regulation)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|-----------------------|------------------------------------|-------------------------------------|--------------|------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | 1171 | Monitoring data | Quarterly | |
| CO3 | Employment increase in supported enterprises | Full-time equivalents | European Regional Development Fund | | | 878 | Monitoring data | Quarterly | |

2.A.3 Performance framework (Article 96 (2) (b) (v))

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

| ID | Indicator Type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|-----|----------------|--------------------------------------|------------------|------|----------------------------|--------------------|---|-----|---------------------|---|-------------------|----------------|--|
| | | | | | | M | W | T | M | W | T | | |
| CO1 | Output | Enterprises receiving support | Enterprises | | Less Transition More | | | | | | 166 591 414 | | This indicator covers activity under all investment priorities |
| IS1 | Implementation | Percentage of Schemes in place | Percentage | | | | | 100 | | | | | |
| IS1 | Implementation | Percentage of Schemes in place | Percentage | | | | | 100 | | | | | |

| | | | | | | | | | | | | |
|---------------|--------------------|--------------------------------------|----------------|--|----------------|--|--|--------------|--|--|--------------|---------------------|
| IS1 | Implementat ion | Percentage of Schemes in place | Percentag e | | | | | 100 | | | | |
| Financi al | F1 | Expenditure | Euros | European Regional Developm ent Fund | Less | | | 298296 6 | | | 116795 14 | Monitori ng data |
| Financi al | F1 | Expenditure | Euros | | Transiti on | | | 105659 94 | | | 413701 16 | Monitori ng data |
| Financi al | F1 | Expenditure | Euros | | More | | | 741027 1 | | | 290141 91 | Monitori ng data |

Additional qualitative information on the establishment of the performance framework

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

2.A.4 Categories of intervention (Article 96 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | More developed | 065 Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change | |
| European Regional Development Fund | More developed | 071 Development and promotion of enterprises specialised in providing services contributing to the low carbon economy and to resilience to climate change (including support to such services) | |
| European Regional Development Fund | More developed | 087 Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and droughts, including awareness raising, civil protection and disaster management systems and infrastructure | 29014191 |
| European Regional Development | More developed | 089 rehabilitation of industrial sites and contaminated land | |

| | | | |
|------|--|--|--|
| Fund | | | |
|------|--|--|--|

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|----------|
| European Regional Development Fund | Transition | 065 Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change | |
| European Regional Development Fund | Transition | 071 Development and promotion of enterprises specialised in providing services contributing to the low carbon economy and to resilience to climate change (including support to such services) | |
| European Regional Development Fund | Transition | 087 Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and droughts, including awareness raising, civil protection and disaster management systems and | 41370116 |

| | | | |
|------------------------------------|------------|--|--|
| | | infrastructure | |
| European Regional Development Fund | Transition | 089 rehabilitation of industrial sites and contaminated land | |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|----------|
| European Regional Development Fund | Less developed | 065 Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change | |
| European Regional Development Fund | Less developed | 071 Development and promotion of enterprises specialised in providing services contributing to the low carbon economy and to resilience to climate change (including support to such services) | |
| European Regional Development Fund | Less developed | 087 Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and droughts, including awareness raising, civil | 11679514 |

| | | | |
|------------------------------------|----------------|---|--|
| | | protection and disaster management systems and infrastructure | |
| European Regional Development Fund | Less developed | 089 rehabilitation of industrial sites and contaminated land | |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | More developed | 01 Non repayable grant | 29014191 |
| European Regional Development Fund | More developed | 04 Support through financial instrument: loan | |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | Transition | 01 Non repayable grant | 41370116 |
| European Regional Development Fund | Transition | 04 Support through financial instrument: loan | |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | Less developed | 01 Non repayable grant | 11679514 |
| European Regional Development Fund | Less developed | 04 Support through financial instrument: loan | |

Table 9: Dimension 3 – Territory type

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | More developed | 07 not applicable | 29014191 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Transition | 07 not applicable | 41370116 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Less developed | 07 not applicable | 11679514 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | More developed | 07 not applicable | 29014191 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Transition | 07 not applicable | 41370116 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|----------------|----------|
| European Regional Development Fund | Less developed | 03 ITI (other) | 11679514 |

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

Not appropriate

Priority Axis 6: Preserving and Protecting the Environment and Promoting Resource Efficiency

2.A.0 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, for more than one thematic objective or more than one Fund (Article 96 (1) CPR)

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

INVESTMENT PRIORITY 1 of priority axis 6 : 6d- Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

SPECIFIC OBJECTIVE 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

England faces a number of challenges and associated development needs in relation to achieving biodiversity, air quality and other environmental targets.

European Regional Development Fund will therefore be invested outside of the farmed landscape to help reverse the decline in, restore and enhance degraded , ecosystem services such as water quantity and quality, pollination, soil and air quality and to halt overall biodiversity loss. It will be used to increase the area of Green Infrastructure, which refers to the network of high quality green and blue spaces and other environmental features, designed and managed as a multi-functional resource to deliver a range of environmental and quality of life benefits in local areas. This will add to an area's natural capital (the stock of environmental

assets) and the ecosystem services and benefits that flow from them. The improvement in the local environment will serve as a catalyst to local economic growth by attracting inward investment, attracting increased visitor spend, reducing the costs of adverse environmental conditions, providing health benefits and generating employment.¹³ For example remediation and redevelopment of brownfield sites will help maintain the availability of soil as a finite resource for the delivery of its many ecosystem services and contribute to the milestone as set out in the Commission’s Roadmap to a Resource Efficient Europe. European Regional Development Fund, compared to EAFRD, will therefore achieve a stronger balance of environmental protection and economic growth.

It is very challenging to come up with a single metric for the environment. The overall goal is to increase the level of natural capital in England. The amount of European Regional Development Fund available to England will not make a discernible impact on this. There is a combination of the Sustainable Development, England Natural Environment, and the Biodiversity Indicator sets that measure national performance on a range of environmental matters. The National Ecosystem Assessment laid strong foundations in assessing the range of environmental assets and services we rely on, the Office for National Statistics are currently developing national Natural Capital Accounts, and a range of activity is underway to enable better mapping and measurement of ecosystem services (which flow from our natural assets/ green and blue spaces) - which could result in a more suitable measure within 2 years. However no suitable single metric for measuring multi-functional environmental assets currently exists.

Measuring multi-functional green space and its contribution to a range of specific environmental objectives at a national level is very challenging. However we are exploring a number of opportunities to provide suitable baseline data including the development of a national habitat connectivity indicator, recording connectivity and multifunctional green space via earth observation platform’s (the EU Copernicus programme), and developing national natural capital accounts.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|-----------------------------------|------------------|-------------------------------------|----------------|---------------|---------------------|----------------|------------------------|
| 5.1 | Increase of the area of green and | hectare | | Not available | 2016 | Increase | Monitoring | annual |

¹³ To what extent does green infrastructure improvement act as a catalyst for economic growth? An assessment of the international and UK evidence (previously project number WC0810) - WC0820 <http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=0&ProjectID=19056#Description>

| | | | | | | | | |
|--|----------------------------|--|--|-----|--|--|--|--|
| | blue infrastruct ure | | | ble | | | | |
|--|----------------------------|--|--|-----|--|--|--|--|

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority, indicative actions to be supported by European Regional Development Fund may include but are not limited to:

- Investment in multifunctional green infrastructure that creates new habitats to enhance the connectivity and resilience of priority sites and species .
- Revitalisation of brownfield land and other sites, regeneration of sites through soil desealing and decontamination and incorporating Green Infrastructure into development sites to maintain delivery of its many ecosystem services that increase the biodiversity, recreation and aesthetic quality of the site.
- Sustainable drainage to improve water quality and in some cases local air quality (with potential for associated carbon reductions also).
- Investment in green and blue infrastructure such as green corridors in urban areas and waterways

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 Local Sub-Committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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.

The focus of projects under this investment priority and specific objective should be on preservation and protection of the environment, but projects may also provide additional benefits such as attracting inward investment, increasing employment opportunities and improving employee retention, which should form part of the assessment process.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment, urban development funds, based on JESSICA structures, may be used to support activity under this investment priority in urban areas.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|------------------|------------------------------------|-------------------------------------|--------------|---|-----|-----------------|------------------------|
| | | | | | M | W | T | | |
| C23 | Surface area of habitats supported in order to attain a better conservation status | hectare | European Regional Development Fund | | | | 914 | Monitoring data | annual |

Investment Priority 2 of priority axis 6 : 6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

SPECIFIC OBJECTIVE 2: Investment in the uptake of innovative technologies and resource efficiency measures to increase environmental protection, resilience and performance of businesses and communities.

Many businesses and communities have limited resources to support and adopt innovative practices that would boost their performance and competitiveness: there is value in supporting new uptake and transfer of knowledge and experience of eco-innovation between businesses and communities.

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

The aim therefore is to help businesses optimise the use of resources in ways that improve business performance in terms of resilience, profitability and competitiveness while at the same time contributing to the protection and preservation of the environment.

This will be assessed in terms of increased resource productivity. The indicator will be Natural resource use based on raw material consumption of construction and non-construction materials. To examine changes in resource productivity and the comparative changes in materials, an indexed time series against GDP will be used. If 2000 was 100, 2011 was roughly 120. The UK does not currently have a target for this for future years, which is the subject of other negotiations with the European Commission.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|--|------------------|-------------------------------------|----------------|---------------|---------------------|----------------|------------------------|
| 5.2 | Natural resource productivity of enterprises supported based on raw material consumption of construction and non-construction materials, using a GDP index | Number | | 120 | 2011 | Increase | ONS/Defra | annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by the European Regional Development Fund may include but are not limited to:

- Provision of support and advice for businesses in the management and reuse of energy, materials, and water and reducing waste
- Investment in the development of “green” products and services
- Support and advice for the dissemination of innovative technologies

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by 39 Local Sub-Committees, one for each Local Enterprise Partnership territory, chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the operational programme and local conditions expressed through local ESIF strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Financial instruments are not planned to be used to support this investment priority.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------|------------------------------------|-------------------------------------|--------------|------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | 1313 | Monitoring data | | |
| C5 | Number of new enterprises supported | enterprises | European Regional Development Fund | | | 670 | Monitoring data | | |
| C29 | Number of enterprises supported to introduce new to the firm products | enterprises | European Regional Development Fund | | | 440 | Monitoring data | | |

2.A.3 Performance framework (Article 96 (2) (b) (v))

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

| ID | Indicator Type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|-----|----------------|---|------------------|------------------------------------|----------------------|--------------------|---|----------------------|---------------------|---|-------------------|-----------------|---|
| | | | | | | M | W | T | M | W | T | | |
| C 1 | Output | Surface area of habitats supported in order to attain a better conservation status | hectare | European Regional Development Fund | Less Transition More | | | | | | 137 325 452 | Monitoring data | |
| I1 | Implementation | Percentage of final target of Surface area of habitats supported in order to attain a better conservation status that | Percentage | European Regional Development Fund | Less Transition More | | | 25.5 25.5 25.5 | | | | Monitoring data | On the basis of experience of past programmes, few if any projects will be completed by end |

| | | | | | | | | | | | | |
|----|--------------|--|-------|------------------------------------|------------|--|----------|--|--|----------|-----------------|---|
| | | has been achieved by partially or fully completed operations | | | | | | | | | | 2018. This indicator will measure outputs delivered from fully or partially completed operations. |
| F1 | Financial | Expenditure | Euros | European Regional Development Fund | Less | | 3281263 | | | 12847466 | Monitoring data | |
| F2 | Financial F1 | Expenditure | Euros | European Regional Development Fund | Transition | | 7747761 | | | 30335600 | Monitoring data | |
| F3 | Financial F1 | Expenditure | Euros | European Regional Development Fund | More | | 10744584 | | | 42203586 | Monitoring data | |

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

Projects will only be able to start the process of design, consultation, community engagement etc. as required in 2015. Experience with previous programmes such as Newlands and the Merseyside Objective 1 programme suggest a typical period of 2-3 years from project lead in time through to work starting, although more complex projects may take longer

2.A.4 Categories of intervention (Article 96 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|----------|
| European Regional Development Fund | More developed | 019 Commercial, industrial or hazardous waste management | 0 |
| European Regional Development Fund | More developed | 069 Support to environmentally friendly production processes and resource efficiency in SMEs | 10550897 |
| European Regional Development Fund | More developed | 083 Air quality measures | 0 |
| European Regional Development Fund | More developed | 085 Protection and enhancement of biodiversity, nature protection and green infrastructure | 23739517 |
| European Regional Development Fund | More developed | 086 Protection, restoration and sustainable use of Natura 2000 sites | 0 |
| European Regional Development Fund | More developed | 089 Rehabilitation of industrial sites and contaminated land | 7913172 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|---------|
| European Regional Development Fund | Transition | 019 Commercial, industrial or hazardous waste management | 0 |
| European Regional Development Fund | Transition | 069 Support to environmentally friendly production | 7589000 |

| | | | |
|------------------------------------|------------|--|----------|
| | | processes and resource efficiency in SMEs | |
| European Regional Development Fund | Transition | 083 Air quality measures | |
| European Regional Development Fund | Transition | 085 Protection and enhancement of biodiversity, nature protection and green infrastructure | 16999360 |
| European Regional Development Fund | Transition | 086 Protection, restoration and sustainable use of Natura 2000 sites | |
| European Regional Development Fund | Transition | 089 Rehabilitation of industrial sites and contaminated land | 5747240 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--|---------|
| European Regional Development Fund | Less developed | 019 Commercial, industrial or hazardous waste management | 0 |
| European Regional Development Fund | Less developed | 069 Support to environmentally friendly production processes and resource efficiency in SMEs | 3211867 |
| European Regional Development Fund | Less developed | 083 Air quality measures | 0 |
| European Regional | Less developed | 085 Protection and enhancement | 9635599 |

| | | | |
|------------------------------------|----------------|--|---|
| Development Fund | | of biodiversity, nature protection and green infrastructure | |
| European Regional Development Fund | Less developed | 086 Protection, restoration and sustainable use of Natura 2000 sites | 0 |
| European Regional Development Fund | Less developed | 089 Rehabilitation of industrial sites and contaminated land | 0 |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | More developed | Non-repayable grant | 38699732 |
| European Regional Development Fund | More developed | Support through financial instruments: loan | 3503854 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | Transition | Non-repayable grant | 30335600 |
| European Regional Development Fund | Transition | Support through financial instruments: loan | 0 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------------|----------|
| European Regional Development Fund | Less developed | Non-repayable grant | 12847466 |
| European Regional | Less developed | Support through financial | 0 |

| | | | |
|------------------|--|-------------------|--|
| Development Fund | | instruments: loan | |
|------------------|--|-------------------|--|

Table 9: Dimension 3 – Territory type

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | More developed | 07 not applicable | 42203586 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Transition | 07 not applicable | 30335600 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Less developed | 07 not applicable | 12847466 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | More developed | 07 not applicable | 42203586 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Transition | 07 not applicable | 30335600 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|----------------|----------|
| European Regional Development Fund | Less developed | 03 ITI (other) | 12847466 |

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

Not appropriate

Priority Axis 7: Sustainable transport in Cornwall and the Isles of Scilly

2.A.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 96 (1) Common Provisions Regulation)

Not applicable

Investment Priority 1 of priority axis 7 : 7a - Supporting a multimodal Single European Transport Area by investing in the TEN-T

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

SPECIFIC OBJECTIVE 1: Improve the accessibility of Cornwall and the Isles of Scilly by enhancing integration with the TEN-T road and rail network

The economy of Cornwall and the Isles of Scilly is hampered by a range of transport development needs. By virtue of its peripherality and physical distance to markets, business growth is slowed by high transport costs and slower movement of goods and services which in turn impacts on the areas' attractiveness to new business and inward investment. It is in particular adversely impacted by poor transport links to the Trans-European Transport network (the TEN-T network). These restrict trade opportunities as well as hamper travel for visitors to Cornwall and the Isles of Scilly, which constrains growth of the tourist sector. It is for reasons such as this that the Atlantic Action Plan, which covers Cornwall, includes as a priority the need to improve connectivity and accessibility for peripheral areas, including their links with inland areas.

Transport connectivity is thus a key driver for successful growth and provides the basis for facilitating private sector investment, supply chain development, job creation and gross value added allowing the dispersal of skilled jobs and labour mobility in a rural region.

The core corridors for the TENs-T network do not go near Cornwall. However, the UK's TEN-T map, approved by the Commission, includes the A30 as part of its comprehensive network. This is the main trunk road connecting Cornwall with the rest of England but the single carriageway along parts of it constrains capacity, resulting in severe congestion and delays which impact on the local economy and limit opportunities for growth. The planned improvement scheme would increase

capacity of this link, improve road safety, make journeys more reliable, and increase productivity and resilience.

Travel by rail into and within Cornwall has expanded over the past two decades. There is however only one main train line through Cornwall with five branch lines from it serving Gunnislake, Looe, Newquay, Falmouth and St Ives. The main line from London to Penzance provides an important strategic link to the rest of the UK and is part of the Comprehensive TEN-T Network. This is an important route for the Isles of Scilly too as it provides good access to other transport links and service centres for those travelling to and from Scilly. Measures to improve resilience, frequency of travel and shortening of travel time would be advantageous to the Isles of Scilly's and West Cornwall's economies.

However, current signal block lengths, which ensure sufficient space between trains to avoid collisions, limit the capacity to operate more frequent trains. Infrastructure improvements would reduce the number of station stops for long distance services and so reduce the time of rail services to London.

Further development of interchanges on the mainline railway, by for example creating strategic transport hubs that link with local lines and other transport modes, will also improve Cornwall's connectivity with the rest of the UK, while at the same time removing cars from the road network.

Support from the European Regional Development Fund will enable parts of the comprehensive network to be developed in order to reduce congestion, speed up travel times and increase passenger numbers travelling on or through them, in line with the Connecting Cornwall Strategy.

Investments are expected to improve reliability by addressing congestion bottlenecks in specific and low quality sections of the TEN-T network. A baseline will be set for each scheme. Results can be measured by reductions in travel time.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|--------------------------|------------------|-------------------------------------|---------------------|---------------|---------------------|---------------------------------------|------------------------|
| 7.2 | Reduction in travel time | minutes | Less developed | Dependant on scheme | 2013 | tbc | National transport plan annual report | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

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

- Targeted investment in the Comprehensive TEN-T road network, in particular enhancements to the A30 to alleviate congestion at identified bottlenecks
- Targeted investments in the Comprehensive TEN-T rail network in particular improvements to signalling infrastructure and development of strategic transport hubs at key spots along the railway line.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) Common Provisions Regulation)

The Programme Monitoring Committee will approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by a Local Sub-Committees in Cornwall and the Isles of Scilly. This will be chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed in the local European Structural and Investment Funds strategy for Cornwall and the Isles of Scilly. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

Transport schemes can play an important role in promoting economic development but to be successful the other elements necessary for growth need to be present and are accompanied by complementary interventions. The specific investments in transport under this investment priority will need to demonstrate that they are addressing significant and evidenced bottlenecks, for example for business, commuter and holiday traffic.

The local impact should be a major feature of any successful investment, but there will also need to be a demonstration of how access to and from the rest of the UK will be enhanced.

There should be an expectation that investment will leverage additional private sector investments, whether directly or indirectly through helping attract inward investment into the area because of its improved connectivity.

Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted. They must also demonstrate compliance with appropriate environmental legislative requirements, including environmental impact assessments where needed

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii) Common Provisions Regulation)

No financial instruments are planned

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii) Common Provisions Regulation)

Total eligible costs for the whole A30 improvement project are likely to exceed the €75m threshold in Article 100 of the Common Provisions Regulation.

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv) Common Provisions Regulation)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------|------------------------------------|-------------------------------------|--------------|---|-----|-----------------|------------------------|
| | | | | | M | W | T | | |
| C14 | Total length of reconstructed or upgraded roads of which: TEN-T | kilometre | European Regional Development Fund | Less developed | | | 4.5 | Monitoring data | Annual |
| C13 | Total length of newly built roads of which: TEN-T | kilometre | European Regional Development Fund | Less developed | | | 0 | Monitoring data | Annual |
| P1a | Length of railway with new or enhanced signalling installation | kilometre | European Regional Development Fund | | | | tbc | Monitoring data | Annual |

Investment Priority 2 of priority axis 7 : 7c- Developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 2: Improve accessibility and connectivity within Cornwall and the Isles of Scilly through developing sustainable means of transport

As England's only Less Developed territory, the economy of Cornwall and the Isles of Scilly is hampered by a range of transport development needs. 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. This acts as a drag on growth and sustainable development, resulting in reduced productivity and increased CO₂ from bottlenecks or inefficient modal patterns.

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. Furthermore, for the Isles of Scilly, an archipelago of islands 28 miles off the mainland, commercial and passenger access with the mainland is a serious barrier to economic growth and inclusion and connectivity is a key development need. For example, the cost of importation and export, and the slower movement of physical products also hampers competitiveness as they need to be imported to the islands, processed and exported back to the mainland.

Improvements in connectivity within and out of the territory are therefore 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). European Regional Development Fund 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. Sea transport provides a vital link to the Isles of Scilly with freight and passengers travelling between Penzance and the Islands. This is an essential service and is vital to the economic prosperity of the islands. As well as enabling greater sustainable transport for passengers, port facilities are important for growing sectors of the economy in Cornwall and the Isles of Scilly, in particular its offshore energy industry, whether wind or wave.

Public transport, cycling and walk paths can all improve connectivity at a local level in rural and urban areas while leading to reductions in carbon emissions. Strategies for sustainable and low carbon transport could also include promoting access to alternative fuels.

Support within this investment priority will be combined with support within the other investment priority under this thematic objective to promote sustainable transport and removing bottlenecks in key network infrastructures.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|--|------------------|-------------------------------------|---------------------|---------------|---------------------|----------------|------------------------|
| 7.3 | Increase in users of sustainable and low carbon modes of transport | persons | Less developed | Dependant on scheme | 2013 | increase | | |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority, indicative actions to be supported by European Regional Development Fund may include but are not limited to:

- Investments in ticketing technologies and information systems
- Public transport network improvements
- Development of transport hubs

- Improvements to sea transport links
- Urban traffic management control systems to give public transport priority, resulting in quicker public transport journeys.
- Cycling infrastructure to discourage use of private cars, which could include new routes linking to current and future employment development sites.
- Alternative fuel infrastructure and incentives to encourage the uptake of low carbon vehicles as part of a strategy for sustainable transport.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) Common Provisions Regulation)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring Committee will be supported by a Local Sub-Committees in Cornwall and the Isles of Scilly. This will be chaired by local partners and supported by the Managing Authority as deputy chair and secretariat 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 the Operational Programme and local conditions expressed in the local European Structural and Investment Funds strategy for Cornwall and the Isles of Scilly. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

Proposals should also consider and demonstrate how they are supporting and improving access to and use of sustainable forms of transport, in particular given the emphasis expected on linking people to jobs. They should also consider the potential effects of transport interventions on carbon emissions in their local using the UK Department for Transport basic carbon tool. A clear emphasis for this Investment Priority will be on sustainable transport.

Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii) Common Provisions Regulation)

Financial instruments are not planned to be used to support this investment priority.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)Common Provisions Regulation)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)Common Provisions Regulation)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|------------------------------|------------------------------------|-------------------------------------|--------------|---|-------|-----------------|------------------------|
| | | | | | M | W | T | | |
| C34 | GHG reduction | Tonnes of CO ₂ eq | European Regional Development Fund | | | | 15000 | Monitoring data | Quarterly |
| P2 | Alternative fuel charging points | number | | | | | 100 | Monitoring data | Quarterly |
| P3 | Increased surface area for green infrastructure linked to transport projects | hectare | | | | | 50 | Monitoring data | Quarterly |

2.A.3 Performance framework (Article 96 (2) (b) (v))

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

| ID | Indicator type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|------|----------------|--|------------------|------------------------------------|--------------------|--------------------|---|-----|---------------------|---|-----|----------------|--|
| | | | | | | M | W | T | M | W | T | | |
| C14a | Output | Length of reconstructed road of which TEN-T | km | European Regional Development Fund | Less developed | | | 4.5 | | | 4.5 | | The output indicator reflects 42 per cent of the spend under this priority axis. |
| P1 | Output | Length of railway with new or enhanced signalling installation | km | European Regional Development Fund | Less developed | | | | | | | | The output indicator reflects 27 per cent of the spend under this priority axis |
| I1 | Implementation | Percentage of length or railway with new or enhanced | Percentage | | Less Developed | | | 50 | | | | | The earliest this infrastructure project will be |

| | | | | | | | | | | | | |
|-----|-----------|---|-------|------------------------------------|--|--|----------|--|--|----------|--|---|
| | | signalling installation completed from partially completed operations | | | | | | | | | | completed is December 2018. An implementation step is used to assess the progress expected by then from a partially completed operation |
| FI1 | Financial | Expenditure | Euros | European Regional Development Fund | | | 14109433 | | | 55244103 | | |

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

2.A.4 Categories of intervention (Article 96 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | Less developed | 025 Railways (TEN-T comprehensive) | 15416959 |
| European Regional Development Fund | Less developed | 026 Other railways | 0 |
| European Regional Development Fund | Less developed | 029 TEN-T motorways or road-comprehensive network (new build) | 0 |
| European Regional Development Fund | Less developed | 033 TEN- T reconstructed or improved road | 23359028 |
| European Regional Development Fund | Less developed | 036 Multimodal transport | 8876432 |
| European Regional Development Fund | Less developed | 040 Other seaports | |
| European Regional Development Fund | Less developed | 044 intelligent transport systems | 6423733 |
| European Regional Development Fund | Less developed | 090 cycle paths and footpaths | 1167951 |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|------------------------|----------|
| European Regional Development Fund | Less developed | 07 Non-repayable grant | 55244103 |

Table 9: Dimension 3 – Territory type

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|-------------------|----------|
| European Regional Development Fund | Less developed | 07 Not applicable | 55244103 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|------------------|----------|
| European Regional Development Fund | Less developed | 03 – ITI (other) | 55244103 |

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

Not appropriate

Priority Axis 8: Sustainable transport in transition regions

2.A.0 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, for more than one thematic objective or more than one Fund (Article 96 (1) CPR)

Not applicable. The priority axis only covers transition regions

Investment Priority 1 of priority axis 8 : 7b Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 1: Improving regional mobility and the economic viability of areas by linking them to the TENS-T network with transport infrastructure

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). Regions including Lincolnshire and Liverpool which have significant development needs require investment in transport to improve connectivity enhance accessibility to jobs and economic growth. These needs have been identified in different parts of England by Local Enterprise Partnerships which have been given the responsibility by the Government of prioritising major local transport schemes.

Investment from the European Regional Development Fund to tackle specific transport bottlenecks will improve connectivity with the TEN-T network, opening up wider markets to local firms and will also improve access to employment sites.

For example, within Lincolnshire, bottlenecks through Grantham impede the flow of traffic from key locations on the East Coast to the A1, part of the UK's comprehensive TEN-T network. This is of importance to Lincolnshire's food, agriculture and distribution sector, identified in GLLEP's strategic Economic Plan as of both national and GLLEP wide significance. Integrated agri-food operations are heavily reliant on road distribution, with the A52 being an important corridor linking the South Lincolnshire food production cluster to the A1 and other routes. The proposed improvements to the road system south of Grantham are a key part of its Transport Strategy

Likewise, around the SuperPort in Liverpool, there are transport bottlenecks and pinch points, including on rail, that restrict between local networks and TEN-T networks (port, airport, road and rail).

The results will be aggregated from all projects financed under this investment priority and an average figure found. This will show a reduction in congestion and travel times, or increases in passenger numbers, depending on the mode of transport.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|---|------------------|-------------------------------------|--|---------------|---------------------|----------------|------------------------|
| 7.1 | Average reduction in traffic congestion on roads enhanced by European Regional Development Fund funding | percentage | transition | Baseline is dependent on each project selected | 2014 | Reduction | Project data | |
| 7.2 | Average reduction in travel time on roads enhanced by European Regional Development Fund | minutes | transition | Baseline is dependent on each project selected | 2014 | Reduction | Project data | |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Action under this investment priority, combined with action under other investment priorities including those in different priority axes, will enable a strategic and joined up approach to be taken to tackling transport bottlenecks and improving connectivity

Indicative actions to be supported from European Regional Development Fund include:

- Support key transport initiatives to support growth, based around improvements to existing interchanges and routes and making use of multi-modal opportunities, in order to improve connectivity with the TEN-T network.
- Improve the accessibility and viability of priority employment and development sites by improving connectivity with the TEN-T Network
- Infrastructure to improve regional mobility by enhancing connectivity with the TEN-T Network

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

The Programme Monitoring 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 the Operational Programme and local conditions expressed in local ESIF strategies. The Managing Authority shall use this advice to make the selection against the criteria and the contribution to the Operational Programme.

