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UNITED KINGDOM PARTNERSHIP AGREEMENT

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DRAFT



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UK CHAPTER

3 DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT SUPPORTED BY THE ESI FUNDS OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES (ARTICLE 15(2) (A) CPR)

3.1 THE ARRANGEMENTS TO ENSURE AN INTEGRATED APPROACH TO THE USE OF THE ESI FUNDS FOR THE TERRITORIAL DEVELOPMENT OF SPECIFIC SUB-REGIONAL AREAS (ARTICLE 15 (2) (I) CPR)

1. Due to the various territorial characteristics and population levels of the UK's nations, each administration is taking a different approach to integration of the ESI Funds in its own territory. Details of these arrangements are set out in national chapters.

3.1.1 COMMUNITY-LED LOCAL DEVELOPMENT (ARTICLES 32-35 CPR, ARTICLE 9 ETC, AND THE EAFRD, ESF, EMFF AND ERDF REGULATIONS)

1. Community Led Local Development is a method of using ESI Funds in a way which is focused on smaller areas, usually much smaller than NUTS 2 areas, and typically through small local community projects. It is based on a partnership of public, private and civil society contributors that come together to form a Local Action Group and deliver change for their area through a Local Development Strategy.
2. In 2014-2020, the CLLD tool will be used in England, Scotland, Wales and Northern Ireland in delivery of EAFRD and EMFF. The CLLD tool has been used to deliver parts of these Funds in the current programmes in the form of LEADER groups (EAFRD) and Fisheries Local Action Groups (EMFF).
3. In 2014-2020, England will be the only UK nation to use CLLD to deliver parts of ERDF and ESF. In Scotland, Wales and Northern Ireland, Managing Authorities are content that their proposed delivery mechanisms offer the potential to run very localised, specialist projects without the need for formal use of the CLLD tool (although in Northern Ireland this decision will be kept under review).
4. Due to its relatively small size, Gibraltar will not use the CLLD tool to deliver any of its ESI Funds.
5. More detail on use of CLLD in the UK's nations is set out in national chapters.

3.1.2 INTEGRATED TERRITORIAL INVESTMENTS (ITI)

1. The ITI tool allows Member States to implement ESI Funds Operational Programmes in a cross-cutting way and to draw on funding from several priority axes of one or more Operational Programmes to ensure the implementation of an integrated strategy for a specific territory.

2. The range of allocation sizes, territorial characteristics and delivery mechanisms across the UK's nations means that some administrations have greater need for ITIs than others:
 - within the ESI Funds Growth Programme for England, each LEP area will be able to bring forward proposals for activities which make use of multiple Funds (ERDF, ESF and EAFRD) or multiple priority axes across Operational Programmes and are in line with a strategy for the specific locality. Therefore, the Growth Programme offers all the features of an ITI for all LEP areas and there is no need to for formal use of the ITI tool;
 - in Scotland, two ITIs are being considered for areas with specific socio-economic needs – the Highlands and Islands and the South West of Scotland;
 - in Wales, there are no plans to use ITIs at present but the option will be kept under review;
 - Northern Ireland plans to pursue the possibility of local delivery using one or more ITI but no firm decision has yet been taken;
 - due to its small size, Gibraltar will not need to use an ITI within its Operational Programmes.
3. More detail on use of ITIs is included in the national chapters of those nations with an interest in the tool.

3.1.3 SUSTAINABLE URBAN DEVELOPMENT, INCLUDING THE PRINCIPLES FOR IDENTIFYING THE URBAN AREAS WHERE INTEGRATED ACTIONS FOR SUSTAINABLE URBAN DEVELOPMENT ARE TO BE IMPLEMENTED AND AN INDICATIVE ALLOCATION FOR THESE ACTIONS UNDER THE ERDF AT NATIONAL LEVEL

1. Cities are recognised as the engines of growth across the UK. In 2014-2020, the ESI Funds will be used for a range of integrated actions in the UK's cities which will build on domestic policy initiatives to strengthen the cities' role in economic development:
 - In England, Scotland and Wales, Managing Authorities have worked with urban authorities and the EIB to develop JESSICAs in the 2007-13 programmes. These Managing Authorities are exploring in which circumstances to continue to invest in these for 2014-20 and are clear that, in the right circumstances and used appropriately, they can deliver significant benefit by using EU funds on a loan basis to support urban development. Each Financial Instrument will need to be underpinned by a robust evidence base via a formal ex-ante assessment;
 - In England, the Government is giving England's cities new powers and freedoms through City Deals. These are agreements between government and a city that give the city control to take charge and responsibility of decisions that affect their area. Building on this devolution of responsibility, England's cities are playing a leading role within LEP areas in development of ESI Funds strategies. These Strategies include many examples of integrated investments in city regions;
 - In Scotland, ESI Funds will be used to support development of urban green infrastructure for example to improve water, soil and air quality, or to provide urban green space particularly in deprived areas, with wrap-around employment and social inclusion measures. ESI Funds will also support a multi-city approach developed with the Scottish Cities Alliance to promote Smart City technology in all seven cities, and to improve the connections between the cities to achieve a collective agglomeration effect.
 - In Wales the development of the City Region concept has resulted in the establishment of two City Regions in South Wales: the Cardiff City Region; and the

Swansea Bay City Region. These will be developed through improved strategic planning and prioritisation of investments and ESI funds will be able to support this process to unlock specific economic opportunities in those City Regions; and

- One of the principles behind the Northern Ireland Economic Strategy recognises the importance of Belfast and Derry / Londonderry as key drivers of regional growth. ESI Funds will be used to support local activity in these and other areas.
2. Sustainable urban development is therefore well embedded in the ESI Funds priorities across the UK's nations. Each administration is making different arrangements for delivery of specific integrated actions to achieve this priority.
 3. In order for integrated actions for sustainable urban development to count towards the 5% included in the ERDF Regulation, tasks relating at least to the selection of operations must be delegated to urban authorities. Cities will have significant influence within the various delivery structures across the UK as part of the design of the ERDF programme. London will be designated as an Intermediate Body reflecting its relative size and the fact that the Greater London Authority has an established designation as an Intermediate Body for the 2007-2013 ERDF Operational Programme. On its own this will deliver the 5% minimum threshold for the sustainable urban development article in the ERDF Regulation. Given the differing approaches to the development of cities and urban areas in each Administration, each National Chapter will set its own principles for identifying urban areas where integrated actions for sustainable urban development may lead to urban areas meeting the membership requirements for the Urban Development Network.

Table: The indicative allocation at national level to integrated actions for sustainable urban development under the ERDF

Fund	The indicative allocation at national level to integrated actions for sustainable urban development (EUR)	Proportion of the total allocation to the Fund (%)
ERDF	€291,279,214m	5%
(ESF)	€0m	0%

3.1.4 THE MAIN PRIORITY AREAS FOR COOPERATION, UNDER THE ESI FUNDS, TAKING ACCOUNT, WHERE APPROPRIATE, OF MACRO-REGIONAL AND SEA BASIN STRATEGIES

European Territorial Cooperation

1. European Territorial Cooperation (ETC) programmes seek to encourage co-operation and learning between regions in different EU countries. The Programmes are split into cross-border programmes, transnational programmes and four EU-wide interregional programmes¹.
2. The UK is involved in 14 separate programmes. Subject to final Ministerial sign off, the UK will ensure that each cross-border and transnational programme that it participates in will get at least the same amount from the UK allocation as they received for 2006-2013. This means that the UK will contribute an additional €50m from its allocation to the PEACE programme between Northern Ireland and the border counties of Ireland so the final contribution from EU funds is as before approximately €200m. This also reflects

¹ ESPON – a research network; INTERACT – a network of cooperation projects; URBACT – a network of cities and Interreg – a network to spread best practice

the particular importance that the UK Government attaches to this programme in terms of building cohesion between different communities. The continuation of the PEACE programme and the allocation of the extra EU funding is part of the Economic Pact for Northern Ireland launched by the Prime Minister on 14 June 2013.