Transport schemes can play an important role in promoting economic development but to be successful the other elements necessary for growth need to be present and are accompanied by complementary interventions. The specific investments in transport under this investment priority will need to demonstrate that they are addressing significant and evidenced bottlenecks, for example for business, commuter and holiday traffic.

The local impact should be a major feature of any successful investment, but there will also need to be a demonstration of how access to and from the rest of the UK will be enhanced.

There should be an expectation that investment will leverage additional private sector investments, whether directly or indirectly through helping attract inward investment into the area because of its improved connectivity.

Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted. They must also demonstrate compliance with appropriate environmental legislative requirements, including environmental impact assessments where needed

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

No financial instruments are planned

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|-----------------------------------|------------------|------------------------------------|-------------------------------------|--------------|---|---|-----------------|------------------------|
| | | | | | M | W | T | | |
| C13 | Total length of newly built roads | km | European Regional Development Fund | Transition | | | 4 | Monitoring data | |
| C | | | | | | | | | |

Investment Priority 2 of priority axis 8 : 7c Developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 2: To remove pressure from the road network by promoting other forms of transport that support sustainable development, jobs and growth.

Support under this investment priority will seek to bring together a wide range of low carbon and environmentally friendly modes of transport. Appropriately targeted multi-modal investments can address peripheral geographic development needs in order to improve economic viability, increase mobility and better link employment sites/opportunities to residential locations. This will stimulate increased numbers of businesses locations and development in response to growth in local economies and a reduction in carbon emissions.

The economic development of particular territories, largely implemented through other thematic objectives, can also 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. As part of an overall economic development strategy for a territory, they can add value to other investments to support the competitiveness of SMEs and the growth of innovative companies.

Support under this investment priority will lead to reduced carbon emissions and a more diverse and resilient transport system. The results expected will be an increase in the number of users of alternative modes of transport, including walking and cycling.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value 2023 | Source of data | Frequency of reporting |
|-----|--|------------------|-------------------------------------|---------------------|---------------|----------------------|----------------|------------------------|
| 7.1 | Increase in passenger numbers using low carbon transport systems | persons | Less developed | Dependant on scheme | 2013 | Minimum 10% increase | Monitoring | Quarterly |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Action under this investment priority, combined with action under other investment priorities, will enable a strategic and joined up approach to be taken to tackling transport bottlenecks and improving connectivity. Indicative actions supported by European Regional Development Fund may include but are not limited to

- Measures to facilitate access to public transport, including bus and railways, and thereby reduce carbon emissions
- Development of transport hubs
- Investments in ticketing technologies and information systems
- Smart transport systems
- Measures to address over-crowding
- Public transport network improvements, particularly to key employers
- Investment in cycling, linking to current and future employment development sites

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

The Programme Monitoring Committee will in due course approve criteria for selection of projects that the Managing Authority will apply to the assessment and appraisal of all applications.

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.

Proposals should consider and demonstrate how they are supporting and improving access to and use of sustainable forms of transport, in particular given the emphasis expected on linking people to jobs. They should also consider the potential effects of transport interventions on carbon emissions in their local using the UK Department

for Transport basic carbon tool. A clear emphasis for this Investment Priority will be on sustainable transport.

Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Financial instruments are not planned to be used to support this investment priority.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|-----------------------|------------------------------------|-------------------------------------|--------------|----|---|-----------------|------------------------|
| | | | | | M | W | T | | |
| C34 | Estimated annual decrease of CO2 | tonnes | European Regional Development Fund | | | | | Monitoring data | Quarterly |
| C8 | Employment increase in supported enterprises | Full time equivalents | European Regional Development Fund | | | 80 | | Monitoring data | Quarterly |
| P1 | Public transport services created or improved | Number | European Regional Development Fund | | | | | Monitoring data | Quarterly |
| P2 | Intermodal facilities created or improved | Number | European Regional Development Fund | | | | | Monitoring data | Quarterly |
| P3 | Gross passenger kilometres on public transport | km | European Regional Development Fund | | | | | Monitoring data | Quarterly |

| | | | | | | | | | |
|----|--------------------------------|----|------------------------------------|--|--|--|--|-----------------|-----------|
| P4 | Total length of new cycle ways | km | European Regional Development Fund | | | | | Monitoring data | Quarterly |
|----|--------------------------------|----|------------------------------------|--|--|--|--|-----------------|-----------|

2.A.3 Performance framework (Article 96 (2) (b) (v))

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

| ID | Indicator Type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|------|----------------|---|------------------|------|--------------------|--------------------|---|---|---------------------|---|-------|----------------|---|
| | | | | | | M | W | T | M | W | T | | |
| PS 2 | Output | Gross passenger kilometres on public transport. | Number | | | | | | | | To be | Monitoring | Over 50% of spend will be directed to the second specific objective. Gross passenger kilometres on public transport reflects the outputs from all |

| | | | | | | | | | | | | | |
|----|----------------|---|-------|------------------------------------|------------|--|---------|--|--|----------|--|-----------------|--|
| | | | | | | | | | | | | | types of activities whether support for public transport itself or intermodal transport hubs |
| I | Implementation | Intermodal facilities created or enhanced | | | | | 2 | | | | | Monitoring | Creation of intermodal hubs |
| F1 | Financial | Expenditure | Euros | European Regional Development Fund | Transition | | 6258264 | | | 24503621 | | Monitoring data | |

Additional qualitative information on the establishment of the performance framework

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

2.A.4 Categories of intervention(Article 96 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|----------|
| European Regional Development Fund | Transition | 025 Railways (TEN-T comprehensive) | 0 |
| European Regional Development Fund | Transition | 026 Other railways | |
| European Regional Development Fund | Transition | 030 Secondary road links to TEN-T and nodes (new build) | 4671806 |
| European Regional Development Fund | Transition | 032 Local access roads (new build) | |
| European Regional Development Fund | Transition | 034 Other reconstructed or improved road | |
| European Regional Development Fund | Transition | 036 Multimodal transport | 19831815 |
| European Regional Development Fund | Transition | 040 Other seaports | |
| European Regional Development Fund | Transition | 044 intelligent transport systems | |
| European Regional Development Fund | Transition | 090 cycle paths and footpaths | |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------|----------|
| European Regional Development Fund | Transition | Non-repayable grant | 24503621 |

Table 9: Dimension 3 – Territory type

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|----------------|----------|
| European Regional Development Fund | Transition | Not applicable | 24503621 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|----------------|----------|
| European Regional Development Fund | Transition | Not applicable | 24503621 |

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

Not appropriate

Priority Axis 9: Promoting social inclusion and combating poverty and any discrimination

The entire Priority Axis will be delivered through Community Led Local Development.

2.A.0 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region, for more than one thematic objective or more than one Fund (Article 96 (1) Common Provisions Regulation)

Research by independent consultants as part of the Department for Communities and Local Government (DCLG) European Regional Development Fund Analytical Programme (2007-2013) confirms the critical role played by local actors in stimulating and facilitating innovative approaches to local economic development. The analytical programme also identified that *'spatial disparities in England are relatively large, persistent and have been increasing. On key measures such as household income and earnings, relative rankings across areas have not changed much over many years. For example, in 2009 differences in gross domestic product per capita between NUTS 2 areas in England were largely the same as those of 2000'*.

These persistent spatial disparities in economic performance are highlighted in section 1, with more detailed analysis provided in the Partnership Agreement and the 2010 English Indices of Deprivation which identifies significant variation in relative deprivation across smaller areas in England. For example:

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

The analysis demonstrates that concentrations of disadvantage, contributing directly to social inclusion and poverty at sub-regional level, can exist even in areas of wider economic prosperity across all categories of region.

This Operational Programme seeks to address persistent spatial disparities that exist in Less Developed, Transition and More Developed regions by addressing market failure barriers at local level that act to restrict the ability of places, small and medium enterprises and people to strengthen economic growth and achieve social inclusion and poverty reduction. In the context of a national English European Regional Development Fund programme the Government's view is that this is best achieved through the combination of all three categories of region within a single Priority Axis focused upon needs of deprived areas in urban, urban/rural and rural areas.

The Partnership Agreement further highlights that about 23% of the UK population remain at risk of poverty and social exclusion. The Government's 'Plan for Growth' and commitment to facilitate 'Local Growth: Realising Every Place's Potential' seeks to tackle this directly by prioritising locally determined investment in support of growth and jobs to create the conditions under which poverty and the numbers at risk of social exclusion can be reduced. The European Regional Development Fund Operational Programme will therefore spatially concentrate investment in order to address persistent disparities in economic performance across Less Developed, Transition and More Developed areas, build long term capacity and mobilise resources at community level aimed at overcoming barriers to growth and employment.

Investment Priority 1 of priority axis 9 : Undertaking investment in the context of community led local development strategies

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 1: To build capacity and mobilise resources at community level that overcome persistent barriers to growth and employment in lagging areas or deprived communities.

Specific Objective 2: Reduced risk of poverty and social exclusion through improved access to economic growth and development opportunities.

Intended results are set down below. The Common Provisions Regulation requires local action groups to prepare local development strategies which are subject to selection by Member States. Results and outputs are necessarily dependent on the submission of a sufficient number of strategies of sufficient quality. The Community-Led Local Development methodology seeks to target persistent spatial disparities in economic performance and continued concentration of relative deprivation in smaller areas in England. It seeks to complement mainstream programme provision through the adoption of a long term, sustained investment in the community that builds from the 'bottom-up' to identify needs, opportunities and solutions that are locally owned and implemented. To operate effectively, Community-Led Local Development must build the capacity and mobilise resources at community level in order to embed and sustain a community's ability to undertake the activities identified in section 2.A.2.1 over the longer term. This underpins the identification of the two Specific Objectives described above.

For the number of new enterprises supported within the programme area as a direct result of assisting potential entrepreneurs within targeted areas, the baseline is set at 0, as this will be a cumulative count, The target value assumes 75% of indicative European Regional Development Fund allocation to Community-Led Local Development used to support potential entrepreneurs in later stages of business development and 25% in early stage raising profile of entrepreneurship (in line with experience of 2007-2013 programme investment).

For the employment increase within supported enterprises, the baseline is set at 0 as this will be a cumulative count. The target value based on the assumption is that most enterprises supported will create 1 job, but some may create less than 1 FTE, therefore assumed $0.75 \times$ no of enterprises supported.

All results and output values will need to be confirmed following receipt and assess development of the Local Development Strategies from Local Action Groups.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-----|--|-----------------------|-------------------------------------|----------------|---------------|---------------------|----------------|------------------------|
| 9.1 | Number of new enterprises supported within the programme area as a direct result of assisting potential entrepreneurs within targeted areas. | Enterprise | | 0 | 2016 | 1, 960 | monitoring | annual |
| 9.2 | Employment increase within supported enterprises | Full time equivalents | | 0 | 2016 | 1,470 ¹⁴ | monitoring | annual |

¹⁴ NB assumption is that most will create 1 job, but some may create < 1 FTE, therefore assumed 0.75 X no of enterprises supported i.e. 1,470

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

In line with the approach outlined in section 4 highlighting the Government's approach to integrated approach to territorial development, the use of Community Led Local Development within the English European Regional Development Fund Programme allows for the complementary use of European Structural and Investment funding and the targeting of regeneration on specific geographic areas of need and opportunity. This recognises that such investment will require accompanying measures to build community capacity and to ensure that economic opportunities are accessed and embedded locally. This approach is intended to enable the community to sustain bottom-up regeneration and economic development capacity over a longer period of time than is typically possible through the use of top down mainstream programme delivery activity.

The Government's view is that the integrated, spatially focused delivery approach which underpins the resources and capacity needed for Community Led Local Development and which seeks to build upon local assets through the mobilisation of local resources, has potential to provide a long term, coherent and sustainable intervention and add value to individual mainstream project activity; particularly in those areas where disparities persist in terms of rates of economic inactivity, entrepreneurship, access to the labour market and Gross Domestic Product performance where concentrated and complementary support is required. Further information on the proposed implementation of Community-Led Local Development in England is provided in section 4 of this Operational Programme document.

The Government requires that Community-Led Local Development be:

- Focused upon sub-regional areas;
- Led by Local Action Groups representing public, private and local socio-economic interests;
- Premised upon integrated and multi-sectoral spatially based strategies;
- Driven by local needs and potential; and be,
- Innovative at local level.

By its very nature, Community-Led Local Development will employ a bottom-up approach to identifying both need and solutions, as such further information on implementation will necessarily follow from Community-Led Local Development strategies developed by Local Action Groups themselves over the course of 2016. Typically, however, delivery is built upon an inclusive partnership of local private sector stakeholders, local social partners, voluntary and community sector organisations, Local Authorities and local Higher and Further Education Institutions.

The Managing Authority acknowledges that preparatory and running costs associated with management, implementation and animation of the local community will be required and further detail is provided in section 4 of this document.

The main target groups for investment under Community-Led Local Development will be spatially targeted communities and areas in urban, peri-urban and rural areas where concentrations of deprivation are in evidence and economic performance is lagging. For example, activity will be prioritised taking into account in those areas across all categories of region that are within the 20% most deprived areas by reference to the 2010 English Indices of Multiple Deprivation.

Indicative activity for Community-Led Local Development supported by European Regional Development Fund investment may include but is not limited to:

- Animation and capacity building activity in targeted areas which seeks to mobilise community resources and build upon local assets to mitigate risk of social exclusion and embed improved economic performance;
- Provision of community hub facilities to support small and medium enterprises (including social enterprise) in targeted areas;
- Activity that seeks to promote entrepreneurship and self-employment in deprived areas and targeted communities;
- Tailored business support activity, mentoring, coaching, information, advice and guidance;
- Support for access to new markets related to climate change, energy saving and production, care, health, culture and the digital economy;
- Support for local and community based initiatives that focus on reducing greenhouse gas emissions and/or facilitate the transition to a low carbon society;
- Small equipment grants;
- Provision of business space/ premises/hot-desking facilities
- Support for clustering, networking, cooperation or local supply chains collaboration;
- Investment in small scale infrastructure linking deprived neighbourhoods and areas of need with areas of opportunity and employment growth;
- Support to embed and apply innovation in a local context (e.g. new products/services/ways of working) that builds on community assets;
- Support for new forms of enterprise (including the social economy and social enterprises);
- Support for activity linked to renovation of local housing, local energy production and conservation and new uses for existing buildings;

The European Regional Development Fund activities listed above will be complemented by integrated use of European Social Fund within the local Community-Led Local Development strategy itself. Whilst revenue and capital focused European Regional Development Fund investment targets broadly the needs of the community and small and medium enterprises, European Social Fund investment will undertake complementary investment supporting individuals and disadvantaged groups by for example:

- Reducing social and economic isolation faced by individuals and communities; and,
- Developing individual pathways to integration and re-entry into employment for people outwith or far from the labour market.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) Common Provisions Regulation)

The Government's adoption of the Community-Led Local Development methodology will seek to build capacity, empower communities and devolve decision-making to the lowest level. To complement mainstream provision under other Priority Axes it will facilitate long-term, integrated place based approaches that seek to address economic disparities and unlock growth and jobs potential in deprived areas and involve the community directly in delivery. In operationalising Community-Led Local Development the Managing Authority will, in first quarter 2015 and where proposals for the use of Community-Led Local Development in locally determined European Structural and Investment Funds strategies have been agreed by the MA, invite outline proposals from communities to commence preparatory work to establish Local Action Groups and explore preparation of Community-Led Local Development strategies taking into account the following key high level principles: :

- The need to identify a clear rationale and need justifying the adoption of the Community-Led Local Development methodology;
- The targeting of deprived urban, peri-urban and rural areas (in particular taking into account areas included in the 20% most deprived areas by reference to the 2010 Indices of multiple Deprivation);
- That a clear added value and value for money justification resulting from use of Community-Led Local Development in preference to mainstream programme interventions is provided;
- That clear evidence of demand, engagement and capacity at local community level is demonstrated.

These principles will underpin the approach taken by the Managing Authority to assess outline applications for support and to identify those areas that will then be selected to develop and submit full Community-Led Local Development strategies and to progress to constitute Accountable Bodies and Local Actions Groups in line with the provisions set out in Articles 33 and 34 of European Union Regulation No 1303/2013. Further detail on selection of Community-Led Local Development

strategies is provided in section 4, however, in line with the Regulations it will be for the Local Action Group itself to provide further detail of the selection procedures and criteria at the level of the operation.

The Common Provisions Regulation makes clear that one of the tasks of the Local Action Group is to draw up the selection procedure and criteria for the selection of operations.

The use of Community-Led Local Development will complement mainstream programme activity through the adoption of targeted bespoke interventions promoting regeneration in specific geographic areas of need and opportunity. The Government shares the Commission's view that the tailored, locally determined and integrated delivery approach which underpins Community-Led Local Development and which seeks to mobilise local and community based resources over the long term has the potential to provide a more coherent and sustainable intervention that adds value to mainstream provision, particularly in those areas where disparities persist in terms of rates of economic activity and performance, entrepreneurship and access to the labour market where concentrated and complementary support is required but unavailable through mainstream provision.

For example key issues to be addressed through Community-Led Local Development include inter alia:

- Social exclusion, unemployment and lack of skills which can exacerbate the 'entrepreneurial deficit' faced by local communities and restrict social assets and social innovation;
- Information failures which restrict small and medium enterprise (including social enterprise) competitiveness and deter new small and medium enterprise formation by preventing access to networks, services and support needed to strengthen economic performance or entrepreneurship;
- Poor quality local / small scale infrastructure that is inadequate for market needs, the requirements of local small and medium enterprises / social enterprises and needs of local communities
- 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.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii) Common Provisions Regulation)

No financial instruments are planned

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii) Common Provisions Regulation)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv) Common Provisions Regulation)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|-----------------------|------------------------------------|-------------------------------------|--------------|---------------------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | 0 ¹⁵ | Monitoring data | annual | |
| CO2 | Number of new enterprises supported | enterprises | European Regional Development Fund | | | 1,653 ¹⁶ | Monitoring data | annual | |
| CO3 | Employment increase in supported enterprises | Full-time equivalents | European Regional Development Fund | | | 1,240 ¹⁷ | Monitoring data | annual | |
| PS1 | Number of potential entrepreneurs assisted to be | Persons | European Regional Development Fund | | | 6612 ¹⁸ | Monitoring data | annual | |

¹⁵ Tbc following CLLD strategies

¹⁶ Figures for C01 – C03 assume 80:20 (revenue: capital) of £48,483,576.27m European Regional Development Fund, also that c75% of revenue (i.e. £29,090,145.77m) targets latter stages of entrepreneurship and ongoing business support, using Reenergise unit cost benchmarks (i.e. £29.1m/£17,600 = 1,653),

¹⁷ Nb equals 75% of 1,653 on assumption of 0.75 FTE of businesses supported.

¹⁸ Based on 4:1 conversion rate of potential entrepreneurs in to new enterprises supported i.e. 1,653 x4 = 6,612

| | | | | | | | | | |
|-----|--|---------------|------------------------------------|-----|--|--|---------------------|-----------------|--------|
| | enterprise ready | | | | | | | | |
| PS2 | Square metres public or commercial building built or renovated in targeted areas | Square metres | European Regional Development Fund | () | | | 2,938 ¹⁹ | Monitoring data | annual |

¹⁹ Based on Regeneris assumption of £3,300 per sq. metre when 20% of £48,483,576.27m European Regional Development Fund spent on capital works linked to CLLD.

2.A.3 Performance framework (Article 96 (2) (b) (v))

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

| ID | Indicator type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|----|-------------------------|---|------------------|------------------------------------|--------------------|--------------------|---|-----|---------------------|---|---|-----------------|--|
| | | | | | | M | W | T | M | W | T | | |
| I | Key implementation step | Percentage of local development strategies agreed | Percentage | European Regional Development Fund | More | | | 100 | | | | Monitoring data | The output measures activity under the one Investment Priority being used and will account for all spend allocated by all category |

| | | | | | | | | | | | | | | |
|---|-------------------------|---|------------|------------------------------------|------------|--|--|-----|--|--|--|--|-----------------|--|
| | | | | | | | | | | | | | | of regions for this Priority. |
| I | Key implementation step | Percentage of local development strategies agreed | Percentage | European Regional Development Fund | Transition | | | 100 | | | | | Monitoring data | The output measures activity under the one Investment Priority being used and will account for all spend allocated by all category of regions for this Priority. |
| I | Key implementation step | Percentage of local development strategies agreed | Percentage | European Regional Development Fund | Less | | | 100 | | | | | Monitoring data | The output measures activity under the one Investme |

| | | | | | | | | | | | | | |
|--------|-----------|---|-------------|------------------------------------|----------------|--|--|-------------|--|--|--------------|-----------------|---|
| | | | | | | | | | | | | | nt Priority being used and will account for all spend allocated by all category of regions for this Priority. |
| C 1 | Output | Number of enterprises receiving support | Enterprises | European Regional Development Fund | More | | | | | | 1700 | Monitoring data | |
| C 1 | Output | Number of enterprises receiving support | Enterprises | European Regional Development Fund | Transition | | | | | | 90 | Monitoring data | |
| C 1 | Output | Number of enterprises receiving support | Enterprises | European Regional Development Fund | Less | | | | | | 200 | Monitoring data | |
| F 1 | Financial | Expenditure | Euros | European Regional Development | Less Developed | | | 536934 0 | | | 210231 25 | Monitoring data | |

| | | | | | | | | | | | | |
|--------|-----------|-------------|-------|--|-----------------------|--|--|-------------|--|--|--------------|---------------------|
| | | | | nt Fund | | | | | | | | |
| F 2 | Financial | Expenditure | Euros | European Regional Developme nt Fund | Transitio n | | | 388801 | | | 152231 4 | Monitori ng data |
| F 3 | Financial | Expenditure | Euros | European Regional Developme nt Fund | More develope d | | | 662779 4 | | | 259381 37 | Monitori ng data |

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

2.A.4 Categories of intervention (Article 96 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------------------------|----------|
| European Regional Development Fund | More developed | 097 - Community-Led Local Development | 25938137 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------------------------|---------|
| European Regional Development Fund | Transition | 097 - Community-Led Local Development | 1522314 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------------------------|----------|
| European Regional Development Fund | Less developed | 097 - Community-Led Local Development | 21023125 |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code - Community-Led Local Development | Amount |
|------------------------------------|--------------------|--|----------|
| European Regional Development Fund | More developed | 01 non repayable grant | 25938137 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|------------------------|---------|
| European Regional Development Fund | Transition | 01 Non repayable grant | 1522314 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|------------------------|----------|
| European Regional Development Fund | Less developed | 01 Non repayable grant | 21023125 |

Table 9: Dimension 3 – Territory type

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------|----------|
| European Regional Development Fund | More developed | 07 – not applicable | 25938137 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------|---------|
| European Regional Development Fund | Transition | 07 – not applicable | 1522314 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------|----------|
| European Regional Development Fund | Less developed | 07 – not applicable | 21023125 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--------------------------------------|----------|
| European Regional Development Fund | More developed | 06 - Community-Led Local Development | 25938137 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--------------------------------------|---------|
| European Regional Development Fund | Transition | 06 - Community-Led Local Development | 1522314 |

| Fund | Category of region | Code | Amount |
|------|--------------------|------|--------|
|------|--------------------|------|--------|

| | | | |
|------------------------------------|----------------|--------------------------------------|----------|
| European Regional Development Fund | Less developed | 06 - Community-Led Local Development | 21023125 |
|------------------------------------|----------------|--------------------------------------|----------|

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

Technical Assistance will be made available at the preparatory stage to support communities and potential Local Action Groups to explore the feasibility of developing a Community Led Local Development strategy. This will include inter alia the costs of preparatory support consisting of capacity building, training, and networking with a view to preparing and implementing a community led local development strategy.

Such costs may include:

- Training actions for local stakeholders;
- Studies of the area concerned;
- Costs related to the design of Community-Led Local Development, including consultancy costs and costs for actions related to consultations of stakeholders for the purposes of preparing the strategy;
- Administrative costs (operating and personnel costs) of an organisation that applies for preparatory support during the preparation phase.
- For small pilot projects

technical assistance support for preparatory support will be eligible regardless of whether the Community-Led Local Development strategy designed by the LAG benefiting from the support is selected for funding by the selection committee.

Priority Axis 10: Sustainable Urban Development

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

As explained in the Partnership Agreement, the UK has decided to implement the requirements for sustainable urban development set down in Article 7 of the European Regional Development Fund Regulation (EU) 1301/2013 by means of a specific priority axis in accordance with Article 96(1) of the Common Provisions Regulation (EU) 1303/2013. London and those cities in England with populations over 600,000 have each been asked to prepare strategies that address the various challenges facing urban areas – economic, environmental, climate, social and demographic. These strategies build on the potential of cities as powerful engines of growth but also recognise that they may contain pockets of deprivation or have high carbon emissions from a densely packed population and congested traffic systems, or other problems associated with urban living. The strategies show how physical urban renewal can be combined with measures promoting economic development, smart specialisation, environmental protection, mitigation of climate change and social inclusion, to ensure urban 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 also a core element in this.

Because of their territorial specificities, each city has identified a different combination of activities to implement their strategies. These fall within actions needed to implement these strategies fall within investment priorities under different thematic objectives and these will therefore be integrated within a single priority axis.

Sheffield and Liverpool are among the urban authorities that will be implementing strategies for sustainable urban development. Their geographies fall largely within NUTS 2 transition regions. The other urban authorities lie within more developed regions. The priority axis therefore needs to cover more than one category of region.

Investment Priority 1 of priority axis 10 .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.

2.A.1 Specific objectives corresponding to the investment priority and expected results (article 96 (2) (b) (i)-(ii))

Specific Objective 1: Increase the number of SMEs innovating and bringing new products and processes to the market to enhance economic development in urban areas and stimulate innovative solutions to urban problems

Innovation is at the heart of solutions to the range of economic, environmental, climate, social and demographic challenges that urban areas face. Barriers exist for Small and Medium Sized Enterprises in their capacity and propensity to innovate and invest in internal capacity. These 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 developments needs present structural barriers which the European Regional Development Fund can assist in addressing through targeted investment. This was identified as a key component of several sustainable urban development strategies.

Within Bristol, for example, proposed initiatives to stimulate the development of market ready new products and services, business processes and innovation were also seen as important to deliver sustainable urban development for the city. These would support its moves to a successful and sustainable low carbon economy, creating prosperity and employment which will particularly benefit currently uncompetitive disadvantaged areas and provide opportunities for local residents.

The goal within the sustainable urban development strategies will be to increase the number of SMEs actively innovating and bringing new products or processes to the market. The proportion of SMEs that are innovation active can be measured through the UK Innovation Survey that takes place every two years. The data can be broken down to show changes at the level of London and the other large cities in England. The target value is to show an increase on the proportion in 2013 but it is not possible to quantify this increase. There has been a change in SIC codes from 2011 onwards. This makes it difficult to make forward projections based on only two data point (2011,2013).

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

| ID | Indicator | Measurement unit | Cat of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Freq of reporting |
|------|---|------------------|--------------------------------|----------------|---------------|---------------------|----------------------------|-------------------|
| 10.1 | Proportion of small and medium sized enterprises that are innovation active | percentage | | 44.9 | 2013 | Increase | ONS – UK innovation survey | Biennial |

Specific Objective 2: Increase collaborative research and innovation between large enterprises, research institutions and public institutions to improve SME commercialisation in order to enhance economic development in urban areas and stimulate innovative solutions to urban problems

The large cities of England are home to some of the world's leading universities, producing research of the highest excellence by whatever criteria is used, whether number of articles and citations or peer review or other classification. There is scope to better build on this knowledge base by stimulating more productive interactions between business and universities, research centres and other organisations. This can support economic renewal in urban areas, as well as providing innovative solutions to problems facing urban areas. They can thus play a key role in helping to realise the goals of sustainable urban development strategies.

London for example has a competitive advantage across the sciences reflected in its world class research base, a first rate clinical training and education base and excellent examples of partnership working. But it still 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.

In London, strengthened coordination is needed across the capital in order to maximise the benefits of existing R&D investment. It is critical to make it easier for different parts of London's innovation ecosystem (businesses, researchers or investors) to connect, exchange ideas, and collaborate. This is based on the idea that solving London's problems requires the creation of a more open and integrated innovation ecosystem, by joining up individuals and organisations with common goals and complementary expertise. Research partnerships combining academia and science with business practices can accelerate innovation and promote swift economic and commercial exploitation of R&I results.

In the Leeds city region, there are eight Higher Education Institutions (HEIs) with around 120,000 students, producing 35,000 graduates each year. There is great quality in the sector as well as scale: more than a third (36%) of the research is world-class, with 10% world-leading; and City Region universities are in the top five of the research rankings for six of the government's 'eight great technologies': big data, robotics, advanced materials, agri-science, regenerative medicine and satellites. Its vision is for a smart resource city region and for smart specialisation supported by its newly improved Innovation Strategy 2014. Leeds' proposed urban development strategy sets out how it will be a position to benefit from the opportunity to invest in areas which have significant growth potential in industries with global market demand and this will stimulate economic development across the city.

The goal across the sustainable urban development strategies for those who have identified this as a particular need is to increase the number with the number of large enterprises, universities, research centres and other public institutions who collaborate with SMEs. There is no direct measure but the Higher Education

Funding Council for England does collect data on the value of services provided to higher education institutions by SMEs. This covers consultancy, contract research, CPD, facilities and equipment related or intellectual property services. This provides an adequate proxy. The aim will be to show an increase over the course of the programme. A basket measure will capture the HEIs within the relevant cities. This will be collated when the urban strategies are formally approved by the Managing Authority and it is possible to identify exactly which institutions should be covered. Because of a break in data and changes in rules during the time series, the suggested target value is to show an increase.

This will be supplemented by an indicator on innovation collaborations between the knowledge base and SMEs, specific to London.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|------|---|------------------|-------------------------------------|--|---------------|---------------------|--|------------------------|
| 10.4 | value of services provided by SMEs to HEIs | GBP | | Baseline to be built from data for HEIs in the cities that have sustainable urban development strategies with this priority, | 2012/13 | Increase | Higher education funding council for England - Higher education business and community interaction survey | Annual |
| | Increase in innovation collaborations between the knowledge base and SMEs | | | Baseline to be established following formal agreement of sustainable urban development strategies | | Increase | | |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions to be supported by European Regional Development Fund to help strengthening research, technological development and innovation as part of an integrated approach to sustainable urban development include but are not limited to:

- Advice and support to bring new products to market, especially those linked to 'key enabling', the 'eight great 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,
- Developing pilot lines, demonstration activities, 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;
- Encouraging the development of new business models that will enable emerging technologies to be more rapidly commercialised.
- 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;
- Promoting cooperative partnerships between research, education and innovation institutions;
- Promoting entrepreneurship and business creation among students/graduates: combination of training and business experience, start-ups. This could include graduate schemes or support for Higher Education Institution spin-outs delivering innovation including social enterprises;
- Investment in facilities and equipment used by the scientific community to conduct top-level research in their respective fields, ranging from health sciences to genomics and nanotechnology.

The focus of activity under this priority axis is to support innovation and the commercialisation of research and development in order to promote sustainable urban development. This requires the involvement of a much wider including larger firms in cooperation with their supply chains and other SMEs, higher education institutions, public sector institutions and research centres, Catapult Centres and other centres of excellence.

Actions under this specific objective will be undertaken particularly in London Bristol and Leeds

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

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

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

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii) CPR)

Subject to the outcome of an ex-ante assessment evidencing need, financial instruments may be used to support the activities under this investment priority, using similar funding models established under the 2007-13 programmes.

Access to finance model - providing equity, loan or guarantee to Small and Medium size Enterprises, at their different stages of development including very early stage such as proof of concept.

Urban development funds (UDFs) – this model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme where there are a number of such Financial Instruments now running successfully across England. UDFs will invest in urban development projects including, the creation or refurbishment of urban infrastructure, retrofitting of social housing and low carbon projects.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR

No major projects are planned within this priority axis

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------|------------------------------------|-------------------------------------|--------------|----------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | 1300 | Monitoring data | Quarterly | |
| C28 | Number of enterprises supported to introduce new to the market products | enterprises | European Regional Development Fund | | | 200 | Monitoring data | Quarterly | |
| C06 | Private investment matching public support to enterprises (grants) | Euro | European Regional Development Fund | | | 37370000 | Monitoring data | Quarterly | |
| C26 | Number of enterprises cooperating with research entities | enterprises | European Regional Development Fund | | | 800 | Monitoring data | Quarterly | |

Investment Priority 2 of priority axis 10 : Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 3: Increase the coverage and take up of superfast and ultrafast Broadband in urban areas where the market is failing, particularly where this is creating a barrier to SME growth

Thousands of businesses, particularly in the creative sector, would benefit from much faster upload speeds and greater bandwidth than the existing network offering allows, but providers are reluctant to upgrade 'next-generation access' services in areas where SMEs cluster as these tend to differ from the main hotspots of residential demand. As a consequence, businesses are faced with either reasonably priced but insufficiently fast residential provision or else dedicated leased lines, which are often prohibitively expensive for micro and small businesses.

In order to develop world-renowned clusters in its dynamic ICT-intensive sectors, London for example needs to address physical infrastructure deficiencies, particularly with respect to ultrafast broadband provision. Access to advanced ICT infrastructure is necessary to increase the quality and efficiency of research and innovation; this will also support delivery of the Smart London Plan. Such infrastructure is indispensable for the formation of innovation clusters and multidisciplinary collaboration. European Regional Development Fund will support investment in London's high speed communication networks where there is robust evidence of market failure.

The Broadband Quality Survey 201038 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. Where sample sizes are sufficiently large, the survey also included details at city level. London scored 30 on the broadband quality score. This compares with the winning city of Seoul, South Korea which has an overall score of 73.

The Government's current programme for rolling out broadband is largely 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 by local funding and by European Regional Development Fund - is intended to extend superfast availability to 95 per cent of the UK by 2017. The Government will also be willing to support projects which use other funding models, provided they can demonstrate State aid compliance. Other potential models have been described by the European Commission in its Guide to Broadband Investment²⁰.

²⁰ http://ec.europa.eu/regional_policy/sources/docgener/presenta/broadband2011/broadband2011_en.pdf.

The support provided through this specific objective will improve ICT connections, so they are no longer a barrier to growth for businesses and will help them to improve their productivity, growth and create jobs, in turn increasing the percentage of businesses which use superfast broadband. The resulting economic benefits are described in the UK Broadband Impact Study.²¹ The aim of the result is to increase coverage and enable more SMEs in particular to access superfast broadband.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|------|---|------------------|-------------------------------------|----------------|---------------|---------------------|-----------------------------------|------------------------|
| 10.5 | Coverage of superfast to at least (>30Mbps) broadband across England | Percentage | | 77 | 2013 | 100 | OFCOM | Annual |
| 10.6 | Percentage of businesses which use at least superfast (>30Mbps) broadband | Percentage | | 15.9 | 2012 | 20 | ICT and e commerce activity (ONS) | |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions supported by European Regional Development Fund may include but is not limited to:

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

²¹ SQW – UK Broadband Impact Study – November 2013 <https://www.gov.uk/government/publications/uk-broadband-impact-study--2>

Examples of actions which may be supported are:

- Extension of superfast broadband networks

Activities will target businesses and SMEs, including social enterprises.

Through these actions the European Regional Development Fund will address poor access to superfast and ultrafast broadband and improve take-up and exploitation of broadband connectivity.

The proposed investments in superfast broadband will support deployment of Next Generation Access networks to enable superfast broadband connectivity. This investment will take place only in areas which will not get coverage through commercially funded delivery or other projects with public subsidy.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 2) (b) (iii)CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Notwithstanding this, it is expected that broadband infrastructure projects will almost invariably have associated actions to support take-up by SMEs, in the same way as for European Regional Development Fund projects under the 2007-2013 programme. The programme will also include projects to drive take-up across all SMEs, whether or not they will be in scope for broadband coverage which has been provided with European Regional Development Fund support. However, it will be important to avoid intervening on take-up where the market is already operating efficiently. Ofcom has assessed the UK broadband market as being the most competitive in the UK (measured according to market share of the incumbent). There is limited evidence of market failure regarding take-up and interventions will need to be carefully targeted to avoid duplicating action by the private sector.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Financial instruments are not planned to be used to support this investment priority.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|----|--|------------------|------------------------------------|-------------------------------------|--------------|-----|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | tbc | Monitoring data | | |
| C2 | Number of new enterprises supported | enterprises | European Regional Development Fund | | | tbc | Monitoring data | | |
| P1 | Additional businesses with broadband access of at least 30mbps | enterprises | European Regional Development Fund | | | tbc | Monitoring data | | |

Investment Priority 3 of priority axis 10 : Developing ICT products and services, e-commerce, and enhancing demand for ICT

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 4: Increase the number of SMEs using and having access to digital technologies including trading on line.

There is evidence that insufficient numbers of SMEs take advantage of digital technologies. This leads to missed opportunities to grow and increase productivity. This is sometimes due to a lack of awareness of the opportunities and the ability to exploit them; but sometimes also due to practical issues including an inability to access high speed communication networks with sufficient bandwidth to meet business needs. European Regional Development Fund investment will help improve digital connectivity, which will be critical to supporting new growth, attracting international high tech investment and creating jobs. London’s buoyant offer of digital technologies and products is not always met by demand. The majority of London’s SMEs fail to take advantage of the opportunities presented by existing and emerging digital technologies. Businesses can nowadays only be competitive when they embrace the digital world. This poses opportunities and challenges, in particular for SMEs, since they are often less equipped to deal with the increased sophistication of new business models. European Regional Development Fund will promote the uptake of digital technologies and connect London SMEs to the digital economy. For example, support will be provided to entrepreneurs to fully exploit digital products and services, including "cloud computing", to reinvent their business models and sharpen their competitiveness.

Performance will be monitored by the following results indicators:

- Proportion of sales derived from e-commerce activity

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|------|---|------------------|-------------------------------------|---|---------------|--|----------------|------------------------|
| 10.7 | Percentage of SMEs selling goods and service via digital technology | percentage | | Baseline to be established following formal agreement of sustainable urban development strategies | 2012 | Increase the percentage of SMEs selling through a website. | SBS | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions supported by European Regional Development Fund may include but are not limited to:

- 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, and integrated ICT solutions for 'smart cities'.

Examples of actions which may be supported are:

- Revenue business support measures for SMEs
- Projects providing vouchers for SMEs
- Investment in infrastructure to connect SMEs to broadband networks.
- Projects providing vouchers for SMEs for superfast or ultrafast connections
- Promoting the opportunities that high-speed internet provides for SMEs.
- Urban Broadband Funds enhanced and extended, targeting high-growth business clusters.
- Projects to establish local digital exchanges that allow for the co-location and sharing of services.

Activities will target SMEs, including Social Enterprises.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Financial instruments are not planned to be used to support this investment priority.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------|------------------------------------|-------------------------------------|--------------|-----|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | 300 | Monitoring data | | |
| C2 | Number of new enterprises supported | enterprises | European Regional Development Fund | | | 100 | Monitoring data | | |

Investment Priority 4 of priority axis 10 : Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 5: Increase growth capacity of SMEs

Many of the proposed sustainable urban development strategies identified a major role for SMEs as a source of growth and employment. The support provided through this specific objective will help small and medium sized businesses to develop their internal capability in order to improve their productivity, grow and create jobs.

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 including relatively low level of capital investment; lack of capacity and capability of SMEs to innovate; lack of access to new markets and competition in them; weaknesses within supply chains; and lack of awareness of eco-efficiency and low carbon measures to improve environmental performance, management and 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. Capacity concerns explain some of this.

The intended result is to see an increase in jobs created in SMEs and in SME productivity.

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

Baseline figures in 2011, GVA per employee in England was £43,600 for SMEs and for large enterprises was £51, 000.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|------|---|-----------------------|-------------------------------------|---|---------------|----------------------|----------------|------------------------|
| 10.8 | Number of small and medium sized jobs created | Full time equivalents | | Baseline to be established following formal agreement of sustainable urban development strategies | 2011 | Increase in SME jobs | ONS | Annual |
| 10.9 | Gap in productivity between SMEs and large companies productivity measured in terms of gross value added per employee | GPB | | 6400 | 2011 | Reduction in gap | ONS | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority, indicative actions will include:

- Business coaching and mentoring
- Building management capacity for growth
- Developing local networks of growth firms to collaborate and support to achieve growth
- Delivering tailored, specialist, strategic and technical support to SMEs 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; □
- Providing advice on the different types of finance available to businesses.
- Providing finance and investment readiness advice and support for businesses;
- Providing finance to address market failures and gaps faced by SMEs;
- Providing SMEs with advice, expertise and support to start and/or increase trading in new markets, including support for SMEs to connect with contacts in remote market, promoting the internationalisation agenda at a local level and encouraging more innovative (R&D intensive) and high growth SMEs to export;
- Providing advice and support to help SMEs to overcome barriers (legal, regulatory, cultural and financial);
- 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;
- Provision of managed workspace or grow-on space

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

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Notwithstanding this, support for SMEs under this investment priority as part of sustainable urban development strategies will be expected to be consistent with support for SMEs under the relevant local ESIF strategy.

Provision of incubator space, managed workspace, or grow-on space will need to be backed by evidence which shows there is demand that is not met by supply. Support for accommodation will be provided only where it is combined with an effective programme of business support tailored to the growth ambition of the intended occupants.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

This investment priority will help to address the barriers that business face in identifying, accessing and understanding the different types of finance that is available. Subject to an ex ante assessment, financial instruments may be used to bridge any identified finance gaps through the use of the access to finance or urban development fund models as described above. Additionally, the use of local impact funds model will also be considered. These will promote investment into social enterprises through loans to Social Sector Organisations (SSOs). Full details of this model are being worked up based upon the outcome of two pilot projects being undertaken in 2014

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

It is possible that three business support projects that are procured nationally and operate under the opt-in model may exceed the threshold set out in Article 100 of the Common Provisions Regulation and discussions will take place with the Commission to determine whether they fulfil other parts of the definition of a major project, for example whether they accomplish an indivisible task of a precise economic or technical nature.

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|-----------------------|------------------------------------|-------------------------------------|--------------|---------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 6100 | Monitoring data | | |
| C2 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 2400 | Monitoring data | | |
| C8 | Employment increase in supported enterprises | Full time equivalents | European Regional Development Fund | | | 4525 | Monitoring data | | |
| CO6 | Private investment matching public support to enterprises (grants) | EUR | European Regional Development Fund | | | 7007708 | Monitoring data | | |

Investment Priority 5 of priority axis 10: Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 6: Increase entrepreneurship, particularly in urban areas with low levels of enterprise activity and amongst under-represented groups

Action under this investment priority will foster a more entrepreneurial society, reducing barriers to starting up a business, and supporting early stage entrepreneurs. New enterprise can help transform depressed urban areas. It also offers a way of promoting social inclusion in urban areas. Start-ups in new industries particularly among the green economy promote sustainable development as well as economic growth.

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.²²

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

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

²² According to 2013 BPE estimates with Small Business Survey data

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-------|---|------------------|-------------------------------------|----------------|---------------|--|---------------------------------|------------------------|
| 10.10 | Total early stage Entrepreneurial Activity, represented by the proportion of adults of working age (18-64) in the process of starting a business or running a business less than 42 months old, | Percentage | | 7.5 | 2013 | Increase in the TEA rate to be higher than the average for innovation driven economies | Global Entrepreneurship Monitor | Annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions supported by European Regional Development Fund will include but are not limited to:

- Strengthening entrepreneurial and enterprise culture using targeted engagement, outreach and mentoring
- 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).
- Promoting entrepreneurship and business creation among students and graduates;
- Provision of affordable workspace, including provision of start-up incubator facilities and grow-on space.
- Provision of business advice and guidance including mentoring and advice on access to finance
- Providing advice and support to help those starting businesses to overcome barriers (legal, regulatory, cultural and financial)
- Ensuring good access to appealing environments and maximising the regeneration potential of these places of work
- Addressing market failures in the provision of start-up finance.

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.

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii) CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks.

The exact details will be set down in writing between the urban authority and Managing Authority.

Notwithstanding this, support for SMEs under this investment priority as part of sustainable urban development strategies will be expected to be consistent with support for SMEs under the relevant local ESIF strategy.

Provision of incubator space, managed workspace, or grow-on space will need to be backed by evidence which shows there is demand that is not met by supply. Support for accommodation will be provided only where it is combined with an effective programme of business support tailored to the growth ambition of the intended occupants.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need (through market analysis) and the subsequent identification of the expected results being ascertained through an ex-ante assessment, the Access to Finance, Urban Development and Local Impact Fund Models will be used. Under this investment priority they will support entrepreneurs and start-ups.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|----|---|------------------|------------------------------------|-------------------------------------|--------------|------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 2000 | Monitoring data | | |
| C2 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 1400 | Monitoring data | | |

Investment Priority 6 of priority axis 10: Promoting research and innovation in, and adoption of, low-carbon technologies

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 7: Increase innovation in, and adoption of, low carbon technologies.

Opportunities stemming from efforts to tackle climate change in England’s major cities extend to potentially positive impacts on output and jobs. For example, unlocking the low carbon economy in London could drive growth in the market worth £3.8 billion per annum.

Ensuring a competitive environment for science and technology firms and investors is a key priority for all England’s cities. The low carbon and environmental goods and services sector is a prime example of how this can be achieved. The global low carbon and environmental goods and services sector was worth £3.4 trillion in 2011/12 and London is already a leading player in this global market. In 2011/12 it had over 9,200 businesses, employed over 163,000 people and was worth over £25.4 billion. London’s low carbon and environmental goods and services sector has grown by over 5% in each of the last two years and is expected to continue to grow through to 2020 at over 5%.

The main sectors in London are carbon finance, wind, geothermal, photovoltaics, building technologies, alternative fuels and alternative fuel vehicles. There are rewards to be gained by cementing and building on London’s strengths as the global concentration of carbon dioxide in the atmosphere (the primary driver of recent climate change) has reached 400 parts per million (ppm) for the first time in recorded history. Technological innovation is key to seizing economic opportunities and to meeting the Mayor’s target to reduce London’s 1990 emissions by 60% by 2025.

The baseline is set in the Low Carbon Goods and Services Sector report. However, this is being discontinued and discussions are taking place with the Department of Energy and Climate over how the size of this sector will be measured in future. Use will also be made of locally maintained statistics once sustainable urban development strategies are agreed.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|----|-----------|------------------|-------------------------------------|----------------|---------------|---------------------|----------------|------------------------|
| | | | | | | | | |

| | | | | | | | | |
|-----------|---|-----|--|-----------|--------|----------|---------------|--------|
| 10.1 1 | the size of the low carbon environmental goods and services sector. | GPB | | 254000000 | 2011/2 | Increase | LCGE S Report | Annual |
|-----------|---|-----|--|-----------|--------|----------|---------------|--------|

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions that the European Regional Development Fund will support include:

- R&D, innovation, supply chain work for low carbon technologies and materials, including carbon capture and carbon storage, wave and wind energy, smart grids, distributed generation, solar and photovoltaics, heat networks, heat pumps and low carbon heat for energy intensive industries.
- Technology centres of excellence and test facilities, including relevant Catapult centres
- Renewable technologies in the UK renewable energy roadmap
- Development of climate change mitigation and adaptation technologies
- Research, development, demonstration and adoption of technologies and systems that support low-energy transport and accelerate the establishment of new technologies such as low emissions vehicles (electric, hybrid and hydrogen)
- Knowledge transfer with HE/FE and Businesses
- Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes;
- Developing financing methods that encourage the adoption of proven low carbon technologies and generate long-term financial savings
- Demonstration and deployment of decentralised, low carbon and renewable energy technologies
- 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);

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Notwithstanding this, investments in research, development and innovation in low carbon goods and services will be consistent with Smart Specialisation in England, the national smart specialisation strategic framework submitted to the European Commission, and with local ESIF strategies which have embedded the principles of smart specialisation within them.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment, the Urban development and energy efficiency (non-domestic) model will be available to support this investment priority. This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme, where there are a number of such Financial Instruments now running successfully across England. It will target the creation/refurbishment of urban infrastructure through urban regeneration and low carbon projects.

Urban Development Funds will ideally 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.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------|------------------------------------|-------------------------------------|--------------|-----|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | 350 | Monitoring data | | |
| C2 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | 100 | Monitoring data | | |
| C29 | number of enterprises supported to introduce new to the firm products | Enterprises | European Regional Development Fund | | | 75 | Monitoring data | | |

Investment Priority 7 of priority axis 10 : Promoting the production and distribution of energy derived from renewable sources

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 8: Increase implementation of whole place low carbon solutions and decentralised energy measures.

In London, the Mayor has set a target of 25% of London's energy being generated through decentralised energy by 2025. The GLA has already undertaken the first ever decentralised energy master planning exercise across London and is now supporting the commercialisation of large-scale decentralised energy projects can heat and power London's existing and new buildings more carbon-efficiently.

The EU 2020 target is to raise the share of EU energy consumption produced from renewable resources to 20 per cent and in the UK to 15%. However, only 8.2 per cent of electricity in England is generated from renewables, with bio-energy being the largest contributor. In London, this amounts to only 617.6 GWh in London compared to 3,456.4 GWh in Yorkshire and Humber. There are obvious limits to the impact that the European Regional Development Fund can make to national renewable energy obligation which will be significantly met through alternative public/private sector investment in renewable energy infrastructure. The European Regional Development Fund is best targeted at approaches which stimulate whole-place carbon reduction plans and micro-energy installations, off-grid energy productions, heat networks including Gas CHP, heat pumps, and low carbon heat for energy intensive industries in order to address deficits in specific territories as well as development opportunities in places and sectors.

There will be two result indicators:

- Increase in the level of local energy renewables in places with a low carbon plan
- Reduction in carbon emissions in areas with whole place low carbon plans

In both cases, the low carbon plan will set a benchmark against 2011 data for the local authority areas covered by it. The plan will be required to show a reduction by the end of the programming period. The benchmark for the specific objective will therefore be the total derived from all low carbon plans when prepared. A key implementation step will be the development of such plans.

Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4(e), which will contribute to the same specific objective and expected results.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-------|---|------------------|-------------------------------------|---|---------------|---------------------|----------------|------------------------|
| 10.12 | Increase in the level of local energy renewables in places with a low carbon plan or strategy | MW | | To be established in each low carbon plan | 2011 | Increase | | annual |
| 10.13 | Reduction in carbon emissions in areas with whole place low carbon plans or strategies | Tonnes | | To be established in each low carbon plan | 2011 | Decrease | | annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions supported by European Regional Development Fund may include but are not limited to:

- 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 retrofitting, including 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.

- Support the establishment of sustainable infrastructure for waste management, including waste to energy systems with associated heat off-take and heat distribution networks along with recycling processing reprocessing and remanufacturing facilities.
- 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

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment, the urban development and energy efficiency (non-domestic) model will be available to support this investment priority. This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme, where there are a number of such Financial Instruments now running successfully across England. It will target the creation/refurbishment of urban infrastructure through urban regeneration and low carbon projects.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|--|------------------------------|------------------------------------|-------------------------------------|--------------|--------|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | | Monitoring data | | |
| CO7 | Estimated GHG reductions | Tonnes of CO ₂ eq | European Regional Development Fund | | | 20,000 | Monitoring data | | |
| CO8 | Additional capacity of renewable energy production | MW | European Regional Development Fund | | | | Monitoring data | | |

INVESTMENT PRIORITY 8 of priority axis 10 : Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 8: Increase implementation of whole place low carbon solutions and decentralised energy measures.

The environment of densely populated cities such as London and the other major cities in England 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. Whole place carbon solutions offer the best way to tackle this in an integrated approach.

The European Regional Development Fund is best targeted at approaches which stimulate whole-place carbon reduction plans and micro-energy installations, off-grid energy productions, heat networks including Gas CHP and sustainable urban mobility in order to address deficits in specific territories as well as development opportunities in places and sectors.

There will be two result indicators:

- Increase in the level of local energy renewables in places with a low carbon plan
- Reduction in carbon emissions in areas with whole place low carbon plans

In both cases, the low carbon plan will set a benchmark against 2011 data for the local authority areas covered by it. The plan will be required to show an increase or reduction as appropriate by the end of the programming period. The benchmark for the specific objective will therefore be the total derived from all low carbon plans when prepared. A key implementation step will be the development of such plans.

Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4(a), which will contribute to the same specific objective and expected results.

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

| ID | Indicator | Measurement unit | Category of region (where) | Baseline value | Baseline year | Target value | Source of data | Frequency of reporting |
|----|-----------|------------------|----------------------------|----------------|---------------|--------------|----------------|------------------------|
| | | | | | | | | |

| | | | | | | | | |
|-----------|---|--------|---------------|---|------|----------|--|--------|
| | | | relevant) | | | (2023) | | |
| 10.1 2 | Increase in the level of local energy renewables in places with a low carbon plan | MW | | To be established in each low carbon plan | 2011 | increase | | annual |
| 10.1 3 | Reduction in carbon emissions in areas with whole place low carbon plans | Tonnes | | To be established in each low carbon plan | 2011 | decrease | | |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority activities and actions are required to take place within the framework of low carbon strategies or whole place low carbon plans.

Within these strategies or plans, indicative actions may include but are not limited to:

- Development of “whole place” low carbon initiatives through approaches such as smart cities and communities that include low carbon transport infrastructure, energy efficiency, low carbon energy supply and smart meter/smart grid programmes and related ICT platforms, technologies and applications.
- Development of green and blue infrastructure and other climate change mitigation or adaptation activities to reduce whole place energy requirements.
- Low carbon modal shift/ smarter choices, smart systems, electric/ultra-low carbon/hydrogen vehicle infrastructure and supply chain development.
- Low carbon transport, including electric/low carbon vehicle infrastructure, cycle paths, walking and waterways
- Smart Cities, urban mobility, urban design,
- Smart grids and demand management

- Low carbon modal shift and smart systems,

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment, the urban development and energy efficiency (non-domestic) model will be available to support this investment priority. This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme, where there are a number of such Financial Instruments now running successfully across England. It will target the creation/refurbishment of urban infrastructure through urban regeneration and low carbon projects.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------------------|------------------------------------|-------------------------------------|--------------|--------|---|-----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | | | Monitoring data | |
| CO2 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | | | Monitoring data | |
| CO7 | Estimated GHG reductions | Tonnes of CO ₂ eq | European Regional Development Fund | | | 19,000 | | Monitoring data | |

Investment Priority 9 of priority axis 10: Promoting energy efficiency and renewable energy use in enterprises

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 9: Increase energy efficiency and implementation of low carbon technologies in all types of enterprise

London's homes and workspaces are estimated to emit around 79% of the Capital's CO₂ emissions. By 2050 it is estimated that 80% of buildings in London today will still be in use: retrofitting these buildings with energy efficiency and energy supply measures is therefore an essential component of the Mayor's strategy to meet the 2025 CO₂ emissions target.

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

The result indicator to measure progress will assess the effectiveness of energy efficiency measures adopted in companies, buildings and transport. There will be separate indicators for the industrial and service sectors. The baseline for each will be set once sustainable urban development strategies are assessed and formally approved

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-------|---|------------------|-------------------------------------|---|---------------|------------------------|--------------------|------------------------|
| 10.14 | Industrial energy consumption (in tonnes oil equivalent) per million units of GVA | tonnes | | To be set once sustainable urban development strategies are formally approved | 2012 | reduction | UK energy in brief | annual |
| 10.15 | Service sector energy consumption (in tonnes oil equivalent) per million units of GVA | tonnes | | To be set once sustainable urban development strategies are formally approved | 2012 | reduction | UK energy in brief | annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority, indicative actions supported by European Regional Development Fund may include but are not limited to:

- 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
- Energy efficiency in enterprises including industrial processes, designing out waste, recovery of 'waste' heat energy and CHP
- Supporting SMEs to increase access national and local government procured contracts for low carbon, resource efficient goods and services
- Supporting SMEs to improve the quality of their environmental management and performance in order to successfully compete for sustainable and green procurement contracts
- Low carbon innovation in relation to waste and re-use
- Building retrofit and energy efficiency especially whole building solutions exemplifying next phase technologies which are near to market.
- Low carbon construction techniques

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment, the Urban development and energy efficiency (non-domestic) model will be available to support this investment priority. This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme, where there are a number of such Financial Instruments now running successfully across England. It will target the creation/refurbishment of urban infrastructure through urban regeneration and low carbon projects.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------------------|------------------------------------|-------------------------------------|--------------|--------|---|-----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | | | Monitoring data | |
| C34 | Estimated GHG reductions | Tonnes of CO ₂ eq | European Regional Development Fund | | | 21,000 | | Monitoring data | |

Investment Priority 10 of priority axis 10 : Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 10: Increase energy efficiency and implementation of low carbon technologies in houses and public buildings

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 households in England, especially in growing household investment in heat saving measures. According to the English Housing Survey in 2012, 34% of dwellings had 200mm or more of loft insulation, up from just 3% of dwellings in 1996. Over the same period, the proportion of homes with cavity wall insulation increased from 14% to 40% and the proportion of homes with full double glazing increased from 30% to 79%. 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 European Regional Development Fund 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.