3. In terms of other programmes some involve every UK nation whilst some only involve one. This means that each administration has its own priorities which although broadly consistent with each other, do have some differences. For this reason, more detail on these priorities are contained within each national chapter.
4. As a whole the UK has four key priorities for future cooperation programmes:
 - Programmes with a much clearer focus on meeting genuine economic growth opportunities and challenges;
 - Programmes that are better at evidencing the outcome-based impact of genuinely cross border and transnational activities (i.e., not duplicating other funding streams);
 - Programmes that ensure a legacy once funding has finished (i.e., shifting to making investments rather than giving grant), and;
 - Programmes linked more closely to the UK growth agenda and other ESI funds.
5. The UK sees a unique, specific role for territorial cooperation programmes. These programmes have opportunities to be more innovative and flexible, to take risks, to deliver longer-term solutions, and to deliver projects that do not fit into other funding streams. This of course does not detract from the need for programmes to be clearly focused, provide 'value-for-money' and deliver tangible and useful results.
6. The UK agrees that the EU 2020 strategy for smart, sustainable and inclusive growth provide a good focus for cooperation programmes. In particular, the emphasis on 'growth' is welcomed.
7. The UK sees several broad challenges where ETC programmes could add value. Economically, recovery from the recent downturn is still ongoing, and there are longer term structural challenges to ensure long-term economic competitiveness on a global scale whilst dealing with demographic change and inclusion. There are issues around the availability and security of energy, and a consequent opportunity to diversify the range and sources of energy supply – and potentially the exploitation of related new economic opportunities. There are also opportunities to drive eco-innovation, invest in natural assets, and use natural resources more efficiently and effectively to drive sustainable and resilient growth .
8. As such the UK wants ETC programmes to focus on all of these areas with a concentration on Thematic Objectives 1, 3, 4 and 6 – as we believe this is the best way to use public funding. Specific details of the programmes cannot be provided at this stage as they are still subject to further negotiation. However, we would like to see the final programmes to move beyond just 'sharing knowledge' or cooperating with no end result; a clear focus on "products, services and processes" could lead to genuine cooperation with a much more tangible impact.
9. This will require significant changes in how cooperation programmes are managed. Changes would include:
 - simple, harmonised rules and processes, with more robust programme management, to make it easier to invest money and easier for beneficiaries to deliver high quality projects; and
 - tighter controls on Technical Assistance, especially in the field of communications and publicity. The UK will ensure that national co-financing burdens are minimised as far as is legally possible.
10. Since the start of the 2007-13 programming period, the UK has tightened how it governs

ETC programmes. A cross-administration ETC Board meets several times a year and sets the strategic direction for UK policy towards ETC, as well as overseeing operational issues and risks. Programme sub-committees bring together relevant stakeholders to discuss and resolve programming issues; these will be refreshed for 2014-20 to ensure that the new thematic- and results-orientated approach is properly embedded and managed. This will ensure that the UK can continue to deliver on the partnership principle and build on the engagement activity already completed.

11. The UK has also tightened first level control processes throughout the 2007-13 programming period, and these will be further refined in 2014-20, to mitigate financial risks. Whilst recognising the need for financial control over ETC funding under the previous programme audit and control issues have provided a barrier to the cooperation and joint working between different member states and with programme authorities; hampering a key objective of ETC programmes.
12. The UK is committed to working with other member states, partner states and programme authorities to embed improvements in the 2014-20 programming period. Additionally, the UK is committed to continue working with the Commission to ensure that our joint ambitions to maximise the results of cooperation programmes are not put at risk by overly-intensive procedures or bureaucracy at all levels, from EU to local.