The chosen result indicator is Domestic energy consumption per household. The target will be to seek a reduction in this. The baseline is based on the national index and urban authorities undertaking energy efficiency measures will be expected to demonstrate a reduction within their area.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-------|--|------------------|-------------------------------------|----------------|---------------|---------------------|----------------|------------------------|
| 10.15 | Index of Domestic energy consumption per household (1980+10) | Number | | 85.5 | | reduction | | |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority, indicative actions supported by European Regional Development Fund may include but are not limited:

- Provision of advice and support to increase the use and take up of low carbon technologies and energy efficiency
- Non Domestic Low Carbon Technologies and Energy Efficiency
- Low carbon innovation in relation to waste and re-use
- 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

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment, the following financial instruments will support activity under this investment priority.

Urban development and energy efficiency (non-domestic) – This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme and will create Urban Development Funds (UDFs) to target the creation/refurbishment of urban infrastructure through urban regeneration and low carbon projects.

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. 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.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------------------|------------------------------------|-------------------------------------|--------------|--------|---|-----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of households with improved energy consumption | Households | European Regional Development Fund | | | | | Monitoring data | |
| CO2 | Decrease of annual primary energy consumption of public buildings | KWh/year | | | | | | Monitoring data | |
| CO3 | Estimated GHG reductions | tonnes of CO ₂ eq | | | | 19,000 | | Monitoring data | |

Investment Priority 11 of priority axis 10 : Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

SPECIFIC OBJECTIVE 11: 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

Investments in Green Infrastructure whether open spaced, footpaths or waterways are central to many sustainable urban development strategies. Improvements in the local environment will serve as a catalyst to local economic growth by attracting inward investment, attracting increased visitor spend, reducing the costs of adverse environmental conditions, providing health benefits and generating employment.

Measuring multi-functional green space and its contribution to a range of specific environmental objectives at a national level is very challenging. However we are exploring a number of opportunities to provide suitable baseline data including the development of a national habitat connectivity indicator, recording connectivity and multifunctional green space via earth observation platform's (the EU Copernicus programme), and developing national natural capital accounts.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-------|---|------------------|-------------------------------------|-------------------------|---------------|---------------------|---------------------------|------------------------|
| 10.16 | Increase of the area of green and blue infrastructure | hectare | | Not currently available | 2016 | increase | Defra and CLG Local teams | annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including ,

where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority, indicative actions supported by European Regional Development Fund may include but are not limited to:

- new habitat creation that enhances the connectivity and resilience for priority sites and species in a manner that may also provide additional benefits such as attracting inward investment, employment opportunities and greater employee retention.
- revitalisation of brownfield land and other sites, regeneration of sites through soil desealing and decontamination and measures to increase the biodiversity, recreation and aesthetic quality of the site.
- sustainable drainage to improve water quality and in some cases local air quality (with potential for associated carbon reductions also).
- Investment in green and blue infrastructure such as green corridors in urban areas and waterways

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Subject to the evidence of need being ascertained through an ex-ante assessment, the urban development and energy efficiency (non-domestic) model will be available to support this investment priority. This model builds on the experience gained establishing JESSICA structures under the 2007-2013 Programme, where there are a number of such Financial Instruments now running successfully across England. It will target the creation/refurbishment of urban infrastructure through urban regeneration and low carbon projects.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|------|--|------------------|------------------------------------|-------------------------------------|--------------|---|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C2 2 | Total surface area of rehabilitated land | hectare | European Regional Development Fund | | | | Monitoring data | | |
| C2 3 | Surface area of habitats supported in order to attain a better conservation status | hectare | European Regional Development Fund | | | | Monitoring data | | |

Investment Priority 12 of priority axis 10: Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 12: Investment in the uptake of innovative technologies and resource efficiency measures to increase environmental protection, resilience and performance of businesses and communities in urban areas.

Many businesses and communities, particularly in deprived urban areas, have limited resources to support and adopt innovative practices that would boost their performance and competitiveness: there is value in supporting new uptake and transfer of knowledge and experience of eco-innovation between businesses and communities.

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

The aim therefore is to help businesses optimise the use of resources in ways that improve business performance in terms of resilience, profitability and competitiveness while at the same time contributing to the protection and preservation of the environment.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-------|---------------------------------|------------------|-------------------------------------|--|---------------|---------------------|----------------|------------------------|
| 10.17 | Increased resource productivity | Enterprises | | Natural resource use based on raw material consumption of construction and non-construction materials, | 2011 | | ONS/Defra | annual |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions that the European Regional Development Fund will support include:

- Provision of support and advice for businesses in the management and reuse of energy, materials, and water, reducing waste,
- Investment in the development of “green” products and services
- Support and advice for the dissemination of innovative technologies

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

Financial instruments are not planned to be used to support this investment priority.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|------------------|------------------------------------|-------------------------------------|--------------|---|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| C1 | Number of enterprises receiving support | enterprises | European Regional Development Fund | | | | Monitoring data | | |
| C34 | Estimated annual decrease of GHG | tonnes | European Regional Development Fund | | | | Monitoring data | | |

| |
|--|
| Investment Priority 13 of priority axis 10 : Providing support for physical, economic and social regeneration of deprived communities in urban and rural areas. |
|--|

2.A.1 Specific objectives corresponding to the investment priority and expected results (Article 96 (2) (b) (i)-(ii))

Specific Objective 13: Unlocking growth potential in disadvantaged urban areas and increasing urban cohesion Increase growth capacity of SMEs

Sustainable urban development strategies cover social and demographic challenges, as well as economic, environmental and climate ones. 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 other parts of this strategy.

European Regional Development Fund will focus on urban regeneration of deprived areas with growth potential, by taking a sustainable, participative and integrated approach. The LEP will aim to invest European Regional Development Fund in area-based interventions in which the place-based approach is combined with a people-based approach, where both European Regional Development Fund 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 close links between ESF and European Regional Development Fund 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.

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

| ID | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | Baseline year | Target value (2023) | Source of data | Frequency of reporting |
|-------|--|------------------|-------------------------------------|----------------|---------------|---------------------|----------------|------------------------|
| 10.18 | Improving the economic viability of areas through infrastructure investments | | | | | | | |

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

2.A.2.1 Description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including , where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries.

Under this investment priority indicative actions supported by European Regional Development Fund in 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
- Advice and support for social enterprises and social innovation

2.A.2.2 The Guiding principles for the selection of operations (Article 96 (2) (b) (iii)CPR)

Tasks relating to the selection of operations will be delegated to the relevant urban authorities in accordance with Article 7 of the European Regional Development Fund Regulation. The Managing Authority will retain the right for final verification checks. The exact details will be set down in writing between the urban authority and Managing Authority.

Any public support under this programme must comply with the procedural and material state aid rules applicable at the point of time when the public support is granted.

2.A.2.3 The Planned use of financial instruments (where appropriate) (Article 96 (2) (b) (iii)CPR)

This investment priority will make use of the following financial instruments, subject to a full ex ante assessment.

Urban development funds will target the creation or refurbishment of urban infrastructure through urban regeneration and low carbon projects. This investment priority will focus on projects that include premises for SMEs.

Local impact funds (LIF) will promote investment into social enterprises through loans to Social Sector Organisations (SSOs). 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.

2.A.2.4 The Planned use of major projects (where appropriate) (Article 96 (2) (b) (iii)CPR)

No major projects are planned

2.A.2.5 Output indicators by investment priority and, where appropriate by category of region (Article 96 (2) (b) (iv)CPR)

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

| ID | Indicator | Measurement Unit | Fund | Category of region (where relevant) | Target value | | | Source of data | Frequency of reporting |
|-----|---|-----------------------|------------------------------------|-------------------------------------|--------------|---|-----------------|----------------|------------------------|
| | | | | | M | W | T | | |
| CO1 | Number of enterprises receiving support | Enterprises | European Regional Development Fund | | | | Monitoring data | | |
| CO2 | Number of new enterprises supported | Enterprises | European Regional Development Fund | | | | Monitoring data | | |
| CO3 | Employment increase in supported enterprises | Full time equivalents | European Regional Development Fund | | | | Monitoring data | | |
| CO8 | Number of enterprises receiving financial support other than grants | enterprises | European Regional Development Fund | | | | Monitoring data | | |

2.A.3 Performance framework (Article 97 (2) (b) (v))

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

| ID | Indicator Type | Indicator or key implementation step | Measurement unit | Fund | Category of region | Milestone for 2018 | | | Final target (2023) | | | Source of data | Explanation of relevance of indicator where appropriate |
|----|---------------------|---|------------------|------------------------------------|--------------------|--------------------|---|---|---------------------|---|---|----------------|---|
| | | | | | | M | W | T | M | W | T | | |
| C1 | Output | Number of Enterprises receiving support | Enterprises | European Regional Development Fund | More | | | | | | | | This covers most of the investment priorities within the priority axis. |
| I1 | Implementation step | Percentage of final target on number of | Enterprises | European Regional Development | More | | | | | | | | |

| | | | | | | | | | | | | | |
|----|---------------------|--|-------------|------------------------------------|------------|--|--|--|--|--|--|--|---|
| | | enterprises receiving support achieved by partially completed or fully completed operations | | ent Fund | | | | | | | | | |
| C1 | Output | Number of Enterprises receiving support | Enterprises | European Regional Development Fund | Transition | | | | | | | | This covers most of the investment priorities within the priority axis. |
| I1 | Implementation step | Percentage of final target on number of enterprises receiving support achieved by partially completed or fully | Enterprises | European Regional Development Fund | | | | | | | | | |

| | | | | | | | | | | | | |
|-----------|----|----------------------------------|--------|------------------------------------|------------|--|--|----------|--|--|-----------|-----------------|
| | | completed operations | | | | | | | | | | |
| C34 | | Estimated annual decrease of GHG | Tonnes | European Regional Development Fund | More | | | | | | | |
| Financial | F1 | Expenditure | Euros | | Transition | | | 5965986 | | | 23359234 | Monitoring data |
| Financial | F1 | Expenditure | Euros | | More | | | 74331052 | | | 291035949 | Monitoring data |

Additional qualitative information on the establishment of the performance framework

Targets are drawn from sustainable urban development strategies and aggregated. They are assessed against similar targets in ESIF strategies, past performance from 2007-13 programmes, historical unit costs and evaluation information.

2.A.4 Categories of intervention (Article 97 (2) (b) (vi))

Table 7: Dimension 1 – intervention field

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|---------|
| European Regional Development Fund | More developed | 001 - Generic productive investment in small and medium – sized enterprises ('SMEs') | 3593036 |
| European Regional Development Fund | More developed | 002 – research and innovation processes in large enterprises | 3593036 |
| European Regional Development Fund | More developed | 003 Productive investment in large enterprises linked to the low-carbon economy | 3593036 |
| European Regional Development Fund | More developed | 004 – Productive investment linked to the cooperation between large enterprises and SMEs for developing information and communication technology ('ICT') products and services, e-commerce and enhancing demand for ICT | 3593036 |
| European Regional Development Fund | More developed | 009 Renewable energy: wind | 3593036 |
| European Regional Development Fund | More developed | 010 Renewable energy: solar | 3593036 |

| | | | |
|------------------------------------|----------------|---|----------|
| European Regional Development Fund | More developed | 011 Renewable energy: biomass | 10779109 |
| European Regional Development Fund | More developed | 012 Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure) | 10186072 |
| European Regional Development Fund | More developed | 013 Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures | 10779109 |
| European Regional Development Fund | More developed | 014 Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures | 10779109 |
| European Regional Development Fund | | 015 Intelligent Energy Distribution Systems at medium and low voltage levels (including smart grids and ICT systems) | 10779109 |
| European Regional Development | | 016 High efficiency co-generation and | 10779109 |

| | | | |
|------------------------------------|----------------|---|----------|
| Fund | | district heating | |
| European Regional Development Fund | More developed | 023 Environmental measures aimed at reducing and / or avoiding greenhouse gas emissions (including treatment and storage of methane gas and composting) | 7186072 |
| European Regional Development Fund | More developed | 036 Multimodal transport | |
| European Regional Development Fund | More developed | 043 Clean urban transport infrastructure and promotion (including equipment and rolling stock) | 7186072 |
| European Regional Development Fund | More developed | 044 Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring, control and information systems) | 12934932 |
| European Regional Development Fund | More developed | 046 ICT: High-speed broadband network (access/local loop; >= 30 Mbps) | 7186072 |
| European Regional Development Fund | More developed | 047 ICT: Very high-speed broadband network (access/local loop; >= 100 Mbps) | |

| | | | |
|------------------------------------|----------------|--|----------|
| European Regional Development Fund | More developed | 055 Other social infrastructure contributing to regional and local development | 7186072 |
| European Regional Development Fund | More developed | 056 – investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities | 14372146 |
| European Regional Development Fund | More developed | 058 – research and innovation infrastructure (public) | |
| European Regional Development Fund | More developed | 059 - research and innovation infrastructure (private, including science parks) | |
| European Regional Development Fund | More developed | 060 – research and innovation activities in public research centres and centres of competence including networking | 11588474 |
| European Regional Development Fund | More developed | 061 - research and innovation activities in private research centres including networking | |
| European Regional Development Fund | More developed | 062 – technology transfer and university-enterprise cooperation primarily benefiting SMEs | 13593036 |
| European Regional Development | More developed | 063 – cluster support and business networks primarily benefiting | 3593036 |

| Fund | | SMEs | |
|------------------------------------|----------------|--|----------|
| European Regional Development Fund | More developed | 064 – Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation) | 3593036 |
| European Regional Development Fund | More developed | 065 – Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change | 14203296 |
| European Regional Development Fund | More developed | 067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs) | 15090755 |
| European Regional Development Fund | More developed | 068 - Energy efficiency and demonstration projects in SMEs and supporting measures | 9341896 |
| | | 069 Support to environmentally-friendly production processes and resource efficiency in SMEs | 9341896 |
| | | 070 Promotion of energy efficiency in large enterprises | 7186072 |

| | | | |
|------------------------------------|----------------|--|----------|
| | | 071 Development and promotion of enterprises specialised in providing services contributing to the low carbon economy and to resilience to climate change (including support to such services) | 12779109 |
| | | 072 Business infrastructure for SMEs (including industrial parks and sites) | 7186072 |
| | | 073 Support to social enterprises (SMEs) | 9341896 |
| | | 082 ICT Services and applications for SMEs (including e-Commerce, e-Business and networked business processes), living labs, web entrepreneurs and ICT start-ups) | 10779109 |
| European Regional Development Fund | More developed | 083 Air quality measures | 7186072 |
| European Regional Development Fund | More developed | 085 Protection and enhancement of biodiversity, nature protection and green infrastructure | 10000000 |
| European Regional Development Fund | More developed | 086 Protection, restoration and sustainable use of Natura 2000 sites | |

| | | | |
|------------------------------------|----------------|--|---------|
| European Regional Development Fund | More developed | 089 Rehabilitation of industrial sites and contaminated land | 4540995 |
| European Regional Development Fund | More developed | 090 Cycle tracks and footpaths | |

| Fund | Category of region | Code | Amount |
|------------------------------------|---------------------------|---|---------------|
| European Regional Development Fund | Transition | 001 - Generic productive investment in small and medium – sized enterprises ('SMEs | |
| European Regional Development Fund | Transition | 002 – research and innovation processes in large enterprises | |
| European Regional Development Fund | Transition | 003 Productive investment in large enterprises linked to the low-carbon economy | |
| European Regional Development Fund | Transition | 004 – Productive investment linked to the cooperation between large enterprises and SMEs for developing information and communication technology ('ICT') products and services, e-commerce and enhancing demand for ICT | |

| | | | |
|------------------------------------|------------|---|---------|
| European Regional Development Fund | Transition | 009 Renewable energy: wind | |
| European Regional Development Fund | Transition | 010 Renewable energy: solar | |
| European Regional Development Fund | Transition | 011 Renewable energy: biomass | |
| European Regional Development Fund | Transition | 012 Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure) | |
| European Regional Development Fund | Transition | 013 Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures | 1167972 |
| European Regional Development Fund | Transition | 014 Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures | 1167972 |
| European Regional Development Fund | | 015 Intelligent Energy Distribution Systems at medium and low voltage levels (including smart grids and ICT systems) | 1167972 |
| European Regional Development Fund | | 016 High efficiency co-generation and district heating | 2335899 |

| | | | |
|------------------------------------|------------|---|---------|
| European Regional Development Fund | Transition | 023 Environmental measures aimed at reducing and / or avoiding greenhouse gas emissions (including treatment and storage of methane gas and composting) | |
| European Regional Development Fund | Transition | 036 Multimodal transport | |
| European Regional Development Fund | Transition | 043 Clean urban transport infrastructure and promotion (including equipment and rolling stock) | 1854239 |
| European Regional Development Fund | Transition | 044 Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring, control and information systems) | 1854240 |
| European Regional Development Fund | Transition | 046 ICT: High-speed broadband network (access/local loop; >= 30 Mbps) | 0 |
| European Regional Development Fund | Transition | 047 ICT: Very high-speed broadband network (access/local loop; >= 100 Mbps) | 0 |
| European Regional Development Fund | Transition | 055 Other social infrastructure contributing to regional and local development | 1000000 |

| | | | |
|------------------------------------|------------|--|---------|
| European Regional Development Fund | Transition | 056 – investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities | 0 |
| European Regional Development Fund | Transition | 058 – research and innovation infrastructure (public) | 0 |
| European Regional Development Fund | Transition | 059 - research and innovation infrastructure (private, including science parks) | 0 |
| European Regional Development Fund | Transition | 060 – research and innovation activities in public research centres and centres of competence including networking | 1868722 |
| European Regional Development Fund | Transition | 061 - research and innovation activities in private research centres including networking | |
| European Regional Development Fund | Transition | 062 – technology transfer and university-enterprise cooperation primarily benefiting SMEs | 1868722 |
| European Regional Development Fund | Transition | 063 – cluster support and business networks primarily benefiting SMEs | 0 |
| European Regional Development Fund | Transition | 064 – Research and innovation processes in SMEs (including voucher schemes, process, design, service and | 0 |

| | | | |
|------------------------------------|------------|--|---------|
| | | social innovation) | |
| European Regional Development Fund | Transition | 065 – Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change | 1897958 |
| European Regional Development Fund | Transition | 067 – SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs) | 0 |
| European Regional Development Fund | Transition | 068 - Energy efficiency and demonstration projects in SMEs and supporting measures | 1167927 |
| | | 069 Support to environmentally-friendly production processes and resource efficiency in SMEs | 1167927 |
| | | 070 Promotion of energy efficiency in large enterprises | 0 |
| | | 071 Development and promotion of enterprises specialised in providing services contributing to the low carbon economy and to resilience to | 1167927 |

| | | | |
|------------------------------------|------------|---|---------|
| | | climate change (including support to such services) | |
| | | 072 Business infrastructure for SMEs (including industrial parks and sites) | 0 |
| | | 073 Support to social enterprises (SMEs) | 1335903 |
| | | 082 ICT Services and applications for SMEs (including e-Commerce, e-Business and networked business processes), living labs, web entrepreneurs and ICT start-ups) | 0 |
| European Regional Development Fund | Transition | 083 Air quality measures | 0 |
| European Regional Development Fund | Transition | 085 Protection and enhancement of biodiversity, nature protection and green infrastructure | 1167927 |
| European Regional Development Fund | Transition | 086 Protection, restoration and sustainable use of Natura 2000 sites | 0 |
| European Regional Development Fund | Transition | 089 Rehabilitation of industrial sites and contaminated land | 1167927 |
| European Regional Development Fund | Transition | 090 Cycle tracks and footpaths | 0 |

Table 8: Dimension 2 – form of finance

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---|-----------|
| European Regional Development Fund | More developed | 01 – non-repayable grant | 291035949 |
| European Regional Development Fund | More developed | 02 – repayable grant | 0 |
| European Regional Development Fund | More developed | 03 – support through financial instruments: venture and equity capital or equivalent | 0 |
| European Regional Development Fund | More developed | 04 – support through financial instruments: loan or equivalent | 0 |
| European Regional Development Fund | More developed | 05 – support through financial instruments: guarantee or equivalent | 0 |
| European Regional Development Fund | More developed | 06 – support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support or equivalent | 0 |
| European Regional Development Fund | More developed | 07 - prize | 0 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|--------------------------|----------|
| European Regional Development Fund | Transition | 01 – non-repayable grant | 23359234 |

| | | | |
|------------------------------------|------------|---|---|
| European Regional Development Fund | Transition | 02 – repayable grant | 0 |
| European Regional Development Fund | Transition | 03 – support through financial instruments: venture and equity capital or equivalent | 0 |
| European Regional Development Fund | Transition | 04 – support through financial instruments: loan or equivalent | 0 |
| European Regional Development Fund | Transition | 05 – support through financial instruments: guarantee or equivalent | 0 |
| European Regional Development Fund | Transition | 06 – support through financial instruments: interest rate subsidy, guarantee fee subsidy, technical support or equivalent | 0 |
| European Regional Development Fund | Transition | 07 - prize | 0 |

Table 9: Dimension 3 – Territory type

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------|-----------|
| European Regional Development Fund | More developed | 07 – Not applicable | 291035949 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------|----------|
| European Regional Development Fund | Transition | 07 – Not applicable | 23359234 |

Table 10: Dimension 4 – territorial delivery mechanism

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------|-----------|
| European Regional Development Fund | More developed | 07 – not applicable | 291035949 |

| Fund | Category of region | Code | Amount |
|------------------------------------|--------------------|---------------------|----------|
| European Regional Development Fund | Transition | 07 – not applicable | 23359234 |

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

London will be an intermediate body with delegated management and control functions. It will receive technical assistance in order to help it carry out the management functions delegated to it.

Section 2.B. A description of the priority axes for technical assistance (Article 96 (2) (c) CPR)

Priority axis 11: Technical assistance

2.B.0 Where applicable, an explanation for the establishment of a priority axis covering more than one category of region (Article 96 (1) CPR)

There is one operational programme for European Regional Development Fund in England, covering all categories of region. It will be administered by a single managing authority and will have a single Programme Monitoring Committee. There will be a single certifying authority and a single audit authority whose work will cover all categories of region. The geographical areas covered by local teams employed by the managing authority also cut across categories of regions in order to enhance operational efficiency. Support for direct staff costs of the various authorities is an important part of ensuring the effective delivery of the programme.

Activities such as information and communication are also better handled across all types of region, rather than segmented to each category. Formal evaluation will be undertaken at an England level.

To ensure effective delivery of technical assistance, the priority axis therefore covers all three categories of region.

2.B.1 Specific objectives and expected results (Article 96 (2) (C) (i) – (ii))

Specific Objective 1: To ensure that the activities which fall within the scope of the programme are managed, monitored and evaluated in line with the Common Provisions Regulation, European Regional Development Fund Regulation and the Commission’s delegated and implementing regulations.

This specific objective aims to ensure that the programme is delivered efficiently and effectively.

The key measure underpinning this result (and evidenced through the annual audit authority control report) is an unqualified audit opinion from the Audit Authority, which is assessed without reservation by the European Commission. The audit opinion will consider the error rate and our objective is to keep this below the EC threshold of 2%, on both an annual and cumulative basis.

Specific Objective 2: To facilitate access to the programme and communicate the impact that the European Structural and Investment Funds have, including by providing robust governance support to the PMC and sub-committees and

high quality advice and information to partners involved in the design and delivery of projects.

This specific objective helps ensure that partners are engaged in the programme, consistent with the principles and good practices set out in the European Code of Conduct on Partnership. The result being sought is that a wide range of partners consider that they have been better and more actively engaged in this programme than in previous ones. This will be measured by means of customer surveys.

The plan is to do one stakeholder survey every year. It is not possible to know at this stage how many people this would be sent to and therefore what the expected return rate would be. After the first one is completed though there would figures to go against for every year after. There would also be other evaluation activities carried out more regularly such as monthly website hits, daily recording of any media coverage, feedback through any events / workshops etc. which can help inform specific output targets in the communications strategy but will not be part of the measurement of results.

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 12: Result indicators for European Regional Development Fund (by specific objective) (Article 87.2(C)(ii))

| | Indicator | Measurement unit | Category of region (where relevant) | Baseline value | | | Baseline year | Target value (2023) | | | Source of data | Frequency of reporting |
|------|--------------------|------------------|-------------------------------------|----------------|---|---|---------------|---------------------|--|--|-----------------------|------------------------|
| | | | | M | W | T | | | | | | |
| 11.1 | Error rate | Percentage | | | | | 2013 | | | | Annual Control Report | Annual |
| 11.2 | Partner engagement | Percentage | | | | | 2014 | | | | Customer survey | Annual |

2.B.3 Action to be supported and their expected contribution to the specific objectives. (by Priority axis) (Article 96 (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 96(2) (C)(iii) CPR

The Technical Assistance actions are cross cutting and will contribute to the delivery of priority axes within the Operational Programme across all relevant categories of region. The indicative actions below support both specific objectives.

Programme Management

Programme management requires that 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 European Regional Development Fund 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, implementation and closure of the Programme, including appraisal, contract management, monitoring and verification, audit.
- 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 sustainable development, non-discrimination 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 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 both to close the 2007-13 Programmes and to develop the next set of Programmes 2021-2027.

Programme Development and Capacity Building

Programme partners require knowledge 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 EU regulations and National guidance are incorporated within project design and development 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

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 European Regional Development Fund and European Social Fund 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 European Regional Development Fund 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 and Investment Funds strategies by relevant partners.

Information and Publicity

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.

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, showcase European Regional Development Fund achievements and disseminate best practice;
- Supporting partners in communicating programme and project activities.

Preparation for the 2021-2027 Programming Period

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 negotiation 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 2021-2027 Programme development.