Atlantic Strategy

13. The UK welcomes the Atlantic Strategy which aims to create sustainable growth in coastal regions and drive forward the blue economy in those EU Member States with Atlantic coastlines. The UK considers that the Strategy could provide a helpful contribution to the overarching priority of creating growth and jobs.
14. Coastal industries and infrastructure are of great importance to the UK economy. 95% of British trade is conducted through ports, and a wide range of coastal sectors provide economic benefits to the whole UK. Six of the 20 most populous cities in the UK are in the Atlantic area.
15. The UK supports the objectives of the Atlantic Strategy across a range of areas. In particular, the UK (i) supports the aim of increasing the ability of the Atlantic area to innovate in research and technology; (ii) recognises the potential benefits of cooperation and sharing information; (iii) recognises that a number of marine sectors have strong growth potential including for example aquaculture and biotechnology; (iv) recognises the vital importance of coastal destinations to the tourist economy.
16. While the implementation of specific Atlantic Strategy actions is voluntary for Member States, the UK considers that the Atlantic Strategy is a valuable source of inspiration for activities which need to be considered in the specific context of each territory and their own particular development needs. Not all actions identified within the Atlantic Action Plan Communication are suitable for the UK and all actions will be considered in the context of whether they will deliver the core priorities of contributing to growth, jobs and sustainable development.
17. Each administration in the UK is developing its own programmes which will take account of the objectives of the Atlantic Strategy where appropriate. Therefore detailed narrative around how the Atlantic Strategy will be addressed is set out in national chapters.

ESF Transnational Co-operation

18. The ESF will support transnational co-operation with the aim of promoting mutual learning and thereby increasing the effectiveness of policies supported by the ESF. Transnational co-operation activities will involve partners from at least one other Member State as well as the UK. At least one of the operational programmes containing

ESF in the UK will include transnational co-operation activities. Transnational co-operation will be implemented within one or more priority axes within this operational programme or programmes; there will not be specific priority axes dedicated solely to transnational co-operation. The specific arrangements for ESF transnational co-operation will be set out in the relevant operational programmes, including the approach to selecting themes for transnational co-operation and whether to make use of the EU-level platform and co-ordinated implementation framework.

3.1.5 WHERE APPROPRIATE, AN INTEGRATED APPROACH TO ADDRESS THE SPECIFIC NEEDS OF GEOGRAPHICAL AREAS MOST AFFECTED BY POVERTY OR OF TARGET GROUPS AT HIGHEST RISK OF DISCRIMINATION OR SOCIAL EXCLUSION, WITH SPECIAL REGARD TO MARGINALISED COMMUNITIES, PERSONS WITH DISABILITIES, LONG TERM UNEMPLOYED AND YOUNG PEOPLE NOT IN EMPLOYMENT, EDUCATION OR TRAINING

1. As described in section 1.1, 22.7% of the UK population were considered to be at risk of poverty or social exclusion in 2011 according to the official EU definition. Within the UK, areas most affected by poverty are Northern Ireland, Yorkshire and the Humber, North East, West Midlands and Wales.

Geographical Area	Number (millions)	Percent
England	8.3	16
North East	0.5	19
North West	1.2	18
Yorkshire and the Humber	1.0	20
East Midlands	0.7	17
West Midlands	1.0	19
East of England	0.8	14
London	1.2	16
South East	1.0	12
South West	0.8	15
Wales	0.6	19
Scotland	0.8	15
Northern Ireland	0.4	21
Whole Population	10.0	16

Number and percentage of individuals in relative low income before housing costs, in 2009/10-2011/12, by region and country, three year average²

2. A person is considered to be in relative low income if their household income is less than 60 percent of the median household income. Household income is adjusted for the size and composition of the household.
3. Across the UK, sustainable employment is considered to be the best route out of poverty. Specific interventions to help people into work vary across the UK's nations due to different territorial characteristics. More detail on the role of ESI Funds in alleviating poverty in each of the UK's nations is set out in national chapters.

² Source: HBAI 2011/12
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206778/full_hbai13.pdf

3.1.6 WHERE APPROPRIATE, AN INTEGRATED APPROACH, TO ADDRESS DEMOGRAPHIC CHALLENGES OF REGIONS OR SPECIFIC NEEDS OF GEOGRAPHICAL AREAS WHICH SUFFER BY SEVERE AND PERMANENT NATURAL OR DEMOGRAPHIC HANDICAPS, AS DEFINED IN ARTICLE 174 OF THE TREATY

1. The only region of the UK that falls within scope of the EU definition of severe and permanent demographic handicap is the Highlands and Islands of Scotland which has a population density of 11.2 people per square kilometre. Section 3.1.6 of the Scotland chapter sets out how the ESI Funds will help to tackle the specific development needs of the Highlands and Islands.