2.B.3.2 Output indicators expected to contribute to results (by priority axis) (table 13) (Article 97 (2)(C) (iv) CPR)

Table 13: Output indicators for European Regional Development Fund

| ID | Indicator | Measurement Unit | Target value (optional) | | | Source of data |
|----|--|------------------|-------------------------|---|------|-----------------|
| | | | M | W | T | |
| 1 | Number of training events held by the managing authority and partners | number | | | 200 | Monitoring data |
| 2 | Number of dissemination events held | number | | | 70 | Monitoring data |
| 3 | Number of PMC and sub-committee meetings supported | number | | | 2000 | Monitoring data |
| 4 | Number of evaluations carried out | number | | | 5 | Monitoring data |
| 5 | Expenditure checked by management controls and verifications, proportionate to the amount of public support to the operation in line with (Article 125 (5)). | Percentage | | | | Monitoring data |

2.B.4 Categories of intervention (by fund and category of region, if the priority axis covers more than one)

Table 14 – 16: Categories of intervention

| Table 14 - Dimension 1 – intervention field | | |
|---|------|--------------|
| Category of region: less developed | | |
| Priority axis | Code | Amount (eur) |
| | | |

| | | |
|----|--|------------|
| 11 | 121 Preparation, implementation, monitoring and inspection | 14,429,833 |
| 11 | 122 Evaluation and studies | 2,848,649 |
| 11 | 123 Information and communication | 949,549 |

Table 14 - Dimension 1 – intervention field

Category of region: transition

| Priority axis | Code | Amount (eur) |
|---------------|--|--------------|
| 11 | 121 Preparation, implementation, monitoring and inspection | 33710348 |
| 11 | 122 Evaluation and studies | 6570690 |
| 11 | 123 Information and communication | 2513231 |

Table 14 - Dimension 1 – intervention field

Category of region: more

| Priority axis | Code | Amount (eur) |
|---------------|--|--------------|
| 11 | 121 Preparation, implementation, monitoring and inspection | 67,933,032 |
| 11 | 122 Evaluation and studies | 12,131,310 |
| 11 | 123 Information and communication | 4,043,770 |

Table 15: Dimension 2 – form of finance

Category of region: less developed region

| Priority axis | Code | Amount |
|---------------|---------------------|------------|
| 11 | Non-repayable grant | 18,228,031 |

Table 15: Dimension 2 – form of finance

| Category of region: transition | | |
|--------------------------------|---------------------|------------|
| Priority axis | Code | Amount |
| 11 | Non-repayable grant | 42,794,269 |

Table 15: Dimension 2 – form of finance

| Category of region: more developed region | | |
|---|---------------------|------------|
| Priority axis | Code | Amount |
| 11 | Non-repayable grant | 84,108,112 |

Table 16: Dimension 3 – territory type

| Category of region: less developed region | | |
|---|----------------|------------|
| Priority axis | Code | Amount |
| 11 | Not applicable | 18,228,031 |

Table 16: Dimension 3 – territory type

| Category of region: transition region | | |
|---------------------------------------|----------------|------------|
| Priority axis | Code | Amount |
| 11 | Not applicable | 42,794,269 |

Table 16: Dimension 3 – territory type

| Category of region: more developed region | | |
|---|----------------|------------|
| Priority axis | Code | Amount |
| 11 | Not applicable | 84,108,112 |

Section 3. The financing plan of the operational programme (Article 87 (2) (d))

Table 17

| Fund | Category of region | 2014 | | 2015 | | 2016 | | 2017 | | 2018 | |
|------------------------------------|--------------------|-------------|------------|-------------|-------------|---------------|-------------|-------------|------------|-------------|------------|
| | | MA | PR | MA | PR | MA | PR | MA | PR | MA | PR |
| European Regional Development Fund | Less | 57,763,715 | 3,530,550 | 58,920,155 | 3,601,232 | 60,099,552 | 3,673,317 | 61,302,410 | 3,746,823 | 62,529,209 | 3,821,819 |
| | Transition | 135,612,894 | 8,288,734 | 138,327,887 | 8,454,676 | 141,096,777 | 8,623,912 | 143,920,751 | 8,796,515 | 146,800,926 | 8,972,552 |
| | More | 266,534,394 | 16,290,727 | 271,870,455 | 16,616,870 | 277,312,448 | 16,949,488 | 282,862,705 | 17,288,722 | 288,523,418 | 17,634,708 |
| | Total | 459,911,003 | 28,110,011 | 469,118,497 | 478,508,777 | 478,508,777 | 29,246,717 | 488,085,866 | 29,832,074 | 497,853,553 | 30,429,079 |
| Fund | Category of region | 2019 | | 2020 | | TOTAL | | | | | |
| | | MA | PR | MA | PR | MA | PR | | | | |
| European Regional Development Fund | Less | 63,780,556 | 3,898,302 | 65,056,804 | 3,976,307 | 429,452,401 | 26,248,364 | | | | |
| | Transition | 149,738,737 | 9,152,113 | 152,735,008 | 9,335,246 | 1,008,232,980 | 61,623,748 | | | | |
| | More | 294,297,409 | 17,987,617 | 300,186,299 | 18,347,549 | 1,981,587,128 | 121,115,681 | | | | |
| | Total | 507,816,702 | 31,038,032 | 517,978,111 | 31,659,102 | 3,419,272,509 | 208,987,793 | | | | |

Table 18

| Priority axis | Fund | Category of region | Basis for calculation of union support | Union Support | National Counterpart | Indicative breakdown of national counterpart | | Total funding | Co-financing rate | Main allocation | | Performance reserve | | P/R as % of union support |
|---------------|------------------------------------|--------------------|--|------------------|----------------------|--|------------------|------------------|-------------------|------------------|------------------|---------------------|-----------------|---------------------------|
| | | | | | | public | private | | | Union | National | union | National | |
| 1 | European Regional Development Fund | Less developed | Total | 99275870 | 24818968 | 9679398 | 15139570 | 124094838 | 80 | 93319318 | 23329830 | 5956552 | 1489138 | 6 |
| 1 | European Regional Development Fund | Transition | Total | 209857470 | 139904980 | 69952490 | 69952490 | 349762450 | 60 | 197266022 | 131510681 | 12591448 | 8394299 | 6 |
| 1 | European Regional Development Fund | More developed | Total | 402910668 | 402910668 | 231673634 | 171237034 | 805821336 | 50 | 378736028 | 252490685 | 24174640 | 16116427 | 6 |
| 2 | European Regional Development Fund | Less developed | Total | 19037608 | 4759402 | 1856167 | 2903235 | 23797010 | 80 | 17895352 | 4473838 | 1142256 | 285564 | 6 |
| 2 | European Regional Development Fund | Transition | Total | 34363866 | 22909244 | 11454622 | 11454622 | 57273110 | 60 | 32302034 | 21534689 | 2061832 | 8590967 | 6 |

| | | | | | | | | | | | | | | |
|---|---|-------------------|-------|------------------|------------------|------------------|------------------|------------------------|-----------|------------------|------------------|-----------------|-----------------|----------|
| 2 | Euro pean Regio nal Devel opm ent Fund | More developed | Total | 69306701 | 69306701 | 39851353 | 29455348 | 13861340 2 | 50 | 65148299 | 65148299 | 4158402 | 4158402 | 6 |
| 3 | Euro pean Regio nal Devel opm ent Fund | Less developed | Total | 162802095 | 40700524 | 15873204 | 24827320 | 20350261 9 | 80 | 153033969 | 38258492 | 9768126 | 2442032 | 6 |
| 3 | Euro pean Regio nal Devel opm ent Fund | Transition | Total | 482452278 | 321634852 | 160817426 | 160817426 | 80408713 0 | 60 | 453505141 | 302336761 | 28947137 | 19298091 | 6 |
| 3 | Euro pean Regio nal Devel opm ent Fund | More developed | Total | 763964093 | 763964093 | 439279353 | 324684740 | 15279281 86 | 50 | 718126247 | 718126247 | 45837846 | 45837846 | 6 |
| 4 | Euro pean Regio nal Devel opm ent Fund | Less developed | Total | 55562953 | 13890738 | 5417388 | 8473350 | 69453691 | 80 | 52229176 | 13057294 | 3333777 | 833444 | 6 |
| 4 | Euro pean Regio nal | Transition | Total | 179297960 | 119531973 | 59765987 | 59765986 | 29882993 3 | 60 | 168540082 | 112360055 | 10757878 | 7171919 | 6 |

| | | | | | | | | | | | | | | |
|---|------------------------------------|----------------|-------|------------------|------------------|------------------|------------------|------------------|-----------|------------------|------------------|-----------------|-----------------|----------|
| | Development Fund | | | | | | | | | | | | | |
| 4 | European Regional Development Fund | More developed | Total | 394221372 | 394221372 | 226677289 | 167544083 | 788442744 | 50 | 370568090 | 370568090 | 23653282 | 23653282 | 6 |
| 5 | European Regional Development Fund | Less developed | Total | 11679514 | 2919879 | 1138753 | 1781126 | 14599393 | 80 | 10978743 | 2744686 | 700771 | 175193 | 6 |
| 5 | European Regional Development Fund | Transition | Total | 41370116 | 27580077 | 13790039 | 13790038 | 68950193 | 60 | 38887909 | 25925273 | 2482207 | 1654805 | 6 |
| 5 | European Regional Development Fund | More developed | Total | 29014191 | 29014191 | 16683160 | 12331031 | 58028382 | 50 | 27273340 | 27273340 | 1740851 | 1740851 | 6 |
| 6 | European Regional Development Fund | Less developed | Total | 12847466 | 3211867 | 1252628 | 1959239 | 16059333 | 80 | 12076618 | 3019155 | 770848 | 192712 | 6 |

| | | | | | | | | | | | | | | |
|---|---|-------------------|-------|-----------------|-----------------|-----------------|-----------------|-----------------|----|-----------------|-----------------|----------------|----------------|----------|
| 6 | Euro pean Regio nal Devel opm ent Fund | Transition | Total | 30335600 | 20223733 | 10111867 | 10111866 | 50559333 | 60 | 28515464 | 19010309 | 1820136 | 1213424 | 6 |
| 6 | Euro pean Regio nal Devel opm ent Fund | More developed | Total | 42203586 | 42203586 | 24267062 | 17936524 | 84407172 | 50 | 39671371 | 39671371 | 2532215 | 2532215 | 6 |
| 7 | Euro pean Regio nal Devel opm ent Fund | Less developed | Total | 55244103 | 13811026 | 5386300 | 8424726 | 69055129 | 80 | 51929457 | 12982364 | 3314646 | 828662 | 6 |
| 8 | Euro pean Regio nal Devel opm ent Fund | Transition | Total | 24503621 | 16335747 | 8167874 | 8167873 | 40839368 | 60 | 23033404 | 15355603 | 1470217 | 980145 | 6 |
| 8 | Euro pean Regio nal Devel opm ent Fund | More developed | Total | 0 | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 0 | 0 | 0 |
| 9 | Euro pean Regio nal | Less developed | Total | 21023125 | 2335903 | 911002 | 1424901 | 23359028 | 90 | 19761737 | 2195749 | 1261388 | 140154 | 6 |

| | | | | | | | | | | | | | | |
|----|------------------------------------|----------------|-------|------------------|------------------|------------------|------------------|------------------|----|------------------|------------------|-----------------|-----------------|----------|
| | Development Fund | | | | | | | | | | | | | |
| 9 | European Regional Development Fund | Transition | Total | 1522314 | 652420 | 326210 | 326210 | 2174734 | 70 | 1430975 | 613275 | 91339 | 39145 | 6 |
| 9 | European Regional Development Fund | More developed | Total | 25938137 | 17292091 | 9942952 | 7349139 | 43230228 | 60 | 24381849 | 16254566 | 1556288 | 1037525 | 6 |
| 10 | European Regional Development Fund | Transition | Total | 23359234 | 15572823 | 7786411 | 7786412 | 38932057 | 60 | 21957680 | 14638453 | 1401554 | 934369 | 6 |
| 10 | European Regional Development Fund | More developed | Total | 291035949 | 291035949 | 113573384 | 177462565 | 582071898 | 50 | 273573792 | 273573792 | 17462157 | 17462157 | 6 |
| 11 | European Regional Development Fund | Less developed | Total | 18228031 | 4557008 | 4101307 | 455701 | 22785039 | 80 | 18228031 | 4557008 | | | |

| | | | | | | | | | | | | | | |
|----------------|---|-------------------|-------|-------------------|------------------------|------------------------|------------------------|------------------------|----|-------------------|------------------------|-----------------------|-----------------------|-------------|
| 11 | Euro pean Regio nal Devel opm ent Fund | Transition | Total | 42794269 | 28529513 | 25676562 | 2852951 | 71323782 | 60 | 42794269 | 28529513 | | | |
| 11 | Euro pean Regio nal Devel opm ent Fund | More developed | Total | 84108112 | 84108112 | 75697301 | 8410811 | 16821622 4 | 50 | 84108112 | 84108112 | | | |
| Total | Euro pean Regio nal Devel opm ent Fund | Less developed | Total | 455700765 | 111005315 | 45616147 | 65389168 | 56670608 0 | 80 | 429452401 | 107363100 | 26248364 | 6386899 | 5.76 |
| Total | Euro pean Regio nal Devel opm ent Fund | Transition | Total | 1069856728 | 712875362 | 367849488 | 345025874 | 17827320 90 | 60 | 1008232980 | 672155320 | 61623748 | 41082499 | 5.76 |
| Total | Euro pean Regio nal Devel opm ent Fund | More developed | Total | 2102702809 | 209405676 3 | 117764548 8 | 916411275 | 41967595 72 | 50 | 1981587128 | 198158712 8 | 12111568 1 | 12111568 1 | 5.76 |
| Grand total | Euro pean Regio nal | | Total | 3628260302 | 291793744 0 | 159111112 3 | 132682631 7 | 65461977 42 | | 3419272509 | 276110554 8 | 20898779 3 | 16858507 9 | 5.76 |

| | | | | | | | | | | | | | | | |
|--|-----------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | Devel opm ent Fund | | | | | | | | | | | | | | |
|--|-----------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

| Table 18c | | | | |
|---------------------------|---------------------------|----------------------|-----------------------------|----------------------|
| Category of Region | Thematic Objective | Union Support | National Counterpart | Total Funding |
| Less Developed | 1 | 99275870 | 24818968 | 124094838 |
| Transition | 1 | 209857470 | 139904980 | 349762450 |
| More Developed | 1 | 402910668 | 402910668 | 805821336 |
| Less Developed | 2 | 19037608 | 4759402 | 23797010 |
| Transition | 2 | 34363866 | 22909244 | 57273110 |
| More Developed | 2 | 69306701 | 69306701 | 138613402 |
| Less Developed | 3 | 162802095 | 40700524 | 203502619 |
| Transition | 3 | 482452278 | 321634852 | 804087130 |
| More Developed | 3 | 763964093 | 763964093 | 1527928186 |
| Less Developed | 4 | 55562953 | 13890738 | 69453691 |
| Transition | 4 | 179297960 | 119531973 | 298829933 |
| More Developed | 4 | 394221372 | 394221372 | 788442744 |
| Less Developed | 5 | 11679514 | 2919879 | 14599393 |
| Transition | 5 | 41370116 | 27580077 | 68950193 |
| More Developed | 5 | 29014191 | 29014191 | 58028382 |
| Less Developed | 6 | 12847466 | 3211867 | 16059333 |
| Transition | 6 | 30335600 | 20223733 | 50559333 |
| More Developed | 6 | 42203586 | 42203586 | 84407172 |
| Less Developed | 7 | 55244103 | 13811026 | 69055129 |
| Transition | 7 | 24503621 | 16335747 | 40839368 |
| More Developed | 7 | 0 | 0 | 0 |
| Less Developed | 9 | 21023125 | 2335903 | 23359028 |
| Transition | 9 | 1522314 | 652420 | 2174734 |

| | | | | |
|---------------------------|---------------------------|----------------------|-----------------------------|----------------------|
| More Developed | 9 | 25938137 | 17292091 | 43230228 |
| Transition | 1 (Priority axis 10) | 9343611 | 6229074 | 15572685 |
| More Developed | 1 (Priority axis 10) | 35682787 | 35682787 | 71365574 |
| Transition | 2 (Priority axis 10) | 0 | 0 | 0 |
| More Developed | 2 (Priority axis 10) | 26636184 | 26636184 | 53272368 |
| Category of Region | Thematic Objective | Union Support | National Counterpart | Total Funding |
| Transition | 3 (Priority axis 10) | 0 | 0 | 0 |
| More Developed | 3 (Priority axis 10) | 95622488 | 95622488 | 191244976 |
| Transition | 4 (Priority axis 10) | 11679720 | 7786480 | 19466200 |
| More Developed | 4 (Priority axis 10) | 93966248 | 93966248 | 187932496 |
| Transition | 5 (Priority axis 10) | 0 | 0 | 0 |
| More Developed | 5 (Priority axis 10) | 0 | 0 | 0 |
| Transition | 6 (Priority axis 10) | 0 | 0 | 0 |
| More Developed | 6 (Priority axis 10) | 14540995 | 14540995 | 29081990 |
| Transition | 7 (Priority axis 10) | 0 | 0 | 0 |
| More Developed | 7 (Priority axis 10) | 0 | 0 | 0 |
| Transition | 8 (Priority axis 10) | 0 | 0 | 0 |
| More Developed | 8 (Priority axis 10) | 0 | 0 | 0 |
| Transition | 9 (Priority axis 10) | 2335903 | 1557269 | 3893172 |
| More Developed | 9 (Priority axis 10) | 24587247 | 24587247 | 49174494 |
| Transition | 10 (Priority axis 10) | 0 | 0 | 0 |
| More Developed | 10 (Priority axis 10) | 0 | 0 | 0 |
| Total | | 314,395,183 | 306,608,772 | 621,003,955 |

Section 4. Integrated approach to territorial development article 87(3) Common Provisions Regulation

4.1 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.

As described in the 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 research as part of the European Regional Development Fund Analytical Programme (2007-2013), which confirms the critical role played by local partners in stimulating and facilitating innovative approaches to local economic development. The central role of Local Enterprise Partnerships and partners in developing local European Structural and Investment Fund strategies within a national Operational Programme framework further reinforces this commitment.

The analysis and assessment of need in relation to selected Thematic Objectives identifies spatial disparities and market and information failures that restrict the ability of places, small and medium enterprises and people to strengthen economic growth and achieve social inclusion. In some circumstances, Community Led Local Development offers an opportunity to address 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
- 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.

Successful Community Led Local Development proposals will be funded under Thematic Objective 9, although activities can address needs identified through other thematic objectives, in particular:

- Innovation and social innovation (Thematic objectives 1 and 9)
- Access to, use and quality of information and communications technology (Thematic objective 2)
- Competitiveness of small and medium enterprises and promotion of entrepreneurship (Thematic objective 3)
- Resource efficiency and shift towards a low carbon economy (Thematic objectives 4 and 6)

Community Led Local Development will be focussed on the specific needs and opportunities of a particular area, typically much smaller than the average Local Enterprise Partnership territory and be based on communities with a population size of between 10,000 and 150,000. Community Led Local Development can be used across urban, rural and coastal areas and also in Less Developed, Transition and More Developed areas. Community Led Local Development will be employed in preference to the mainstream European Structural and Investment Funds business process in England only in circumstances where it provides a demonstrably more effective and appropriate means of addressing identified territorial development needs.

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 funded under the Growth Programme by European Regional Development Fund, European Social Fund and European Agricultural Fund for Regional Development (European Agricultural Fund for Regional Development) with any future European Agricultural Fund for Regional Development LEADER and European Maritime and Fisheries Fund (European Maritime and Fisheries Fund) Community Led Local Development investment using non-Growth Programme resource to ensure complementarity and synergy in implementation.

| European Structural and Investment Fund | Area targeted |
|---|---------------------------------|
| European Regional Development Fund/European Social Fund | Urban based Local Action Groups |
| European Regional Development Fund/European Social Fund/European Agricultural Fund for Regional | Urban/Rural Local Action Groups |

| | |
|---|--|
| Development | |
| European Regional Development Fund/European Social Fund/European Agricultural Fund for Regional Development | Non LEADER rural based Local Action Groups |

Where appropriate and with the agreement of Managing Authorities and local partners, non Growth Programme Community Led Local Development under European Agricultural Fund for Regional Development LEADER/ European Maritime and Fisheries Fund Fisheries Local Action Groups (FLAGs) may bid into Growth Programme resource to supplement their respective Local Action Groups' activity.

Coordination of and administrative set up for Community Led Local Development

Community Led Local Development will be based on a partnership of public, private and civil society sectors coming together to form a Local Action Group that will develop and deliver a Local Development Strategy. Community Led Local Development funded by Growth Programme resource will build on the LEADER approach used in the 2007-2013 Rural Development Programme for England.

Funding

Funding for Community Led Local Development will come from the Local Enterprise Partnership area's notional allocation. In order to provide necessary scale, those Local Enterprise Partnership areas that wish to use Community Led Local Development should consider a minimum total public sector investment of €3m 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.

Preparatory costs will be available under the Growth Programme through Technical Assistance and may be used to support local partners in the development and design of Community-Led Local Development strategies and in terms of animation and capacity building activity (however, local partners will be required to cash flow).

Commissioning of Community Led Local Development

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 to address issues that could not otherwise be supported through the mainstream business process. Where a robust case has been made that Community Led Local Development is an appropriate response and this has been agreed by the Managing Authority, the Managing Authority will work with local partners to commission Local Development Strategies in accordance with the selection process required by the Common Provisions

Regulation and will initially invite expressions of interest from existing or new Local Action Groups. 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.

4.2 Where appropriate, the support for sustainable urban development - Article 96 (3) (b) Common Provisions Regulation and Article 7 (2) and (3) of Regulation (European Union) No [European Regional Development Fund]

4.2.1 The indicative amount of the European Regional Development Fund support for integrated actions for sustainable urban development, to be implemented in accordance with the provisions under Article 7(2) of Regulation (European Union)1301/2013 and the indicative allocation of European Social Fund support for integrated action

As set out in the PA, in order for integrated actions for sustainable urban development (Sustainable Urban Development) to contribute 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 existing Intermediary Body status.

London's European Structural and Investment Funds strategy, covering both European Regional Development Fund and European Social Fund, sets out its approach to the main challenges facing it and how it planned to use both funds in an integrated strategy. It promotes an integrated approach to tackling economic, environmental and social challenges to stimulate sustainable urban growth.

London's delivery of an integrated strategy for Sustainable Urban Development is an important part of how the UK will meet the requirements of Article 7(2). However, the English Managing Authority is keen for other Cities to have the opportunity to support integrated approaches to urban development as well. This approach, which builds on existing freedoms and flexibilities agreed by Government for cities, 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 (UDN).

Urban authorities responsible for urban areas with a population in excess of 600,000 (according to the latest primary urban area dataset²³) have therefore been invited to submit proposals to Government to deliver integrated actions for Sustainable Urban Development. In England, eight Cities meet this criterion, in addition to London. They have been invited to submit urban strategies for use of up to 10% of the relevant Local Enterprise Partnership territories' European Regional Development Fund allocations, provided local partners agree. If Government agrees these urban strategies, these 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. Cities with urban strategies agreed by Government will be able to access the Urban Development Network.

In its invitation to the relevant cities, the Government asked them to set out:

- Brief description of the wider sustainable urban development strategy and core city region targeted, including the geographical coverage of the core city region, its population and the lead urban authority for the purposes of the proposed Sustainable Urban Development strategy.
- Brief description of proposed integrated actions to support Sustainable Urban Development in the area targeted, including economic, environmental, climate, demographic and social challenges, taking into account any actions to promote rural/urban linkages.
- A summary description of the Thematic Objective(s), Investment Priority/ies, European Regional Development Fund allocation, specific objective(s) to be achieved, results and output indicators covered by integrated actions proposed.

²³ <http://www.citiesoutlook.org/population/table>

A separate Sustainable Urban Development Priority Axis is programmed in the England European Regional Development Fund Operational Programme to reflect these arrangements.

Table 20: The indicative amount of the European Regional Development Fund support for sustainable urban integrated actions under Article 7(2) of Regulation (European Union) 1301/2013 and the indicative allocation of European Social Fund support for integrated actions

| 1. Fund | 2. Indicative amount of the European Regional Development Fund support for sustainable urban integrated actions under Article 7(2) of Regulation (European Union) No [European Regional Development Fund] and the indicative allocation of European Social Fund support for integrated actions | 2. Share of column 2 of the total allocation of the Fund to the operational programme |
|---|--|---|
| Total European Regional Development Fund | 314395183 | 8.67% |
| Total European Social Fund | | |
| TOTAL European Regional Development Fund and European Social Fund | 314395183 | |

4.3 Integrated Territorial Investments (information technology)

England includes a particular territory that is identified as unique in terms of its socio-economic challenges and opportunities and requires a more targeted approach. Cornwall and the Isles of Scilly, as the only Less Developed region in England, will benefit from an Integrated Territorial Investment to ensure the implementation and delivery of a targeted programme of investment for the territory. This is on the basis that no management and selection functions will be delegated and the ITI will not be delivered through an Intermediate Body.

Table 21

| Priority axis | Fund | Indicative financial allocation |
|---------------|------------------------------------|---------------------------------|
| 1 | European Regional Development Fund | 99,275,870 |

| | | |
|-------|------------------------------------|-------------|
| 2 | European Regional Development Fund | 23,359,028 |
| 3 | European Regional Development Fund | 162,802,095 |
| 4 | European Regional Development Fund | 55,562,953 |
| 5 | European Regional Development Fund | 11,679,514 |
| 6 | European Regional Development Fund | 12,847,466 |
| 7 | European Regional Development Fund | 55,244,103 |
| 9 | European Regional Development Fund | 21,023,125 |
| 11 | European Regional Development Fund | 18,228,031 |
| Total | European Regional Development Fund | 460,022,185 |

4.5. Where appropriate, the mechanisms to ensure coordination with cooperation activities and macro-regional and sea-basin strategies

The UK is a participant in the European Union Atlantic Strategy, endorsed by the European Council. The twelve Local Enterprise Partnership territories with Atlantic coastlines have considered the Atlantic Strategy and reflected this in their own European Structural and Investment Fund strategies. The range of activities they have proposed respond to the priorities in the Atlantic Strategy, which include renewable energy technologies, marine engineering technologies and the visitor economy, as well as entrepreneurship, skills, innovation and coastal community connectivity. Managing Authorities will support local partners wishing to actively plan a complementary approach across local European Structural Investment strategy investments and Atlantic Strategy initiatives.

Section 5. Specific needs of geographical areas most affected by poverty or target groups at highest risk of discrimination or social exclusion (where appropriate)

Not appropriate for England European Regional Development Fund Operational Programme which is not using thematic objectives 8, 9 or 10 except for community led local development and sustainable urban development, the arrangements for which are set out elsewhere.

An analysis of poverty needs is however set out in the corresponding England European Social Fund Operational Programme

Section 6. Specific Needs Of Geographical Areas Which Suffer From Severe And Permanent Natural Or Demographic Handicaps

Not applicable for this Programme area

Section 7. Authorities and bodies responsible for management, control and audit and the role of relevant partners (Article 96 (5) Common Provisions Regulation)

7.1. Identification of the relevant authorities and bodies (Article 96 (5) (a) and (b) Common Provisions Regulation)

Table 23: Identification of and contact details for the relevant authorities and bodies

| Authority/body | Name of the authority/body, and department or unit, where appropriate | Head of the authority/body (position or post) |
|--|---|--|
| Managing authority | Secretary of State, Department for Communities and local Government | Secretary of State, Department for Communities and local Government |
| Certifying authority, where applicable | Secretary of State, Department for Communities and local Government | Secretary of State, Department for Communities and local Government |
| Audit authority | Cross Departmental Internal Audit Service (XDIAS), jointly hosted by DCLG, BIS, DfE, DfT and HMT. | 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 96 (5) (c) Common Provisions Regulation

7.2.1. Role of the relevant partners in the preparation, implementation, monitoring and evaluation of the operational programme.

The Government engaged extensively with partners during the development of the England 2014-2020 European Structural and Investment Funds Growth Programme which includes the European Regional Development Fund Operational Programme.

This process commenced in April 2012 with the publication of an informal Government consultation on design principles for the England European Regional Development Fund Operational Programme alongside the other European Structural and Investment Funds in England. Following this, a series of cross-Government meetings took place to consider European Structural and Investment Funds programme options and agree a final model.

This was then tested through a series of road shows in local areas in each region. These provided opportunity for local partners and Government officials to talk through and discuss the outline content of the European Regional Development Fund Operational Programme within the proposal for an England Growth Programme encompassing European Regional Development Fund and European Social Fund and part of the European Agricultural Fund for Regional Development that would be delivered through Local Enterprise Partnership territories across the country. Discussions and informal meetings continued throughout 2013 as the model was further tested and discussed with the European Commission.

In April and July 2013 Government issued, respectively, outline and then supplementary guidance to Local Enterprise Partnerships on the commissioning of local territorial European Structural and Investment Funds strategies. Extensive local consultations took place in each Local Enterprise Partnership territory as these plans were developed in draft and final form in, respectively, October 2013 and January 2014. Partners from the business, education, voluntary and environmental sectors were engaged in a wide variety of local meetings, workshops and via published and online media. This process formed a vital part of the development of 39 local European Structural and Investment Funds strategies. These have been used by DCLG as key local evidence within a strategic national framework and alongside national data and analysis, to inform the UK Partnership Agreement England Chapter and European Regional Development Fund Operational Programme.

The official consultation on the European Regional Development Fund Operational Programme was launched on Thursday 1 May 2014. The consultation documents were made available for online viewing on GOV.UK together with a series of questions to guide partner responses. The consultation ran for a four-week period, closing on Wednesday 28 May. To support the consultation, two partner events were held in London at the end of March 2014 where detailed discussions on key themes and areas contained within the Operational Programme took place.

The European Regional Development Fund Operational Programme was further informed and developed in response to the Strategic Environmental Assessment and consultation responses to this in June 2014. This followed the consultation on the Operational Programme in May 2014 and responses received which were also used to develop the final programme document.

Partnership working: governance

Government will establish a European Structural and Investment Funds Growth Programme Board (GPB). It will act as the Programme Monitoring Committee (Programme Monitoring Committee) for the operation of the European Regional Development Fund and the European Social Fund European Fund.

The Programme Monitoring Committee will be chaired by the Managing Authority for the Programmes and the secretariat will be provided by the Managing Authority. 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. These may include, for example:

- Thematic committees covering Innovation (smart specialisation), Small and Medium size Enterprises, Low Carbon, Skills, Employment and Social Inclusion;
- Cross-cutting thematic committees for equalities and sustainability;
- Functional committees for communications, evaluation and other relevant topics;
- 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; and
- A Sustainable Urban Development committee.

The Structural Funds Programme Monitoring Committee (Growth Programme Board) will be supported by 39 local sub-committees, one for each Local Enterprise Partnership territory. Local sub-committees will be chaired by local partners and supported by the Managing Authority as deputy chair and secretariat. They will report to the Programme Monitoring Committee and by extension to its sub-committees. Their membership will include the full range of local partners as set out in European Union regulations. The exact format of such groups and its fit with local governance is a matter for partners provided arrangements are compliant with European Union regulations.

The Local Sub-committee 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 Operational Programmes, and local European Structural and Investment Funds strategies and Implementation plans;
- Develop and agree the breadth, scope and timing of calls required in each local area.
- Assess potential operations at outline and full application stage against the Operational Programme and local European Structural and Investment Funds strategy for their strategic fit, value for money, fit with overall European Structural and Investment Funds objectives, alignment with relevant national policies, and complementarity with interventions funded through local private and public sector sources, by applying national selection criteria within a local strategic context in an open and transparent manner.
- 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, cross-cutting themes, outputs and results agreed in their European Structural and Investment Funds strategy and Implementation Plan, recommending remedial actions where necessary.

Partnership working: roles and responsibilities

For the Funds within the European Growth Programme, Local Enterprise Partnerships will be responsible for coordinating the establishment of a local European Structural and Investment Funds partnership that will drive the production and delivery of the local European Structural and Investment Funds strategy which makes best use of the Funds in delivering growth in each local territory and reflects the aims set out in the area's Strategic Economic Plan. This wide European Structural and Investment Funds partnership will collectively bring forward operations which deliver the best balance of outcomes and agree those with the Managing Authority.

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 as a sub-committee of the Programme Monitoring Committee. The sub-committee it will be chaired by a locally-determined partner organised through the Local Enterprise Partnership with the European Regional Development Fund/European Social Fund 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 Authorities are responsible for managing the Operational Programmes in accordance with the principle of sound financial management.

The Managing Authorities will do so by working in partnership with economic, Environmental 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.

Section 8. Coordination between the Funds, the European Agricultural Fund for Regional Development, the European Maritime and Fisheries Fund and other Union and national funding instruments, and with the EIB - Article 96(6) (a) Common Provisions Regulation

8.1 The mechanisms that ensure coordination between the Funds, the European Agricultural Fund for Regional Development, the European Maritime and Fisheries Fund and other Union and national funding instruments, and with the Intermediary Body taking into account the relevant provisions laid down in the CSF as set out in Annex I of the Common Provisions Regulation

Coordination between European Structural and Investment Funds

Coordination between the European Structural and Investment Funds is an overarching principle of the European Structural and Investment Funds Growth Programme which will combine the European Regional Development Fund (European Regional Development Fund) and the European Social Fund (European Social Fund). It will also include part of the European Agricultural Fund for Rural Development (European Agricultural Fund for Regional Development), and will be aligned with the objectives of the UK European Maritime and Fisheries Fund. Bringing the funds together in this way will allow much greater flexibility in the way money is spent.

The arrangements are explained in more detail in the Partnership Agreement and in section seven of this Operational Programme. In particular, the England Growth Programme Board will act as the Programme Monitoring Committee for European Regional Development Fund and European Social Fund and also advise the Programming Monitoring Committee for the Rural Development Programme. As such, it will help ensure that the Funds work effectively together and that there is consistency, wherever possible, in their management. There will for example be a single set of national eligibility rules for European Social Fund and European

Regional Development Fund (although tailored where necessary to the specificities of each Fund) and a common communications strategy.

This approach is replicated at local level with 39 sub-committees, one for each Local Enterprise Partnership territory. This will help ensure complementarity between the Funds in addressing the challenges in local European Structural and Investment Fund Strategies.

Furthermore, thematic sub-committees which are likely to cover areas such as innovation, Small and Medium Sized Enterprises and low carbon will help ensure that the European Regional Development Fund Operational Programme is aligned with national policy goals, including national funding instruments.

In addition to the above Funds, the European Territorial Cooperation Programmes and Atlantic Strategy provide further opportunities for complementary investment with actions supported through the England European Regional Development Fund Operational Programme. These opportunities are summarised in Section 4.5.

National funds

European Union rules require European Structural and Investment Funds to be matched with domestic funding. Some of this will come from Government. Match funding will also be available from UK Trade and Investment, the Manufacturing Advisory Service and Growth Accelerator.

In addition, a range of other public sources of match funding will be available nationally and locally to support implementation of the European Regional Development Fund Operational Programme. Government is keen to see maximum leverage of private match funding to support delivery, and private sector sources identified in Local Enterprise Partnership territories' European Structural and Investment Fund Strategies confirm that this will be a significant match funding component during 2014-2020.

Synergies with European Union Funds

There are opportunities to build coordination between the European Structural and Investment Funds and the European Union's other sources of funding for research, development and innovation (Horizon 2020, Erasmus+, COSME, Erasmus+ and Creative Europe) both 'upstream' and 'downstream'. The Partnership Agreement sets out the general approach for coordination.

A practical and targeted approach within the European Regional Development Fund programme will be taken to identify and build synergies between Horizon 2020 and other European Union programmes over the course of the programme period. The Managing Authority and local partners will seek to build this activity over time, developing arrangements so that the new opportunities set out in both sets of regulations can be applied consistently on a fully compliant basis. Local Enterprise Partnerships and partners, such as universities and other research centres, will be asked to work with the Managing Authority to identify appropriate opportunities to

identify and build these synergies on an iterative basis within their respective Implementation Plans.

The scope of these opportunities will vary across the programme area, and their number and range will be both realistic and proportionate to the potential scale of alignment. The Advisory Hub for Smart Specialisation may provide a useful point of coordination, working with the European Enterprise Network and the Horizon 2020 Contact Points. The Managing Authority is analysing scope to use the Smart Specialisation Advisory Hub to act as a focal point for partners to contact at the application stage.

European Investment Bank (EIB)

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 implementation of financial instruments in the 2014-2020 England Operational Programme is described in section 1.5 on Financial Instruments. Three of these models may utilise European Investment Bank funding.

Financial Instruments are designed to deliver equity, loan and mixed investments to areas, and are a way of increasing the efficiency of European Structural and Investment Funds. The Instruments can make these Funds go further by leveraging in additional public, private or social co-investments. They can bring in additional expertise which increases the efficiency and effectiveness of the use of public money and they can enable the recycling of funds for the long term – even beyond the life of the programme. The England Programmes will seek to use Financial Instruments both in conjunction with the European Investment Bank, as set out below, or by drawing in match from other sources.

The European Investment Bank is a major co-financer of current financial instruments in the UK. The main proposal for the delivery of Venture Capital and Loan funds in England for 2014-20 is for Local Enterprise Partnership territories to voluntarily pool their notional allocations into a series of sub-national fund-of-funds. These will likely be based on existing JEREMIE structures in the three areas that they currently exist, but also to introduce new pan-Local Enterprise Partnership fund-of-funds in other parts of England. In many cases, the European Investment Bank is likely to be the main source of match funding for these Funds.

The Government is also exploring the potential to use financial instruments in a number of other areas. A small number of Local Enterprise Partnership territories wish to set up or roll forward existing JESSICA-type instruments for urban development. Some Local Enterprise Partnership territories are also exploring setting up revolving loan funds to be used to support retrofitting of local social housing developments with energy efficient measures. In both these cases, the Government is working closely with the European Investment Bank to develop the proposals, with the European Investment Bank potentially playing a major role in the financing and delivery of financial instruments in these areas.

Section 9. Ex- Ante Conditionalities

* EX-ANTE CONDITIONALITIES - ARTICLE 96(6) (B) CPR

For each ex ante conditionality, established in accordance with Article 17 and Annex , which is applicable to the operational programme an assessment of whether the ex-ante conditionality is fulfilled at the date of submission of the Partnership Agreement and operational programme, and where ex-ante conditionalities are not fulfilled, a description of the actions to fulfil the ex-ante conditionality, the responsible bodies and a timetable for such actions in accordance with the summary submitted in the Partnership Agreement

9.1. Identification of applicable ex-ante conditionalities and assessment of their fulfilment (table 24)

Table 24: Identification of applicable ex-ante conditionalities and assessment of their fulfilment

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|---|----------------------------|--|--|
| 1. Antidiscrimination | YES | – Arrangements in accordance with the institutional and | YES | https://www.gov.uk/equality-act-2010-guidance Provides the legal framework and guidance on the Act | The legislative framework for all equalities (anti-discrimination, gender and disability) are contained in the UK Equality Act 2010. |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|--|--|--|----------------------------|--|---|
| <p>The existence of administrative capacity for the implementation and application of Union antidiscrimination law and policy in the field of ESI Funds</p> | | <p>legal framework of Member States for the involvement of bodies responsible for the promotion of equal treatment of all persons throughout the preparation and implementation of programmes, including the provision of advice on equality in ESI fund-related activities.</p> | | <p>www.equalityhumanrights.com explains the work of the EHRC</p> <p>https://www.gov.uk/government/organisations/government-equalities-office explains the work of the Government Equalities Office</p> | <p>The Equality & Human Rights Commission (EHRC) was formed in 2007 and fully complies with Article 13 of Directive 2000/43/EC.</p> <p>The Government Equalities Office (GEO) is responsible for equality strategy and legislation across government. They take action on the government's commitment to remove barriers to equality and help to build a fairer society, leading on issues relating to women, sexual orientation and transgender equality.</p> <p>For the ESIF 2014-20 programmes equalities will be a cross cutting and horizontal theme. An Equality Impact Assessment has been prepared as part of the Ex Ante evaluation of the ERDF programme. The Growth Board (PMC) will have an Equalities sub-committee which will ensure that equalities are monitored and implemented correctly across the</p> |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|---|----------------------------|--|---|
| | | <p>- Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union antidiscrimination law and policy.</p> | YES | <p>https://civilservicelearning.civilservice.gov.uk/ link to Civil Service learning</p> | <p>Programme.</p> <p>Equality is a cross cutting theme of the Programme and is built into the overarching 14-20 Business Process and fully integrated across the planning, implementation, monitoring and evaluation stages.</p> <p>Training for all Managing Authority staff on the business process will start in October 2014 and run till May 2015; this will include equalities (including relevant Union and national antidiscrimination law and policy).</p> <p>All staff also have access to comprehensive on-line learning through Civil Service Learning. This includes modules on a range of equality and diversity topics including:</p> <ul style="list-style-type: none"> • Diversity & equality essentials; • Unconscious bias; • Gender parity; • Diversity & Equality; |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|--|----------------------------|---|---|
| | | | | | <ul style="list-style-type: none"> Disability awareness. All staff are encouraged to undertake the range of training in these key areas. Training needs are identified through staff personal development plans. |
| 2. Gender The existence of administrative capacity for the implementation and application of | YES | – Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for | YES | www.gov.uk/equality-act-2010-guidance.com Provides the legal framework and guidance on the Act www.equalityhumanrights.com explains the work of the EHRC | The legislative framework for all equalities (anti-discrimination, gender and disability) are contained in the UK Equality Act 2010. The Equality & Human Rights Commission (EHRC) was formed in 2007 and fully complies with Article 13 of Directive 2000/43/EC. The Government Equalities Office (GEO) is |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|---|----------------------------|--|--|
| Union gender equality law and policy in the field of ESI Funds | | gender equality throughout the preparation and implementation of programmes, including the provision of advice on gender equality in ESI Fund-related activities; | | https://www.gov.uk/government/organisations/government-equalities-office explains the work of the Government Equalities Office | <p>responsible for equality strategy and legislation across government. They take action on the government's commitment to remove barriers to equality and help to build a fairer society, leading on issues relating to women, sexual orientation and transgender equality.</p> <p>For the ESIF 2014-20 programmes equalities will remain a cross cutting and horizontal theme. An Equality Impact Assessment has been prepared as part of the Ex Ante evaluation of the ERDF programme. The Growth Board (PMC) will have an Equalities sub-committee which will ensure that equalities are monitored and implemented correctly across the Programme.</p> |
| | | – Arrangements for training for staff of the authorities involved in the | YES | | Equality is a cross cutting theme of the Programme and is built into the overarching 14-20 Business Process and fully integrated across the planning, implementation, monitoring and evaluation |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|---|----------------------------|--|---|
| | | management and control of the ESI Funds in the fields of Union gender equality law and policy as well as on gender mainstreaming. | | https://civilservicelearning.civilservice.gov.uk/ | <p>stages.</p> <p>Training for all Managing Authority staff on the business process will start in October 2014 and run till May 2015; this will include equalities (including relevant Union and national antidiscrimination law and policy).</p> <p>All staff also have access to comprehensive on-line learning through Civil Service Learning. This includes modules on a range of equality and diversity topics including:</p> <ul style="list-style-type: none"> • Diversity & equality essentials; • Unconscious bias; • Gender parity; • Diversity & Equality; • Disability awareness. <p>All staff are encouraged to undertake the range of training in these key areas. Training needs are identified through staff personal development plans.</p> |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|--|----------------------------|--|--|
| 3. Disability The existence of administrative capacity for the implementation and application of the UN Convention on the Rights of Persons with Disabilities (UNCRPD) in the field of ESI Funds in accordance with the Council decision | YES | – Arrangements in accordance with the institutional and legal framework of Member States for the consultation and involvement of bodies in charge of protection of rights of persons with disabilities or representative organisations of persons with disabilities and other relevant stakeholders throughout the preparation and implementation of programmes; | YES | <p>www.gov.uk/equality-act-2010-guidance. provides the legal framework and guidance on the Act</p> <p>www.equalityhumanrights.com explains the work of the EHRC</p> <p>https://www.gov.uk/government/organisations/government-equalities-office explains the work of the Government Equalities Office</p> | <p>The legislative framework for all equalities (anti-discrimination, gender and disability) are contained in the UK Equality Act 2010.</p> <p>The Equality & Human Rights Commission (EHRC) was formed in 2007 and fully complies with Article 13 of Directive 2000/43/EC.</p> <p>The Government Equalities Office (GEO) is responsible for equality strategy and legislation across government. They take action on the government's commitment to remove barriers to equality and help to build a fairer society, leading on issues relating to women, sexual orientation and transgender equality.</p> <p>For the ESIF 2014-20 programmes equalities will be a cross cutting and horizontal theme. An Equality Impact Assessment has been prepared as part of the Ex Ante evaluation of the ERDF</p> |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|----------|----------------------------|--|---|
| 2010/48/EC ²⁴ | | | | | programme. The Growth Board (PMC) will have an Equalities sub-committee which will ensure that equalities are monitored and implemented correctly across the Programme. |

²⁴Council Decision of 26 November 2009 concerning the conclusion, by the European Community, of the United Nations Convention on the Rights of Persons with Disabilities, (OJ L 23, 27.1.2010, p. 35).

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|--|----------------------------|--|--|
| | | <p>– Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of applicable Union and national disability law and policy, including accessibility and the practical application of the UNCRPD as reflected in EU and national legislation, as appropriate;</p> | YES | <p>https://civilservicelearning.civilservice.gov.uk/ link to civil service learning</p> | <p>Equality is a cross cutting theme of the Programme and is built into the overarching 14-20 Business Process and fully integrated across the planning, implementation, monitoring and evaluation stages.</p> <p>Training for all Managing Authority staff on the business process will start in October 2014 and run till May 2015; this will include equalities (including relevant Union and national antidiscrimination law and policy).</p> <p>All staff also have access to comprehensive on-line learning through Civil Service Learning. This includes modules on a range of equality and diversity topics including:</p> <ul style="list-style-type: none"> • Diversity & equality essentials; • Unconscious bias; • Gender parity; • Diversity & Equality; • Disability awareness. |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|--|----------------------------|---|---|
| | | | | | All staff are encouraged to undertake the range of training in these key areas. Training needs are identified through staff personal development plans. |
| | | – Arrangements to ensure monitoring of the implementation of Article 9 of the UNCRPD in relation to the ESI Funds throughout the preparation and the implementation of the | YES | http://odi.dwp.gov.uk/disabled-people-and-legislation/un-convention-on-the-rights-of-disabled-people.php details the UN Convention of Rights of Persons with Disabilities and other Office for Disabilities Issues (ODI) guidance. | DWP are responsible for collating and providing contributions for inclusion with the UK Government reports to all UN Conventions and Covenants. The principles contained in Article 9 of the UNCRPD are mirrored in the cross-cutting themes of the Programme and therefore monitored within the business process by the MA. The Growth Board (PMC) will have also an Equalities sub-committee which will ensure that equalities are monitored and implemented correctly |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|-------------|----------------------------|--|---------------------------------|
| | | programmes. | | | across the Programme. |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|---|----------------------------|--|---|
| 4. Public Procurement The existence of arrangement | YES | – Arrangements for the effective application of EU public procurement rules through | YES | <u>Public tendering arrangements are governed by the Public Contracts Directive (2004/18/EC) implemented in the UK by Public Contracts Regulations 2006 (Statutory</u> | A comprehensive business process is being finalised with detailed work instructions to ensure consistency in approach. Procurement will be checked at 3 points in the process; appraisal, contract management and on-the-spot checks. |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|--|--|-------------------------|---------------------------|--|---|
| for the effective application of Union public procurement law in the field of the ESI Funds. | | appropriate mechanisms; | | <p><u>Instrument 2006/5).</u></p> <p><u>ERDF National Procurement Guidelines for 2007-13 programmes can be found on a public website:</u></p> | <p>Following COCOF guidance and EU audits advice, 100% of above OJEU and a sample of below OJEU procurements will be checked by the MA (as for 2007-13). There will also be process reviews at all stages that Procurement Guidelines have been followed.</p> <p>The UK has committed to early transposition of the new public procurement rules agreed by the European parliament in January 2014. The MA has also set up a network of practitioners with experience of public procurement and involved in appraisal and verification of operations to support continuous improvement. Experts will also be contracted in to work alongside salaried staff. A member of the network will review all above OJEU procurement contracts at appraisal and at the on-the-spot visit. The Network is developing a range of tools including a checklist for</p> |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|--|---------------------------|---|--|
| | | | | | recipients to ensure and record that transparent award procedures have been put in place. |
| | | – Arrangements which ensure transparent contract award procedures; | YES | <p><u>Public tendering arrangements are governed by the Public Contracts Directive (2004/18/EC) implemented in the UK by Public Contracts Regulations 2006 (Statutory Instrument 2006/5).</u></p> <p>The UK has committed to early transposition of the new public procurement rules agreed by the European parliament in January 2014.</p> <p><u>ERDF National Procurement Guidelines for 2007-13 programmes can be found on a public website:</u></p> | <p>The business process being finalised includes detailed work instructions to ensure consistency in approach and will require the review of proposed contracting procedures. Templates and guidance documents build on the national Procurement Guidelines for 2007-13 programmes which are available to Grant Recipients to ensure the principles of open and fair competition and non-discrimination are applied to procurement irrespective of value.</p> <p>The MA has also set up a network of practitioners to support continuous improvement. Experts will be contracted in to work alongside salaried staff. A member of the network will review all above OJEU procurement contracts at appraisal and at the on-the-spot visit. The Network is developing a range of tools</p> |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|---|---------------------------|--|--|
| | | | | | including a checklist for recipients to ensure and record that transparent award procedures have been put in place. |
| | | <u>– Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds</u> | <u>YES</u> | <u>Internal Training (no link)</u> | All staff involved in appraisal and on-the-spot visits will be given training in procurement to develop expertise and also to identify when the issue should be referred to the panel of experts. Training for all Managing Authority staff on the business process (including procurement) will start in October 2014 and run till May 2015. Information and learning tools including aide memoirs/guidance will also be available to staff. The MA also has access to a team of legal specialists who can help interpret legislation and enable a better understanding of EU Directives and advise on specific cases. A national network has been established to develop tools for MA staff and applicants to support compliant procurement across the programmes. |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|---|--|---|---------------------------|--|--|
| | | <u>– Arrangements to ensure administrative capacity for implementation and application of Union public procurement rules.</u> | <u>YES</u> | <u>Internal review (no link)</u> | <p>The MA has conducted a comprehensive review of resource requirements across all functions and responsibilities. The review includes capacity to support business critical operations including procurement.</p> |

| <u>General Applicable Ex-ante Conditionality for which national bodies are responsible</u> | <u>Conditionality fulfilled: (Yes/ No/ Partially)</u> | <u>Criteria</u> | <u>Criteria fulfilled Yes/ no</u> | <u>Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text)</u> | <u>Explanation (where appropriate)</u> |
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| <p>5. State aid</p> <p>The existence of arrangements for the effective application of Union state aid rules in the field of the ESI Funds.</p> | YES | <p>– Arrangements for the effective application of Union state aid rules;</p> | YES | <p>This is met fully at UK level. The UK Department for Business Innovation and Skills (BIS) is responsible for UK wide State Aid policy and leads on providing advice and guidance to all UK public bodies. Guidance on State Aid – ‘State aid: the basics’ and a ‘Practitioner’s Guide’ (which includes guidance on regulations and key frameworks) can be found at https://www.gov.uk/state-aid</p> | <p>Programme compliance with State Aid rules is the responsibility of the MA, but the BIS State Aid team provides over-arching advice and guidance to all UK public bodies. BIS runs a Senior Officials Group that brings those dealing with State Aid in other departments together to discuss issues and take decisions.</p> <p>For advice on specific cases (e.g. where specific schemes are subject to state aid rules or above the de minimis threshold), MAs/ scheme administrators can consult their lead departments and ultimately BIS (or the DFT for transport or the DEFRA for agriculture/ fisheries).</p> <p>DCLG as MA for ERDF has overall responsibility for ensuring projects are compliant with State Aid rules. The Head of the DCLG ERDF Programmes Team has been appointed as Departmental State Aid co-ordinator, with responsibility for</p> |

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| | | | | | making sure issues are escalated to BIS State Aid Branch as appropriate. Guidance for staff who will administer the funds will include procedures for ensuring State aid compliance. |
| | | – Arrangements for the training and dissemination of information for staff involved in the implementation of the ESI funds; | YES | <p>BIS state aid unit provides general information on the new state aid framework. Guidance on State Aid – ‘State aid: the basics’ and a ‘Practitioner’s Guide’ can be found at https://www.gov.uk/state-aid</p> <p>Guidance on State Aid for the current 2007-13 Programmes is provided on the DCLG website. https://www.gov.uk/erdf-national-guidance. Similar material for State Aid guidance will be provided for 2014-20 programmes once it is approved and up and running.</p> | <p>The BIS State Aid team provides overarching advice and guidance to all UK public bodies and runs a Senior Officials Group for those dealing with State Aid in other departments to discuss issues and take decisions.</p> <p>The Managing Authority has a network of state aid contacts within its local teams (GDTs) to ensure information is disseminated effectively to all parts of England. DCLG’s ERDF State Aid Network comprising of representatives of the GDTs meets quarterly to discuss issues and will continue into 2014-20. It will notify new schemes as appropriate and manage schemes notified under the 2014-20 General Block Exemption Regulation. A representative of the Network will participate in meetings of the UK State Aid Network.</p> <p>Guidance for staff who will administer the funds will include procedures for ensuring State aid compliance. Training for all Managing Authority staff on the business</p> |

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| | | | | | process will start in October 2014 and run till May 2015; this will include State Aid training. |
| | | – Arrangements to ensure administrative capacity for implementation and application of Union State aid rules. | YES | Internal review (no link) | The MA has conducted a comprehensive review of resource requirements across all functions and responsibilities. The review includes capacity to support business critical operations including State Aid. |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
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| <p>6. Environmental legislation relating to Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA)</p> <p>The existence of arrangements for the effective application of Union</p> | YES | - Arrangements for the effective application of Directive 2011/92/EU of the European Parliament and of the Council (EIA) and of Directive 2001/42/EC of the European Parliament and of the Council (SEA); | YES | <p>With regard to EIAs the main pieces of legislation are: <u>Town and Country Planning (Environmental Impact Assessment) (England and Wales) Regulations 1999</u>. Various other pieces of legislation cover specific issues such as forestry, land drainage, fishing, roads, harbour works, energy infrastructure, agriculture, natural habitats. These can be provided on request.</p> <p>All documents relating to Strategic Environmental Assessments are at: https://www.gov.uk/government/collections/strategic-environmental-assessments</p> | <p>In the UK, developers, competent authorities and statutory consultation bodies are responsible for ensuring their processes are compliant with EIA and SEA regulations and that decisions are made taking into account a full assessment of the significant environmental effects. EIA guidance is also provided on an individual basis either centrally by government or by bodies involved in the process e.g. consultation bodies.</p> <p>SEA guidance is provided by Government and the statutory consultees (e.g. Natural England and the Environment Agency).</p> |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
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| environmental legislation related to EIA and SEA. | | – Arrangements for training and dissemination of information for staff involved in the implementation of EIA and SEA Directives; | YES | Internal training (no link) | <p>The managing authority is responsible for ensuring that staff are suitably trained.</p> <p>The environment is a cross cutting theme of the Programme and is built into the over arching 14-20 Business process. The business process and its associated work instructions and training will provide the platform for ensuring that the relevant environmental directives are implemented where required. Training for all Managing Authority staff on the business process will start in October 2014 and run till May 2015.</p> <p>Training is also available through relevant professional bodies such as the RTPI or IEMA.</p> |
| | | – Arrangements to ensure sufficient administrative capacity. | YES | Internal review (no link) | The managing authority is responsible for ensuring that they have sufficient administrative capacity. The MA has conducted a comprehensive review of resource requirements across all |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
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| | | | | | functions and responsibilities. The review includes capacity to support business critical operations including environmental directives. |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
|--|--|--|----------------------------|--|--|
| 7. Statistical system and results indicators. The existence of a statistical basis necessary to | YES | – Arrangements for timely collection and aggregation of statistical data with the following elements is in place: – the identification of sources and | YES | <i>[internal IT system]</i> | Data will be collected through an-online Management Information System. Transactional data related to financial spend, outputs, results and the geographical distribution of delivery will be held in the system. Information will initially be based on the LEP area ESIF strategies and then on quarterly claims/ updates provided by applicants which will provide financial and progress data. |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
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| <p>undertake evaluations to assess the effectiveness and impact of the programmes.</p> <p>The existence of a system of result indicators necessary to select actions, which most effectively contribute to desired results, to monitor progress</p> | | mechanisms to ensure statistical validation; | | | Data collected online combined with traceability between monitoring, procurement and compliance data will be used to identify trends and areas needing improvement and to enhance business processes and guidance. |
| | | – arrangements for publication and public availability of aggregated data; | YES | GOV.UK | In line with Article 115 information relating to the achievements of the Programmes will be made available through the GOV.UK portal. A list of projects supported through funding will be accessible to the public through this medium. |
| | | – An effective system of result indicators including: – the selection of result indicators for each programme providing information on what motivates the | YES | <i>[Operational programme and LEP area ESIF Strategies refer]</i> | The MA will set up an indicator system of inputs, outputs and results reflecting key activities and objectives of Investment Priorities (IPs). Each operation will select indicators for the IP under which they are funded, agreed by the MA who will use them to monitor progress in line with Article 125. All projects will have a profile of expected delivery for expenditure and indicators; a tolerance will be applied to |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
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| towards results and to undertake impact evaluation. | | selection of policy actions financed by the programme; | | | <p>ensure action if this is breached. Data will be aggregated for the MA to evaluate programme level progress.</p> <p>The MA will work with LEP areas and operations to ensure indicators are reasoned and robust. Compliance and monitoring systems including on-the-spot verification visits will look at outputs against output indicators. This will link to the evaluation strategy looking at results across the programme.</p> <p>Online data combined with other datasets such as Indices of Multiple Deprivation, will enable analysis at a spatial level.</p> |
| | | – the establishment of targets for these indicators; | YES | <i>(Operational Programme and LEP area ESIF strategies refer)</i> | The MA will set up an indicator system of inputs, outputs and results reflecting key activities and objectives of Investment Priorities (IPs). Each operation will select indicators for the IP under which they are funded, agreed by the MA who will use them to monitor progress in line with Article 125. All projects will have a profile of |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
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| | | | | | <p>expected delivery for expenditure and indicators; a tolerance will be applied to ensure action if this is breached. Data will be aggregated for the MA to evaluate programme level progress.</p> <p>The MA will work with LEP areas and operations to ensure indicators are reasoned and robust. Compliance and monitoring systems including on-the-spot verification visits will look at outputs against output indicators. This will link to the evaluation strategy looking at results across the programme.</p> <p>Online data combined with other datasets such as Indices of Multiple Deprivation, will enable analysis at a spatial level.</p> |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
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| | | <p>– the consistency of each indicator of the following requisites: robustness and statistical validation, clarity of normative interpretation, responsiveness to policy, timely collection of data;</p> | YES | <p><i>[internal IT system]</i></p> <p><i>[</i></p> <p><i>(Operational Programme and LEP area ESIF strategies refer)</i></p> | <p>The MA will set up an indicator system of inputs, outputs and results reflecting key activities and objectives of Investment Priorities (IPs). Each operation will select indicators for the IP under which they are funded, agreed by the MA who will use them to monitor progress in line with Article 125. All projects will have a profile of expected delivery for expenditure and indicators; a tolerance will be applied to ensure action if this is breached. Data will be aggregated for the MA to evaluate programme level progress.</p> <p>The MA will work with LEP areas and operations to ensure indicators are reasoned and robust. Compliance and monitoring systems including on-the-spot verification visits will look at outputs against output indicators. This will link to the evaluation strategy looking at results across the programme.</p> <p>Online data combined with other datasets</p> |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
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| | | | | | such as Indices of Multiple Deprivation, will enable analysis at a spatial level. |
| | | - procedures in place to ensure that all operations financed by the programme adopt an effective system of indicators | YES | <i>[internal IT system]</i> <i>(Operational Programme and LEP area ESIF strategies refer)</i> | The MA will set up an indicator system of inputs, outputs and results reflecting key activities and objectives of Investment Priorities (IPs). Each operation will select indicators for the IP under which they are funded, agreed by the MA who will use them to monitor progress in line with Article 125. All projects will have a profile of expected delivery for expenditure and indicators; a tolerance will be applied to ensure action if this is breached. Data will be aggregated for the MA to evaluate |

| General Applicable Ex-ante Conditionality for which national bodies are responsible | Conditionality fulfilled: (Yes/ No/ Partially) | Criteria | Criteria fulfilled Yes/ no | Reference (if fulfilled) (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs, accompanied by a weblink or other access to the full text) | Explanation (where appropriate) |
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| | | | | | <p>programme level progress.</p> <p>The MA will work with LEP areas and operations to ensure indicators are reasoned and robust. Compliance and monitoring systems including on-the-spot verification visits will look at outputs against output indicators. This will link to the evaluation strategy looking at results across the programme.</p> <p>Online data combined with other datasets such as Indices of Multiple Deprivation, will enable analysis at a spatial level.</p> |

| Applicable Ex-ante conditionality for which national bodies are responsible | Applicable ex-ante conditionality fulfilled | Criteria | Criteria fulfilled | Reference (if fulfilled) | Explanation (where appropriate) |
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| 1. Strengthening research, technological development and innovation | | | | | |
| 1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems. | YES | A national or regional smart specialisation strategy is in place that: | Yes | <u>Smart Specialisation in England</u> Link to the <u>Witty Review</u> Link to <u>Industrial Strategy</u> | The PA sets out the UK approach to Smart Specialisation. Smart specialisation in England was prepared with support of the Joint Research Centre in Seville and expert advisers provided by the Commission. It has been subject to peer review by other Member States at the Smart Specialisation Platform. For England, central government provided LEPs with an overview of UK industrial strengths in 11 Sector Strategies, produced with significant input from business and supported by rigorous economic analysis. Government also prepared to support the Witty Review 'heat maps' for each of these sectors and the 8 Great Technologies showing the extent to which LEP areas have a comparative advantage in terms of firms and numbers of people employed. LEP areas received detailed quantitative data on the location of firms and employees in each of sectors prioritised in the Industrial Strategy to support their local analysis. |