4 ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT AND PROGRAMMES – ARTICLE 15(2) (B) CPR

4.1 AN ASSESSMENT OF THE EXISTING SYSTEMS FOR ELECTRONIC DATA EXCHANGE, AND A SUMMARY OF THE ACTIONS PLANNED TO GRADUALLY PERMIT ALL EXCHANGES OF INFORMATION BETWEEN BENEFICIARIES AND AUTHORITIES RESPONSIBLE FOR MANAGEMENT AND CONTROL OF PROGRAMMES TO BE CARRIED OUT BY ELECTRONIC DATA EXCHANGE

1. Responsibility for delivery of ESI Funds programmes is devolved, with various delivery systems used across the UK's nations. Summaries of the arrangements for electronic data exchange in 2014-2020 are provided in national chapters.

EMFF

2. The bodies involved in the EFF scheme operate from a range of disparate systems and processes while still meeting the control requirements of the scheme. For the 2014-2020 programme, it is foreseen that all bodies will be able to make use of a single data exchange platform which will make reporting and oversight of the scheme more transparent. This will also extend to applicants having the opportunity to apply for funding through a web-based customer acquisition platform.

ENGLAND CHAPTER

3 DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT SUPPORTED BY THE ESI FUNDS OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES (ARTICLE 15(2) (A) CPR)

3.1 THE ARRANGEMENTS TO ENSURE AN INTEGRATED APPROACH TO THE USE OF THE ESI FUNDS FOR THE TERRITORIAL DEVELOPMENT OF SPECIFIC SUB-REGIONAL AREAS (ARTICLE 14 (2) (I) CPR)

1. As set out in section 1 of this chapter, LEP areas in England have been given an allocation from the ESI Funds Growth Programme (ERDF, ESF and part of EAFRD). The allocations for ERDF and ESF have been based on the spatial distribution of funding in the 2007-2013 programmes, reflecting the fact that the gap between England's best and worst performing areas has widened or stayed the same in the past decade (this maintains higher levels of funding in the north and south west of England where need is greatest). Allocations for EAFRD have been based on rural population with some adjustments to take account of factors such as population density and sparsity and differences in productivity.
2. As set out in section 2 above, the delivery model for the Growth Programme sees LEPs and partners developing strategies for the integrated use of the ESI Funds to deliver priorities in their areas, within a framework defined by the intervention logic for the UK and England. These strategies will be delivered by Managing Authority teams based in localities with detailed knowledge of their areas.
3. The combination of allocations to areas on the basis of need, provision of tools to localities for integrated planning and local Managing Authority networks for integrated delivery ensure that the principle of integrated territorial development is paramount within the overall approach to ESI Funds in England in 2014-2020. The specific territorial needs and investment priorities within the Growth Programme are set out at the end of the intervention logic sections for thematic objectives in section 1 of this chapter.

3.1.1 COMMUNITY-LED LOCAL DEVELOPMENT (ARTICLES 32-35 CPR, ARTICLE 9 ETC, AND THE EAFRD, ESF, EMFF AND ERDF REGULATIONS)

1. In England it will be possible to support Community Led Local Development (CLLD) through the ESI Funds Programme by targeting urban areas; urban/rural areas; and non-LEADER areas. In addition CLLD as LEADER will continue to be a mandatory component of the Rural Development Programme (RDPE), and the European Maritime and Fisheries Fund (EMFF) will continue to support the Fisheries Local Action Groups (FLAGs). There is also the option for LEADER and Fisheries LAGs to draw additional resources from the ESI Funds Programme where accountable bodies apply through the ESI Funds Growth Programme business process. This section has been organised, to

reflect the implementation of CLLD through the three separate programmes. All proposals will need to be agreed by the respective Managing Authority.