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| <p>1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.</p> | <p>YES</p> | <p>– is based on a SWOT or similar analysis to concentrate resources on a limited set of research and innovation priorities;</p> | <p>Yes</p> | <p>Link to Industrial Strategy</p> | <p>The Industrial Strategy, the 11 Sector Strategies and the 8 Great Technologies provide a sound framework upon which to base prioritisation by the LEP area but this was not intended to be an exclusive list, where more specific priorities can be fully evidenced and justified.</p> <p>LEP areas provided a SWOT (or similar) analysis of their functional economic area in their ESIF Strategy. LEP areas prioritised a limited number of interventions to support innovation.</p> |
| <p>1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.</p> | <p>YES</p> | <p>– outlines measures to stimulate private RTD investment;</p> | <p>Yes</p> | <p>Smart Specialisation in England</p> | <p>Smart Specialisation in England sets out in detail the very large scale of financial support provided through the corporation tax system to firms who invest in research and development. Central government has also introduced in 2013 a new Patent Box programme to incentivise (through the tax system) investments made by firms in developing or using patented technology.</p> |
| <p>1.1. Research and</p> | <p>YES</p> | <p>– contains a monitoring</p> | <p>Yes</p> | <p>The</p> | <p>The Government’s Annual Innovation Report is</p> |

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| <p>innovation: The existence of a national or regional smart specialisation strategy in line with the National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems.</p> | | <p>mechanism</p> | | <p><u>Annual Innovation Report</u></p> <p><u>Growth Dashboard.</u></p> <p>the <u>Industrial Strategy</u>,</p> | <p>a comprehensive analysis of: the macro view of overall innovation in the economy; the discovery of new ideas and their development through the innovation process; the role of businesses in commercialising those new ideas and bringing them to market; the increasingly global nature of innovation; and the role government plays in the innovation ecosystem.</p> <p>The Growth Dashboard provides a comprehensive and wider summary of important facts and figures on UK growth and industrial policy, including: important sectors, cross cutting themes and performance across the regions. The dashboard will be updated twice a year.</p> <p>For the ESIF programme, the Programme Monitoring Committee is likely to have a subcommittee for Smart Specialisation. This will provide strategic advice on the Thematic Objective of Research, Development & Innovation. The membership will include experts from local and national partners.</p> |
| <p>1.1. Research and innovation: The existence of a national or regional smart specialisation strategy in line with the</p> | <p>YES</p> | <p>- A framework outlining available budgetary resources for research and innovation has been adopted;</p> | <p>Yes</p> | <p><u>Smart Specialisation in England</u></p> | <p>The UK ordinarily operates a three year spending cycle. The current spending period expires end of March 2016. Announcements for the next spending period are not anticipated until after the next general election, expected in May 2015. This will inform R&I resources</p> |

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| National Reform Program, to leverage private research and innovation expenditure, which complies with the features of well-performing national or regional R&I systems. | | | | | ongoing. A budgetary framework for the main funding agencies, including also indicative allocations by each of the 39 LEP areas to the thematic objective of Research, Development & Innovation are set out in the appendix of Smart Specialisation in England. |
| 1.2 Research and Innovation Infrastructure: The existence of a multi-annual plan for budgeting and prioritisation of investments. | Not applicable | | YES | Not applicable | Not applicable |

| Applicable Ex-ante conditionality for which national bodies are responsible | Applicable ex-ante conditionality fulfilled | Criteria | Criteria fulfilled | Reference (if fulfilled) ²⁵ | Explanation (where appropriate) |
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| 2. Enhancing access to, and use and quality of, information and communication technologies (ICT) (Broadband target) | | | | | |
| 2.1. Digital growth: A strategic policy framework for digital growth to stimulate demand for affordable, good quality and interoperable ICT-enabled private and public services and increase uptake by citizens, including vulnerable groups, businesses and public | YES | A strategic policy framework for digital growth, for instance, within the national or regional smart specialisation strategy is in place that contains: | YES | <p>The UK's national broadband plan '<u>Britain's Superfast Broadband Future</u>'</p> <p><u>Local Broadband Plans</u> (with prioritisation) are on Google docs.</p> <p><u>Ofcom carries out a range of reports and research in relation to ICT</u></p> <p><u>Govt's strategy for the information economy</u></p> | <p>Local authorities who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.</p> <p>Any further local broadband project seeking to use UK Govt funding together with EU funding will be required to produce its own Local Broadband Plan.</p> |

²⁵ (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)

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| administrations including cross border initiatives. | – budgeting and prioritisation of actions through a SWOT or similar analysis consistent with the Scoreboard of the Digital Agenda for Europe; | YES | <p>The UK’s national broadband plan ‘<u>Britain’s Superfast Broadband Future</u>’</p> <p><u>Local Broadband Plans</u> (with prioritisation) are on Google docs.</p> <p>Govt’s <u>strategy for the information economy</u></p> | <p>Local authorities who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.</p> <p>Any further local broadband project seeking to use UK Govt funding together with EU funding will be required to produce its own Local Broadband Plan.</p> |
| | – an analysis of balancing support for demand and supply of ICT should have been conducted; | YES | <p>The UK’s national broadband plan ‘<u>Britain’s Superfast Broadband Future</u>’</p> <p><u>Local Broadband Plans</u> (with prioritisation) are on Google docs.</p> <p><u>Ofcom carries out a range of reports and research in relation to ICT</u></p> | <p>In England there will be support for developing ICT and services, e-commerce and enhancing demand for ICT. Support for extending broadband deployment and roll-out of high speed networks and strengthening ICT applications for e-government is not sought.</p> |
| | – indicators to measure progress of interventions in areas such as digital literacy, e-inclusion, e-accessibility, and progress of e-health within the limits of Article 168 TFEU | YES | <p>The UK’s national broadband plan ‘<u>Britain’s Superfast Broadband Future</u>’</p> <p><u>Local Broadband Plans</u> (with prioritisation) are on Google docs.</p> <p>Govt’s <u>strategy for the</u></p> | <p>The English ERDF Programme will make use of investment priority 2b with a specific objective to “Increase the number of SMEs using and having access to digital technologies including trading on line.” It will not make use of investment priority 2c. Indicators to measure progress of</p> |

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| | | which are aligned, where appropriate, with existing relevant sectoral Union, national or regional strategies | | <u>information economy</u> | interventions are not applicable as they have no direct impact on the achievement of the investment priority or specific objectives used. |
| | | – Assessment of needs to reinforce ICT capacity-building | YES | <p>The UK’s national broadband plan ‘<u>Britain’s Superfast Broadband Future</u>’</p> <p><u>Local Broadband Plans</u> (with prioritisation) are on Google docs.</p> <p><u>Ofcom carries out a range of reports and research in relation to ICT</u></p> <p>Govt’s <u>strategy for the information economy</u></p> | The English ERDF Programme will make use of investment priority 2b with a specific objective to “Increase the number of SMEs using and having access to digital technologies including trading on line.” It will not make use of investment priority 2c. Indicators to measure progress of interventions are not applicable as they have no direct impact on the achievement of the investment priority or specific objectives used. |
| 2.2. Next Generation Network (NGN) Infrastructure: The existence of national NGN Plans which take account of regional actions in order to reach the | YES | A national and/or regional NGN Plan is in place that contains | Yes | <p>The UK’s national broadband plan ‘<u>Britain’s Superfast Broadband Future</u>’</p> <p><u>Local Broadband Plans</u> (with prioritisation) are on Google docs.</p> <p><u>Ofcom carries out a range of</u></p> | <p>Local Authorities who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.</p> <p>Any further local broadband project seeking to use UK Government funding together with European</p> |

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| <p>Union high-speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and state aid rules, and to provide accessible services to vulnerable groups.</p> | | | <p><u>reports and research in relation to ICT</u></p> <p>Govt's <u>strategy for the information economy</u></p> <p>The UK's approach to supporting sustainable investment models is set out in the <u>BDUK Delivery Model</u></p> | <p>funding will be required to produce its own Local Broadband Plan.</p> |
| | | <p>- a plan of infrastructure investments based on an economic analysis taking account of existing private and public infrastructures and planned investments;</p> | <p>Yes</p> <p>The UK's national broadband plan '<u>Britain's Superfast Broadband Future</u>'</p> <p><u>Local Broadband Plans</u> (with prioritisation) are on Google docs.</p> <p><u>Ofcom carries out a range of reports and research in relation to ICT</u></p> <p>The UK's approach to supporting sustainable investment models is set out in the <u>BDUK Delivery Model</u></p> | <p>Local Authorities who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.</p> <p>Any further local broadband project seeking to use UK Government funding together with European funding will be required to produce its own Local Broadband Plan.</p> |
| | | <p>– sustainable investment models that enhance competition and provide access to</p> | <p>Yes</p> <p>The UK's national broadband plan '<u>Britain's Superfast Broadband Future</u>'</p> <p><u>Local Broadband Plans</u> (with</p> | <p>Local Authorities who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.</p> |

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| | | open, affordable, quality and future proof infrastructure and services; | | <p>prioritisation) are on Google docs_</p> <p><u>Ofcom carries out a range of reports and research in relation to ICT</u></p> <p>The UK's approach to supporting sustainable investment models is set out in the <u>BDUK Delivery Model</u></p> | <p>Any further local broadband project seeking to use UK Government funding together with European funding will be required to produce its own Local Broadband Plan.</p> |
| | | – measures to stimulate private investment. | Yes | <p><u>UK measures to stimulate private investment</u></p> <p><u>DfT guidance</u> on how permit schemes support rollout</p> | <p>Local Authorities who have local broadband projects which draw down UK Government funding, have each produced Local Broadband Plans.</p> <p>Any further local broadband project seeking to use UK Government funding together with European funding will be required to produce its own Local Broadband Plan.</p> |

| 3. Enhancing the competitiveness of small and medium-sized enterprises (SMEs) | | | | |
|--|------------|---|------------|--|
| <p>3.1. Specific actions have been carried out to underpin the promotion of entrepreneurship taking into account the Small Business Act (SBA).</p> | <p>YES</p> | <p>The specific actions are: — measures have been put in place with the objective of reducing the time and cost involved in setting-up a business taking account of the targets of the SBA;</p> | <p>Yes</p> | <p>Companies House acts as a one stop shop to set up a business - http://www.companieshouse.gov.uk/</p> <p>www.gov.uk is the new home for Government services online.</p> <p>Companies House (CH) enables a prospective company to check the availability of the name they wish to use and file relevant documents. There is also a joint registration service for company start-up and corporation tax so companies can complete this in one process. CH collects the information on behalf of Govt.</p> <p>Start-ups can register as a limited company online in less than a day and do not need any capital requirements.</p> <p>A business can be incorporated in the UK in 10 hours (although the fastest possible time is ten minutes) at a cost of 30 euros. Almost 97% of incorporations take place online.</p> <p>The aim of the Govt online service is to make it easier</p> |

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| | | | | | for established businesses and start ups to find the information they need. |
| | | — measures have been put in place with the objective of reducing the time needed to get licenses and permits to take up and perform the specific activity of an enterprise taking account of the targets of the SBA; | | Link to the EU Services Directive: http://ec.europa.eu/internal_market/services/services-dir/index_en.htm | We do not set central timescales given the range of licences and authorities involved. Under the EU Services Directive, all UK local and other competent authorities (including Govt Departments, regulators and professional bodies) have to screen local legislation and administrative practices to ensure unnecessary barriers to service provision are removed, considering cost (fees), duration, clarity, accessibility, duplication, practical difficulties and the number of procedures. All authorisations (including licence applications, registrations, permits, notifications) and applicable procedures must be done in a reasonable, fixed time period made public in advance. |

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| | | | | | <p>The UK is part of the EUGO network of online licensing portals (Point of Single Contact) that promotes best practice. A Charter commits countries to reduce the approval of applications to a minimum time. 20/2/2014 records indicate 62% of licences have a timescale of 28 days or less and 94% have a timescale of 90 days or less.</p> |
| | | <p>- a mechanism is in place to monitor the implementation of the measures of the SBA which have been put in place and assess the impact on SMEs.</p> | <p>YES</p> | <p><u>(SBA)</u></p> | <p>The UK has effective evaluation arrangements in place to monitor the ongoing implementation of SBA. An SME Envoy, a senior civil servant in Government, ensures that the ongoing implementation of the Single Business Act is taken forward by monitoring the Think Small First principle, implementing the use of the SME test, and pressing for smart regulation principles to be embedded. The UK Envoy continues to lead as “rapporteur” on smart</p> |

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| | | | | | regulation this year. The United Kingdom has not adopted a specific strategy for implementation of the SBA; however, the current SME policy is linked to the SBA and its associated criteria and is fully in line with the aspirations and goals of the SBA. |
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| Applicable Ex-ante conditionality for which national bodies are responsible | Applicable ex-ante conditionality fulfilled | Criteria | Criteria fulfilled | Reference (if fulfilled)²⁶ | Explanation (where appropriate) |
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²⁶ (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)

| 4. Supporting the shift towards a low-carbon economy in all sectors | | | | | |
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| 4.1 Actions have been carried out to promote cost-effective improvements of energy end use efficiency and cost-effective investment in energy efficiency when constructing or renovating buildings. | YES | The actions are: — measures to ensure minimum requirements are in place related to the energy performance of buildings consistent with Article 3, Article 4 and Article 5 of Directive 2010/31/EU of the European Parliament and of the Council (1); | Yes | Part L of the Building Regulations in England sets minimum energy efficiency standards for new buildings and for ‘building work’ to existing properties, including extensions and conversions. http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partl/ | Government has a long-term trajectory to decarbonise new buildings in England through its policy for zero carbon new homes and non-domestic buildings. |
| | | — measures necessary to establish a system of certification of the energy performance of buildings consistent with Article 11 of Directive 2010/31/EU; | Yes | Link to Energy Performance Certificate information: https://www.gov.uk/buy-sell-your-home/energy-performance-certificates | As part of implementing the EU Energy Performance of Buildings Directive 2002, Energy Performance Certificates (EPCs) present energy efficiency ratings of both domestic and non-domestic buildings. |
| | | — measures to ensure strategic planning on energy efficiency, consistent with Article 3 of Directive 2012/27/EU of the European Parliament and of the Council (2); | YES | Link to National Energy Efficiency Plan https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307993/uk_national_energy_efficiency_action_plan.pdf | The UK target is a reduction of 18% of final energy demand by 2020. Progress was reported in the 2014 UK National Energy Efficiency Action Plan |

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| | | - measures consistent with Article 13 of Directive 2006/32/EC of the European Parliament and of the Council (3) on energy end-use efficiency and energy services to ensure the provision to final customers of individual meters in so far as it is technically possible, financially reasonable and proportionate in relation to the potential energy savings. | Yes | <p>Link to the 1986 Gas Act: http://www.legislation.gov.uk/ukpga/1986/44</p> <p>https://www.gov.uk/gas-and-electricity-meter-regulations includes separate references to all other relevant regulations</p> <p>Link to the 1989 Electricity Act: http://www.legislation.gov.uk/ukpga/1989/29/contents</p> | The Transposition Note submitted in May 2008 sets out Great Britain's smart metering plans. In relation to Art 13 (1), domestic, public sector and business premises in Great Britain and Northern Ireland that are served by licensed gas and electricity suppliers are already provided with individual, competitively priced gas and electricity meters. |
| 4.2. Actions have been carried out to promote high-efficiency co-generation of heat and power. | Not applicable | <p>The actions are:</p> <p>-Support for co-generation is based on useful heat demand and primary energy savings consistent with Article 7(1) and points (a) and (b) of Article 9(1) of Directive 2004/8/EC</p> | YES | Not applicable | Npt applicable |
| | | Member States or their competent bodies have evaluated the existing legislative and regulatory framework with regard to authorisation procedures or other procedures in | | Not applicable | Not applicable |

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| | | order to: (a) Encourage the design of co-generation units to match economically justifiable demands for useful heat output and avoid orduction of more heat than useful heat; and | | | |
| | | (b) Reduce the regulatory and non-regulatory barriers to an increase in co-generation. | | Not applicable | Not applicable |
| 4.3. Actions have been carried out to promote the production and distribution of renewable energy sources | YES | — Transparent support schemes, priority in grid access or guaranteed access and priority in dispatching, as well as standard rules relating to the bearing and sharing of costs of technical adaptations which have been made public are in place consistent with Article 14(1), Article 16(2) and 16(3) of Directive 2009/28/EC of the European Parliament and of the Council (4). | YES | Links to 2011 report: http://ec.europa.eu/energy/renewables/reports/doc/article_22_progress_reports_official_language.zip Links to 2012 report: http://ec.europa.eu/energy/renewables/reports/doc/2013_article_22_progress_reports_official_language.zip | The detail of the support schemes and measures to enable access to the grid are set out in the UK's 2010 National Renewable Energy Action Plan (NREAP) and progress reports. |

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| | | <p>— A Member State has adopted a national renewable energy action plan consistent with Article 4 of Directive 2009/28/EC</p> | <p>YES</p> | <p>The UK's NREAP was submitted to the Commission in 2010. See: http://ec.europa.eu/energy/renewables/action_plan_en.htm</p> <p>The UK Renewable Energy Roadmap can be viewed at: https://www.gov.uk/government/collections/uk-renewable-energy-roadmap</p> | <p>Further information on the UK's progress and actions to help achieve the 2020 renewable energy targets are described in the UK Renewable Energy Roadmap.</p> <p>The UK's second national report under 2004/8/EC identified informational barriers as a non-regulatory barrier to CHP deployment. As a result the UK established the CHP Focus programme to provide information and tools to potential.</p> <p>Support Schemes include: The Renewables Obligation Electricity Market Reforms; The Feed in Tariff Scheme and; the Renewable Transport Fuels Obligation.</p> |
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| | | | | | <p>The rules for sharing costs in relation to the distribution networks between initial and subsequent connectees (including generators) are set out in the Electricity (Connection Charges) Regulations 2002 (as amended), which are provided for by section 19 of the Electricity Act 1989.</p> |
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| Applicable Ex-ante conditionality for which national bodies are responsible | Applicable ex-ante conditionality fulfilled | Criteria | Criteria fulfilled | Reference (if fulfilled) ²⁷ | Explanation (where appropriate) |
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| 5. Promoting climate change adaptation, risk prevention and management | | | | | |
| 5.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management. taking into account climate change adaptation | YES | A national or regional risk assessment with the following elements shall be in place: | YES | <u>The UK Climate Change Act 2008</u> <u>Civil Contingencies Act (2004)</u> <u>The National Risk Assessment</u> <u>Climate change risk assessment 2012:</u> | <p>The Climate Change Act 2008 requires assessments of climate risks under current conditions and longer term. These will be followed by iterations of the National Adaptation Programme over a 5 year cycle. The Climate Change Committee will provide an independent view.</p> <p>The model of risk management for National Resilience is underpinned by the Civil Contingencies Act 2004. The National Risk Assessment (reviewed annually) assesses the most significant civil emergencies that could affect citizens over the next 5 years, and informs decisions at national and local levels. It focuses on single events; implications on hazards are covered under flooding and weather related risks. Locally, Category 1 Responders must assess the risk of emergencies affecting the area in which they operate (Govt provides advice and guidance to</p> |

²⁷ (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)

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| | | | | <p>The <u>Hyogo Framework for Action</u> is at:</p> | <p>support this).</p> <p>The Climate Change Risk Assessment 2012 sets out the main priorities for adaptation. The UK is signed up to the voluntary Hyogo Framework for Action.</p> |
| | | <p>— a description of the process, methodology, methods, and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;</p> | <p>YES</p> | <p><u>The UK Climate Change Act 2008</u></p> <p><u>Civil Contingencies Act (2004)</u></p> <p><u>The National Risk Assessment</u></p> <p><u>Climate change risk assessment 2012:</u></p> <p>The <u>Hyogo Framework</u></p> | <p>The Climate Change Act 2008 requires assessments of climate risks under current conditions and longer term. These will be followed by iterations of the National Adaptation Programme over a 5 year cycle. The Climate Change Committee will provide an independent view.</p> <p>The model of risk management for National Resilience is underpinned by the Civil Contingencies Act 2004. The National Risk Assessment (reviewed annually) assesses the most significant civil emergencies that could affect citizens over the next 5 years, and informs decisions at national and local levels. It focuses on single events; implications on hazards are covered under flooding and weather related risks. Locally, Category 1 Responders must assess the risk of emergencies affecting the area in which they operate (Govt provides advice and guidance to support this).</p> <p>The Climate Change Risk Assessment 2012 sets</p> |

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| | | | | for Action is at: | out the main priorities for adaptation. The UK is signed up to the voluntary Hyogo Framework for Action. |
| | | — a description of single-risk and multi-risk scenarios; | YES | <u>The UK Climate Change Act 2008</u> <u>Civil Contingencies Act (2004)</u> <u>The National Risk Assessment</u> <u>Climate change risk assessment 2012:</u> <u>The Hyogo Framework</u> | <p>The Climate Change Act 2008 requires assessments of climate risks under current conditions and longer term. These will be followed by iterations of the National Adaptation Programme over a 5 year cycle. The Climate Change Committee will provide an independent view.</p> <p>The model of risk management for National Resilience is underpinned by the Civil Contingencies Act 2004. The National Risk Assessment (reviewed annually) assesses the most significant civil emergencies that could affect citizens over the next 5 years, and informs decisions at national and local levels. It focuses on single events; implications on hazards are covered under flooding and weather related risks. Locally, Category 1 Responders must assess the risk of emergencies affecting the area in which they operate (Govt provides advice and guidance to support this).</p> <p>The Climate Change Risk Assessment 2012 sets</p> |

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| | | | | for Action is at: | out the main priorities for adaptation. The UK is signed up to the voluntary Hyogo Framework for Action. |
| | | — taking into account, where appropriate, national climate change adaptation strategies. | YES | <p><u>The UK Climate Change Act 2008</u></p> <p><u>Civil Contingencies Act (2004)</u></p> <p><u>The National Risk Assessment</u></p> <p><u>Climate change risk assessment 2012:</u></p> <p>The <u>Hyogo Framework</u> for Action is at:</p> | <p>The Climate Change Act 2008 requires assessments of climate risks under current conditions and longer term. These will be followed by iterations of the National Adaptation Programme over a 5 year cycle. The Climate Change Committee will provide an independent view.</p> <p>The model of risk management for National Resilience is underpinned by the Civil Contingencies Act 2004. The National Risk Assessment (reviewed annually) assesses the most significant civil emergencies that could affect citizens over the next 5 years, and informs decisions at national and local levels. It focuses on single events; implications on hazards are covered under flooding and weather related risks. Locally, Category 1 Responders must assess the risk of emergencies affecting the area in which they operate (Govt provides advice and guidance to support this).</p> <p>The Climate Change Risk Assessment 2012 sets out the main priorities for adaptation. The UK is signed up to the voluntary Hyogo Framework for Action.</p> |

| 6. Preserving and protecting the environment and promoting resource efficiency | | | | | |
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| 6.1. Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes. | Not applicable | | | | |
| 6.2. Waste sector: Promoting economically and environmentally sustainable investments in the waste sector particularly through the development of waste management plans consistent with Directive 2008/98/EC, and with the waste hierarchy. | Not applicable | | | | |
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| Applicable Ex-ante conditionality for which national bodies are responsible | Applicable ex-ante conditionality fulfilled | Criteria | Criteria fulfilled | Reference (if fulfilled) ²⁸ | Explanation (where appropriate) |
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| 7. Promoting sustainable transport and removing bottlenecks in key network infrastructures | | | | | |
| 7.1. Transport: The existence of a comprehensive plan or plans or framework or frameworks for transport investment in accordance with the Member States' institutional set-up (including public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive and core networks. | Yes | — The existence of a comprehensive transport plan or plans or framework or frameworks for transport investment which complies with legal requirements for strategic environmental assessment and sets out: | Yes | <p>The National road network is managed directly by Government through the Highways Agency. The Government's plans for investment and reform in the national road network are set out in the command Paper '<u>Action for Roads</u>' published in 2013)</p> <p>The <u>Local Transport Act</u> can be found on GOV.UK</p> <p><u>Local transport plans</u> can be found via</p> | <p>The conditionality is met through a framework not a single plan.</p> <p>There are national plans for the two modes of transport responsible for the greatest level of public investment (road and rail).</p> <p>Section 108 of the Local Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. The Local Authority (LA) must ensure that their plans and programmes comply with relevant UK and EU law. Plans are available on</p> |

²⁸ (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)

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| | | | | GOV.UK | <p>individual websites. The vast majority of funding proposed under TO7 is on LA transport networks.</p> <p>Applicable transport EACs are contained in investment plans by the individual LEP areas. These include routes that are parts of the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named. The areas expected to seek support for transport are Cornwall, Liverpool, Lincolnshire, Durham/NE and Cumbria.</p> |
| | | <p>— the contribution to the single European Transport Area consistent with Article 10 of Regulation (EU) No 1315/2013 of the European Parliament and of the Council (5), including priorities for investments in:</p> | Yes | <p>The National road network is managed directly by Government through the Highways Agency. The Government's plans for investment and reform in the national road network are set out in the command Paper '<u>Action for Roads</u>' published in 2013)</p> | <p>There are national plans for the two modes of transport responsible for the greatest level of public investment (road and rail).</p> <p>Section 108 of the Local Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. The Local Authority (LA) must ensure that their plans and programmes</p> |

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| | | | | The <u>Local Transport Act</u> can be found on GOV.UK | comply with relevant UK and EU law. Plans are available on individual websites. The vast majority of funding proposed under TO7 is on LA transport networks. |
| | | — the core TEN-T network and the comprehensive network where investment from the ERDF and the Cohesion Fund is envisaged; and | Yes | The National road network is managed directly by Government through the Highways Agency. The Government's plans for investment and reform in the national road network are set out in the command Paper ' <u>Action for Roads</u> ' published in 2013) <u>Local transport plans</u> can be found via GOV.UK | Applicable transport EACs are contained in investment plans by the individual LEP areas. These include routes that are parts of the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named. The areas expected to seek support for transport are Cornwall, Liverpool, Lincolnshire, Durham/NE and Cumbria. |
| | | — secondary connectivity; | Yes | The National road network is managed directly by Government through the Highways Agency. The Government's plans for investment and reform in the national road network are set out in | Applicable transport EACs are contained in investment plans by the individual LEP areas. These include routes that are parts of the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named. The areas expected to seek |

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| | | | | <p>the command Paper '<u>Action for Roads</u>' published in 2013)</p> <p><u>Local transport plans</u> can be found via GOV.UK</p> | <p>support for transport are Cornwall, Liverpool, Lincolnshire, Durham/NE and Cumbria.</p> |
| | | <p>— a realistic and mature pipeline for projects for which support from the ERDF and the Cohesion Fund is envisaged;</p> | <p>Yes</p> | <p>The National road network is managed directly by Government through the Highways Agency. The Government's plans for investment and reform in the national road network are set out in the command Paper '<u>Action for Roads</u>' published in 2013)</p> <p><u>Local transport plans</u> can be found via GOV.UK</p> | <p>Applicable transport EACs are contained in investment plans by the individual LEP areas. These include routes that are parts of the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named. The areas expected to seek support for transport are Cornwall, Liverpool, Lincolnshire, Durham/NE and Cumbria.</p> <p>On the ground advice and guidance for local partners involved in the development of a pipeline of projects and for project providers is provided through local MA teams. The MA also provides comprehensive online guidance for all project providers.</p> |

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| | | — Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline. | Yes | <p>The National road network is managed directly by Government through the Highways Agency. The Government's plans for investment and reform in the national road network are set out in the command Paper '<u>Action for Roads</u>' published in 2013)</p> <p><u>Local transport plans</u> can be found via GOV.UK</p> | <p>Applicable transport EACs are contained in investment plans by the individual LEP areas. These include routes that are parts of the TEN-T comprehensive and core networks, although TEN-T will not be explicitly named. The areas expected to seek support for transport are Cornwall, Liverpool, Lincolnshire, Durham/NE and Cumbria.</p> <p>On the ground advice and guidance for local partners involved in the development of a pipeline of projects and for project providers is provided through local MA teams. The MA also provides comprehensive online guidance for all project providers.</p> |
| 7.2. Railway: The existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on | | The existence of a section on railway development within the transport plan or plans or framework or frameworks as set out above which complies with legal | YES | <p>Link to road transport plan https://www.gov.uk/government/speeches/the-governments-plan-for-the-uks-road-network.</p> | <p>The conditionality is met through a framework not a single plan. There are national plans for the two modes of transport responsible for the greatest level of public investment (road</p> |

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| <p>railway development in accordance with the Member States' institutional set-up (including concerning public transport at regional and local level) which supports infrastructure development and improves connectivity to the TEN-T comprehensive and core networks. The investments cover mobile assets, interoperability and capacity- building.</p> | <p>requirements for strategic environmental assessment (SEA) and sets out a realistic and mature project pipeline (including a timetable and budgetary framework);</p> | | <p>Link to rail transport plan https://www.gov.uk/government/policies/expanding-and-improving-the-rail-network</p> | <p>and rail). Applicable transport EACs with objectives are very specific and local and are contained in investment plans by the individual LEPs for those areas. These include routes that are parts of the TEN-T comprehensive and core networks, although the TEN-T will not be explicitly named. The areas expected to seek support for transport are Cornwall, Liverpool, Lincolnshire, Durham/NE and Cumbria.</p> |
| | <p>— Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline.</p> | <p>YES</p> | <p><u>Local transport plans</u> can be found via GOV.UK</p> | <p>Applicable transport EACs with objectives are very specific and local and are contained in investment plans by the individual LEPs for those areas. These include routes that are parts of the TEN-T comprehensive and core networks, although the TEN-T will not be explicitly named. The areas expected to seek support for transport are Cornwall, Liverpool, Lincolnshire, Durham/NE and</p> |

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| | | | | | <p>Cumbria.</p> <p>On the ground advice and guidance for local partners involved in the development of a pipeline of projects and for project providers is provided through local MA teams. The MA also provides comprehensive online guidance for all project providers.</p> |
| <p>7.3. Other modes of transport, including inland-waterways and maritime transport, ports, multimodal links and airport infrastructure: the existence within the comprehensive transport plan or plans or framework or frameworks of a specific section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure, which contribute to improving</p> | | <p>— The existence of a section on inland-waterways and maritime transport, ports, multimodal links and airport infrastructure within the transport plan or plans or framework or frameworks which:</p> | <p>YES</p> | <p>The Local Transport Act can be found on GOV.UK at: https://www.gov.uk/government/publications/the-transport-acts-and-the-competition-test</p> <p>Local transport plans can be found via GOV.UK at: https://www.gov.uk/find-local-transport-plans</p> | <p>Section 108 of the Local Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. It is the responsibility of the Local Authority to ensure that their plans and programmes comply with relevant UK and EU law, for example requirements for strategic environmental assessments. Plans are available on Local Authorities' own websites. The vast majority of funding proposed under TO7 is on Local Authority transport networks. The plans include routes that are parts of the TEN-T</p> |

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| <p>connectivity to the TEN-T comprehensive and core networks and to promoting sustainable regional and local mobility.</p> | | | | | <p>comprehensive and core networks, although the TEN-T will not be explicitly named.</p> <p>No investment is proposed for airport infrastructure.</p> |
| | | <p>— complies with legal requirements for strategic environmental assessment;</p> | <p>YES</p> | <p>The Local Transport Act can be found on GOV.UK at: https://www.gov.uk/government/publications/the-transport-acts-and-the-competition-test</p> <p>Local transport plans can be found via GOV.UK at: https://www.gov.uk/find-local-transport-plans</p> | <p>Section 108 of the Local Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. It is the responsibility of the Local Authority to ensure that their plans and programmes comply with relevant UK and EU law, for example requirements for strategic environmental assessments. Plans are available on Local Authorities' own websites. The vast majority of funding proposed under TO7 is on Local Authority transport networks. The plans include routes that are parts of the TEN-T comprehensive and core networks, although the TEN-T will not be explicitly named.</p> <p>No investment is proposed for airport infrastructure.</p> |

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| | | — sets out a realistic and mature project pipeline (including a timetable and budgetary framework); | YES | <p>The Local Transport Act can be found on GOV.UK at: https://www.gov.uk/government/publications/the-transport-acts-and-the-competition-test</p> <p>Local transport plans can be found via GOV.UK at: https://www.gov.uk/find-local-transport-plans</p> | <p>Section 108 of the Local Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. It is the responsibility of the Local Authority to ensure that their plans and programmes comply with relevant UK and EU law, for example requirements for strategic environmental assessments. Plans are available on Local Authorities' own websites. The vast majority of funding proposed under TO7 is on Local Authority transport networks. The plans include routes that are parts of the TEN-T comprehensive and core networks, although the TEN-T will not be explicitly named.</p> <p>No investment is proposed for airport infrastructure.</p> |
| | | — Measures to ensure the capacity of intermediary bodies and beneficiaries to deliver the project pipeline. | YES | <p>The Local Transport Act can be found on GOV.UK at: https://www.gov.uk/government/publications/the-transport-acts-and-the-</p> | <p>Section 108 of the Local Transport Act 2000 requires all Local Transport Authorities to prepare and maintain a Local Transport Plan. It is the responsibility of the Local</p> |

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| | | | | <p><u>competition-test</u></p> <p>Local transport plans can be found via GOV.UK at: https://www.gov.uk/find-local-transport-plans</p> | <p>Authority to ensure that their plans and programmes comply with relevant UK and EU law, for example requirements for strategic environmental assessments. Plans are available on Local Authorities' own websites. The vast majority of funding proposed under TO7 is on Local Authority transport networks. The plans include routes that are parts of the TEN-T comprehensive and core networks, although the TEN-T will not be explicitly named.</p> <p>No investment is proposed for airport infrastructure.</p> <p>On the ground advice and guidance for local partners involved in the development of a pipeline of projects and for project providers is provided through local MA teams. The MA also provides comprehensive online guidance for all project providers.</p> |
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| <p>7.4 Development of smart energy distribution, storage and transmission systems. The existence of comprehensive plans for investments in smart energy infrastructure, and of regulatory measures, which contribute to improving energy efficiency and security of supply</p> | <p>Not applicable</p> | <p>Comprehensive plans describing the national energy infrastructure priorities are in place that are:</p> <ul style="list-style-type: none"> — in accordance with Article 22 of Directive 2009/72/EC and of Directive 2009/73/EC, where applicable, and — consistent with the relevant regional investment plans under Article 12 and with the Union-wide ten-year network development plan in accordance with point (b) of Article 8(3) of Regulation (EC) No 714/2009 of the European Parliament and of the Council (6) and with Regulation (EC) No 715/2009 of the European Parliament and of the Council (7), and <p>- compatible with Article 3(4) of Regulation (EU) No 347/2013 of the European Parliament and</p> | <p>YES</p> | <p>Not applicable</p> | <p>Not applicable</p> |
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| | | <p>of the Council (8);.</p> <p>Those plans shall contain:</p> <ul style="list-style-type: none">— a realistic and mature project pipeline for projects for which support from the ERDF is envisaged;— measures to achieve the objectives of social and economic cohesion and environmental protection, in line with Article 3(10) of Directive 2009/72/EC and Article 3(7) of Directive 2009/73/EC;— measures to optimise the use of energy and promote energy efficiency, in line with Article 3(11) of Directive 2009/72/EC and Article 3(8) of Directive 2009/73/EC. | | | |
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| 8. Promoting sustainable and quality employment and supporting labour mobility | | | | | |
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| 8.1. Active labour market policies are designed and delivered in the light of the Employment guidelines. | Not applicable | Employment services have the capacity to, and do, deliver: — personalised services and active and preventive labour market measures at an early stage, which are open to all jobseekers while focusing on people at highest risk of social exclusion, including people from marginalised communities; | Not met at UK level | Not applicable | Not applicable |
| | | — comprehensive and transparent information on new job vacancies and employment opportunities taking into account the changing needs of the labour market. | Yes | Not applicable | Not applicable |
| | | — Employment services have set up formal or informal cooperation arrangements with relevant stakeholders | Not met at UK level | Not applicable | Not applicable |
| 8.2. Self-employment, entrepreneurship and business creation: the | Not applicable | A strategic policy framework for inclusive start-up support is in place with the following elements: — measures have been put | Not applicable | Not applicable | Not applicable |

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| <p>existence of a strategic policy framework for inclusive start-up.</p> | | <p>in place with the objective of reducing the time and cost involved in setting up a business, taking account of the targets of the SBA; — measures have been put in place with the objective of reducing the time needed to get licenses and permits to take up and perform the specific activity of an enterprise, taking account of the targets of the SBA; — actions linking suitable business development services and financial services (access to capital), including reaching out to disadvantaged groups, areas, or both, where needed.</p> | | | |
| <p>8.3. Labour market institutions are modernised and strengthened in the light of the Employment Guidelines; Reforms of labour market</p> | <p>Not applicable</p> | <p>Actions to reform employment services, aiming at providing them with the capacity to deliver: — personalised services and active and preventive labour market measures at an early stage, which are open to all jobseekers while focusing on people at</p> | <p>Not applicable</p> | <p>Not applicable</p> | <p>Not applicable</p> |

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| institutions will be preceded by a clear strategic policy framework and ex ante assessment including with regard to the gender dimension | | highest risk of social exclusion, including people from marginalised communities; — comprehensive and transparent information on new job vacancies and employment opportunities taking into account the changing needs of the labour market. | | | |
| 8.4. Active and healthy ageing: Active ageing policies are designed in the light of the Employment Guidelines | Not applicable | — Relevant stakeholders are involved in the design and follow-up of active ageing policies with a view to retaining elderly workers on the labour market and promoting their employment; — A Member State has measures in place to promote active ageing. | Not applicable | Not applicable | Not applicable |
| 8.5. Adaptation of workers, enterprises and entrepreneurs to change: The existence of policies aimed at favouring anticipation and good | Not applicable | — Instruments are in place to support social partners and public authorities to develop and monitor proactive approaches towards change and restructuring which include measures: — to promote anticipation of change; — to promote the preparation and | Not applicable | Not applicable | Not applicable |

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| management of change and restructuring. | | management of the restructuring process. | | | |
| 8.6. The existence of a strategic policy framework for promoting youth employment including through the implementation of the Youth Guarantee. This ex ante conditionality applies only for implementation of the YEI | Not applicable | <p>A strategic policy framework for promoting youth employment is in place that:</p> <ul style="list-style-type: none"> — is based on evidence that measures the results for young people not in employment, education or training and that represents a base to develop targeted policies and monitor developments; — identifies the relevant public authority in charge of managing youth employment measures and coordinating partnerships across all levels and sectors; — involves stakeholders that are relevant for addressing youth unemployment; — allows early intervention and activation; - comprises supportive measures for access to employment, enhancing skills, labour mobility and | Not applicable | Not applicable | Not applicable |

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| | | sustainable integration of young people not in employment, education or training into the labour market. | | | |
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| 9. Promoting social inclusion, combating poverty and any discrimination | | | | | |
|---|-----|--|-----|---|---|
| 9.1. The existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines | YES | A national strategic policy framework for poverty reduction, aiming at active inclusion, is in place that: | YES | <u>Social Justice Strategy.</u> | The Government's Social Justice Strategy was published in March 2012. The Government's reforms to the welfare system recognise work as the primary route out of poverty. The reforms make it fairer, more affordable and better able to tackle the causes of poverty, worklessness and welfare dependency. In tackling poverty, the Government's strategy is designed to address and reduce social exclusion. |
| | | — provides a sufficient evidence base to develop policies for poverty reduction and monitor developments; | YES | <u>Social Justice Strategy.</u> <u>Social Justice Outcome Framework</u> <u>Social Justice: Transforming Lives One Year On</u> | The Social Justice Strategy provides the evidence base for policies for poverty reduction. The Social Justice Outcome Framework sets out what Government wants to achieve and how it will measure success. The Social Justice Transforming Lives One Year One report, published in April 2013, set out the progress made since the initial Strategy was launched. |

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| | <p>— contains measures supporting the achievement of the national poverty and social exclusion target (as defined in the National Reform Programme), which includes the promotion of sustainable and quality employment opportunities for people at the highest risk of social exclusion, including people from marginalised communities;</p> | YES | <u>Social Justice Strategy</u> Chapters 3&4 | For example, the Work Programme began in 2011 and brings together support for people on a range of benefits and delivered by providers offering tailored, locally-appropriate employment support . By giving providers freedom to design support around the needs of the individual and by offering the greatest financial rewards for people with the greatest need, Government is encouraging new and innovative solutions to getting individuals facing multiple disadvantages back to work. For example prison leavers have Day One access to the Work Programme on release from prison . |
| | <p>— involves relevant stakeholders in combating poverty;</p> | Yes | <u>Social Justice Strategy.</u> Chapter 5 | The Social Justice Strategy recognises that the most effective solutions will often be designed and delivered at a local level, requiring close partnership between the private, public and voluntary sectors. |
| | <p>— depending on the identified needs, includes measures for the shift from institutional to community</p> | Yes | <u>The Government's</u> <u>Mental Health Strategy</u> <u>Closing the gap</u> | There has been a managed move over the last decade from an over dependence on in-patient services towards a |

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| | | based care; | | | comprehensive, community-based service, with the development of networks of intensive community teams in many areas. |
| | | — Upon request and where justified, relevant stakeholders will be provided with support for submitting project applications and for implementing and managing the selected projects. | Yes | ERDF National Guidance for 2007-13 programmes can be found at: https://www.gov.uk/erdf-national-guidance | The MA provides comprehensive online guidance for all project providers (as it does for the current 2007-13 programme). In addition there is on the ground advice and guidance provided through local teams. This will include guidance on the operation of a Community Led Local Development (CLLD) scheme to ensure community based stakeholders receive the appropriate support for submitting and running selected projects. |
| 9.2. A national Roma inclusion strategic policy framework is in place | Not applicable | A national Roma inclusion strategic policy framework is in place that: — sets achievable national goals for Roma integration to bridge the gap with the general population. These targets should address the four EU Roma integration | Not applicable | Not applicable | Not applicable |

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| | <p>goals relating to access to education, employment, healthcare and housing;</p> <ul style="list-style-type: none"> — identifies where relevant those disadvantaged micro-regions or segregated neighbourhoods, where communities are most deprived, using already available socio-economic and territorial indicators (i.e. very low educational level, long- term unemployment, etc); — includes strong monitoring methods to evaluate the impact of Roma integration actions and a review mechanism for the adaptation of the strategy; — is designed, implemented and monitored in close cooperation and continuous dialogue with Roma civil society, regional and local authorities. — <p>Upon request and where justified, relevant stakeholders will be provided with support for submitting project</p> | | | |
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| | | applications and for implementing and managing the selected projects | | | |
| 9.3. Health: The existence of a national or regional strategic policy framework for health within the limits of Article 168 TFEU ensuring economic sustainability. | Not applicable | <p>A national or regional strategic policy framework for health is in place that contains:</p> <ul style="list-style-type: none"> — coordinated measures to improve access to health services; measures to stimulate efficiency in the health sector, through deployment of service delivery models and infrastructure; — a monitoring and review system. — A Member State or region has adopted a framework outlining available budgetary resources on an indicative basis and a cost-effective concentration of resources on prioritised needs for health care | Not applicable | Not applicable | Not applicable |

| Applicable Ex-ante conditionality for which national bodies are responsible | Applicable ex-ante conditionality fulfilled | Criteria | Criteria fulfilled | Reference (if fulfilled) ²⁹ | Explanation (where appropriate) |
|---|---|--|--------------------|--|---------------------------------|
| 10. Investing in education, training and vocational training for skills and lifelong learning | | | | | |
| 10.1. Early school leaving: The existence of a strategic policy framework to reduce early school leaving (ESL) within the limits of Article 165 TFEU. | Not applicable | <p>A system for collecting and analysing data and information on ESL at relevant levels is in place that:</p> <ul style="list-style-type: none"> — provides a sufficient evidence-base to develop targeted policies and monitors developments <p>A strategic policy framework on ESL is in place that:</p> <ul style="list-style-type: none"> — is based on evidence; — covers relevant educational sectors including early childhood development, targets in particular vulnerable | Not applicable | Not applicable | Not applicable |

²⁹ (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)

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| | | <p>groups that are most at risk of ESL including people from marginalised communities, and addresses prevention, intervention and compensation measures;</p> <p>— involves all policy sectors and stakeholders that are relevant to addressing ESL.</p> | | | |
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| <p>10.2. Higher Education: The existence of national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency within the limits of Article 165 TFEU.</p> | <p>Not applicable</p> | <p>A national or regional strategic policy framework for tertiary education is in place with the following elements:</p> <ul style="list-style-type: none"> - where necessary, measures to increase participation and attainment that: <ul style="list-style-type: none"> - increase higher education participation among low income groups and other under-represented groups with special regard to disadvantaged people, including people from marginalised communities; - reduce drop-out rates/improve completion rates - encourage innovative content and programme design; - measures to increase employability and entrepreneurship that: <ul style="list-style-type: none"> - encourage the development of | <p>Not applicable</p> | <p>Not applicable</p> | <p>Not applicable</p> |
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| | | <p>“transversal skills” including entrepreneurship in relevant higher education programmes; - reduce gender difference in terms of academic and vocational choices</p> | | | |
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| 10.3. Lifelong learning (LL): The existence of a national and/or regional strategic policy framework for lifelong learning within the limits of Article 165 TFEU. | Not applicable | A national or regional strategic policy framework for lifelong learning is in place that contains measures: | Not applicable | Not applicable | Not applicable |
| | | — to support the developing and linking services for LL, including their implementation and skills upgrading (i.e. validation, guidance, education and training) and providing for the involvement of, and partnership with relevant stakeholders; | | | |
| | | - for the provision of skills development for various target groups where these are identified as priorities in national or regional strategic policy frameworks (for example young people in vocational training, adults, parents returning to the labour market, low skilled and older workers, migrants and other disadvantaged groups, in particular people with | | | |

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| | | disabilities); | | | |
| | | — to widen access to LL including through efforts to effectively implement transparency tools (for example the European Qualifications Framework, National Qualifications Framework, European Credit system for Vocational Education and Training, European Quality Assurance in Vocational Education and Training); | | | |
| | | — to improve the labour market relevance of education and training and to adapt it to the needs of identified target groups (for example young people in vocational training, adults, parents returning to the labour market, low-skilled and older workers, migrants and other disadvantaged groups, in particular people with disabilities) | | | |

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| 10.4. The existence of a national or regional strategic policy framework for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU. | Not applicable | A national or regional strategic policy framework is in place for increasing the quality and efficiency of VET systems within the limits of Article 165 TFEU which includes measures for the following: | Not applicable | Not applicable | Not applicable |
| | | - to improve the labour market relevance of VET systems in close cooperation with relevant stakeholders including through mechanisms for skills anticipation, adaptation of curricula and the strengthening of work- based learning provision in its different forms; | | | |
| | | — to increase the quality and attractiveness of VET including through establishing a national approach for quality assurance for VET (for example in line with the, European Quality Assurance Reference Framework for Vocational | | | |

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| | | Education and Training) and implementing the transparency and recognition tools, for example European Credit system for Vocational Education and Training. (ECVET). | | | |
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| Applicable Ex-ante conditionality for which national bodies are responsible | Applicable ex-ante conditionality fulfilled | Criteria | Criteria fulfilled | Reference (if fulfilled) ³⁰ | Explanation (where appropriate) |
|---|---|---|--------------------|--|---------------------------------|
| 11. Enhancing institutional capacity of public authorities and stakeholders and efficient public administration | | | | | |
| The existence of a strategic policy framework for reinforcing the Member States' administrative efficiency including public administration reform | Not applicable | <p>reinforcing a Member State's public authorities' administrative efficiency and their skills with the following elements are in place and in the process of being implemented:</p> <ul style="list-style-type: none"> — an analysis and strategic planning of legal, organisational and/or procedural reform actions; — the development of quality management systems; — integrated actions for simplification and rationalisation of administrative procedures; | Not applicable | Not applicable | Not applicable |

³⁰ (reference to the strategies, legal acts or other relevant documents incl. reference to relevant sections, articles or paragraphs accompanied by a hyperlink or other access to the full text)

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|--|--|--|--|--|--|
| | | <ul style="list-style-type: none">— the development and implementation of human resources strategies and policies covering the main gaps identified in this field;— the development of skills at all levels of the professional hierarchy within public authorities; the development of procedures and tools for monitoring and evaluation. | | | |
|--|--|--|--|--|--|

Section 10. Reduction of the Administrative burden for beneficiaries (Article 96 (6) (c) Common Provisions Regulation)

10.1 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.

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 European Regional Development Fund and European Social Fund, including a single point of access, single application documentation and process
- 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 (information technology) 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 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 Fund and European Social Fund funding 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 partners 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 Fund and European Social Fund. The guidance will draw directly from the European Union regulations and guidance from the Commission and the Experts Group on the European Structural and Investment Funds 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 Regional Development Fund and European Social 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. In particular, use will be made of Article 68(1)(b) of the Common Provisions Regulation that allows a rate of up to 15% of eligible direct staff costs to be claimed as indirect costs without the need for 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.

The Managing Authority will discuss with partners what other simplified cost options could be implemented. This includes the use of standardised unit costs.

Opt-Ins

The 'opt-in model' has been developed to allow local partners to access national match funding' from key national programmes. The model provides a mechanism for aligning the European Structural and Investment Funds with national policies and financial resources through designated 'Opt in Organisations'. These designated organisations will design and deliver locally tailored provision in discussion with partners in Local Enterprise Partnership territories.

Section 11. Horizontal Principles (Article 87(7) Common Provisions Regulation)

11.1 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 central 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 objectives.

Delivering the cross-cutting theme

The requirements under Article 8 of the Common Provisions Regulations cover environmental protection; resource efficiency, climate change mitigation and adaptation, biodiversity, disaster resilience, risk prevention and management.

The Managing Authority will consult with relevant Programme Monitoring Committee (Programme Monitoring Committee) sub-committees, partners and experts in sustainable development on how to take forward a programme level approach to sustainable development. This will draw on good practice from the previous programme and will seek to highlight examples of projects which demonstrate how environmental, social and economic actions are mutually supportive, and how programme providers have in place sustainable development governance, policies and implementation plans. A key aim will be that sustainable development requirements are embedded into the specifications for supported activity as appropriate, and that this is monitored during the programme.

Proposals must demonstrate how these positive environmental aspects will be enhanced and, where appropriate, negative effects minimised, at strategic and project levels.

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 as appropriate and, where relevant, beyond their boundaries.

Investments supported by the European Regional Development Fund should demonstrate consideration of contribution 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 as the default requirement with scope to agree Very Good where circumstances make this the highest feasible standard
- Refurbishment projects – BREEAM Very Good
- Infrastructure Projects – CEEQUAL Very Good

To achieve this, investments must demonstrate a proactive approach, maximising energy efficiency and minimising water consumption and drainage off site.

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.

11.2 Equal opportunities and non-discrimination

Description of specific actions to promote equal opportunities and prevent 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 for ensuring accessibility for persons with disabilities.

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 Regional Development Fund 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:

- 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 European Structural and Investment Funds sub-committees 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 Sized 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.

Equality of men and women

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.

Thematic objectives

- **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 measures that promote greater female participation in associated sectors. This theme also engages in physical infrastructure such as incubation space. Such projects will take into account the needs of disabled people as regards access and use.. 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 (information and communications technology)** – 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 group's lack entrepreneurial understanding and appropriate skills and experience entrenched attitudinal barriers. Specifically, people in difficult social or economic circumstances face barriers to enterprise, but some groups have additional barriers – for example women and black and minority ethnic groups

are often under-represented in enterprise compared to the wider population, so investments will actively address barriers to business start-up and other types of business opportunities for such groups.

- **Low carbon, climate change adaptation and mitigation and environment protection** – there are likely to be few significant impacts for these 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.
- **Social inclusion** – there are likely to be significant impacts for this thematic objective.

Section 12. Separate elements presented as annexes in printed document version

12.1 Major projects to be implemented during programming period

Table 27: List of major projects

| Project | Planned notification/submission date (year, quarter) | | Planned start of implementation (year, quarter) | Planned completion date (year, quarter) | Priority axes / investment priorities |
|---------|--|----------|---|---|--|
| A30 | 2014, Q1 | 2014, Q1 | 2014, Q1 | | 7 SUSTAINABLE TRANSPORT IN CORNWALL AND THE ISLES OF SCILLY - 7a Supporting a multimodal Single European Transport Area by investing in the TEN-T |
| GA | 2014, Q1 | 2014, Q1 | 2014, Q1 | | 3 ENHANCING THE COMPETITIVENESS OF SMALL AND MEDIUM ENTERPRISE - 3d Supporting the capacity of small and medium enterprises to grow in regional, national and international markets, and to engage in innovation processes |
| MAS | 2014, Q1 | 2014, Q1 | 2014, Q1 | | 3 ENHANCING THE COMPETITIVENESS OF SMALL AND MEDIUM ENTERPRISE - 3d Supporting the capacity of small and medium enterprises to grow in regional, national and international markets, and to engage in innovation processes |
| UKTI | 2014, Q1 | 2014, Q1 | 2014, Q1 | | 3 ENHANCING THE COMPETITIVENESS OF SMALL AND MEDIUM ENTERPRISE - 3d Supporting the capacity of small and medium enterprises to grow in regional, national and international markets, and to engage in innovation processes |

12.3 List of relevant partners involved in the preparation of the operational programme

Local Enterprise Partnerships

Local Enterprise Partnership Network

Local Authorities

Local Government Association

Universities and Universities UK

Further Education Colleges

Higher Education Funding Council for England

NESTA

Research institutions

Skills Funding Agency

Job Centre Plus

Individual Businesses

British Chambers of Commerce

Federation of Small Businesses

High Street Banks

Other Business Representative Organisations

Trade Unions Congress

Other Employer Representative Organisations

European Investment Bank

Environment Agency

Local Nature Partnerships

English Heritage

Natural England

National Park Authorities

Forestry Commission

Rural Farming Network
National Council for Voluntary Organisations
Equality and Diversity Groups
Civil Society Interest Networks
Royal Society for the Preservation of Birds
Big Lottery Fund
Other Voluntary and Community Sector Organisations
National Housing Federation
National Health Service
Princes Trust
The Shaw Trust
Local Action Groups
Housing Associations
Credit Unions
National Housing Federation
Department for Communities and Local Government
Department for Business, Innovation and Skills
Department for Transport
Department for Work and Pensions
Department for Environment, Food and Rural Affairs
Department of Energy and Climate Change
Cabinet Office
Technology Strategy Board
Government Equalities Office
UKTI
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