ESI Funds Growth Programme

2. The UK Government's localism agenda encourages communities to take control of their own issues and shape their own solutions with power in the hands of citizens and neighbourhoods and decision-making passed down to the lowest possible level. In relation to the wider economic growth agenda the Government is committed to ensuring that local partners are at the centre of efforts to drive forward economic growth in England. This commitment to localism is evidenced by the central role that local partners and LEPs will play in shaping and then supporting the delivery of the ESI Funds in the period 2014-2020. Community Led Local Development (CLLD) offers an opportunity for even greater determination of issues and solutions at a local level as CLLD is designed to help communities help themselves through long-term integrated place-based solutions to unlock growth and jobs potential in deprived rural, urban and coastal areas.
3. The Government's 'Plan for Growth' (HMG 2011) and commitment to 'Local Growth: Realising Every Place's Potential' (HMG 2010) seek to support investment in places and people to tackle barriers to growth and to ensure that the spatial challenges of recovery are accessible to all areas and groups. The socio-economic analysis and recent data sets such as the Indices of Deprivation (HMG 2010) demonstrate that even with wider economic recovery underway a spatial concentration of deprivation persists in certain areas even within pockets of wider prosperity. This is particularly acute in some urban areas where the increasing role of London and the English core cities as engines for economic growth often masks significant economic disparities and deprivation with their functional economic geographies.
4. The use of CLLD within the English ESI Funds Growth Programme allows for the targeting of regeneration on specific geographic areas of opportunity. The Government's view is that the integrated delivery approach which underpins CLLD 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 GDP performance where concentrated and complementary support is required.
5. Under the ESIF Growth Programme, LEP areas may choose to use CLLD to deliver part of the ESIF Strategies through CLLD Local Action Groups (LAGs) in urban areas; urban/rural areas; or non-LEADER rural areas. Strategies can be mono-funded or multi-funded using appropriate combinations of the ESI Funds included in the Growth Programme (ESF, ERDF and EAFRD).
6. 20 ESI Fund Strategies plan to use part of their ESI Funds for CLLD activities. CLLD in England, supported by ERDF and ESF, will be programmed under Thematic Objective 9 and therefore will directly address issues of social exclusion and poverty. However, Local Development Strategies will be able to deliver activities under other Thematic Objectives, as long as these additional priorities are justified in LEPs' ESI Funds Strategies. LEP areas have indicated that in order to achieve long-lasting socio-economic and environmental benefits in their areas CLLD Local Development Strategies should also contribute to the following Thematic Objectives: SME Competitiveness; Low Carbon Economy; Environment and Resource Efficiency; Climate Change Adaptation; Skills; Employment; Innovation (including social innovation); and ICT. Plus support access to employment and training opportunities.
7. The main challenges that CLLD will address are linked to those highlighted at section 1.1 on socio-economic and territorial challenges in England which include embedding

access to opportunities for growth for all areas and groups, the need to address persistent levels of unemployment and poverty in rural, coastal and urban areas; the promotion of entrepreneurship and access to local services and amenities in urban areas, gaps in productivity between rural/coastal and urban areas; and particularly affecting rural areas fuel poverty, and again poor access to superfast broadband, key services and local amenities. It is anticipated that CLLD will focus in particular on:

- Stimulating local economies to deliver jobs and growth in urban, rural and coastal areas, including tourism, culture and heritage;
 - urban and coastal deprivation (hotspots with high levels of unemployment, especially amongst young people, low level skills including ICT literacy, demographic diversity, poor housing and access to services, multiple deprivation) including areas affected by industrial decline, e.g. ex-mining communities;
 - rural isolation, accessibility and poor local amenities;
 - lack of local community capacity/social capital and low levels of enterprise, including, social enterprise and development of high growth start-ups;
 - poor linkages between areas of deprivation with areas of high economic growth and jobs opportunities;
 - protection of the environment and promotion of local energy plans; and
 - developing individual pathways to integration and entry or re-entry into employment for people facing barriers to participation in the labour market.
8. For multi-fund CLLD strategies, the use of a Lead Fund for running and animation costs (not in excess of 25% of the total expenditure incurred for a Local Development Strategy) is necessary for successful implementation with minimum complexity. It is expected, although not yet decided, that where an LDS is funded by more than one Fund, in order to minimise complexity for project promoters, the integrated use of ESI Funds might take place at the level of the Local Development Strategy rather than at project level. This in practice might mean that each LDS project would be funded by only one of the ESI Funds and the LDS would in turn ensure that all projects align and complement each other.
9. The Government will work with partners at the local level to develop CLLD proposals that are more detailed and which reflect the agreed Growth programme Business Process. However, guidelines for LEPs wanting to consider this approach are that:
- Local Development Strategies should focus on the SWOT analysis showing a demonstrable need for local interventions that cannot otherwise be delivered through existing mainstream EAFRD, ESF or ERDF funding mechanisms at national or at Local Enterprise Partnership level;
 - LAGs should propose what sort of area and population that should be covered by their Local Development Strategy, though this will be different for each area and may cross Local Enterprise Partnership boundaries;
 - LAGs roles and responsibilities will include as a minimum the tasks outlined in Article 34 of the CPR regulation. Any additional tasks are subject to discussion and agreement by the relevant Managing Authorities;
 - Managing Authorities will need to sign off the LAG's proposal and their Local Development Strategies and this will be part of a nationally consistent process for all of the funds involved;
 - Strong governance arrangements will need to be in place, including the nomination of an accountable body within each Local Action Group; and
 - LAGs should be represented in the ESI Fund Partnership Group governance structure where appropriate.
10. Whilst the co-ordination and administration of CLLD is a task of the Managing Authorities, LEPs and local partners will still have a role to play in ensuring the strategic

fit of Local Development Strategies with ESI Fund Strategies.

11. Government has indicated to LEP areas that given the clear justification and the identification of development needs at local level it would look at a total allocation of no more than 5% of ESIF Growth Programme for CLLD. Based on submission of Local Enterprise Partnerships strategies in January 2014, around £124 m could potentially be earmarked for CLLD.
12. The extension of the CLLD methodology as a potential mechanism for use within ESF and ERDF Operational Programmes is a new development for the 2014-2020 programme period. To oversee the ESI Fund Growth Programme CLLD and its relevance to the Operational Programmes and UK Partnership Agreement the relevant Managing Authorities will work co-operatively at strategic level; and to set up new administrative arrangements which ensure that systems and processes are as coherent and aligned as possible.
13. Managing Authorities will coordinate CLLD selection of LAGs and Local Development Strategies at an appropriate geographical level, which as a minimum is likely to comprise representatives from all relevant Managing Authorities. LEP areas will work with the Managing Authorities to advise on the relevance of CLLD to their respective ESIF Strategies.

RDPE

14. At least 5% of the Rural Development Programme's EU funding must be spent on LEADER which will continue to benefit exclusively rural areas. Under the next Rural Development Programme this minimum target will be met with funding directly to LAGs.³
15. The RDPE SWOT analysis has identified several socio-economic priority interventions for LEADER to address in the next programme. These comprise farm productivity, micro and small enterprises, farm diversification, rural tourism, rural services, culture and heritage and forestry. The LEADER approach is founded on a principle of delegating powers of strategy and decision making to the local level. However, in order to address the challenges identified, it also demands a clear strategic direction to be set by the Managing Authority (DEFRA). DEFRA are putting in place a National Delivery Framework which will clearly set out the policy priorities, measures and types of projects we expect Local Development Strategies to be based upon, in order to deliver a greater focus on jobs and growth.
16. There has been significant population growth in some parts of England, particularly in the rural areas of the South and East and around London. Following a recent population census, some 'rural' areas have now become classed as 'urban'.
17. The South East area currently has 14 LEADER groups but this still only covers 70% of the rural population. Many of these groups are already "ring-shaped" in their geography, having needed to exclude key and influential market towns and large villages just to reduce in size to meet a population limit. As a result of demographic changes, several LAGs applying for the next programme will have to further revise their boundaries in order to comply with the 150k upper population limit, rather than properly defining a LAG as a coherent area.
18. Increasing rural jobs and growth is the key policy objective for the next programme. In

³ Additional funding from the ESIF Growth Programme may go to LEADER groups if LEPs decide to make use of their EAFRD/ ERDF / ESF allocation in that way. As the LEADER approach in the next programming period is not likely to achieve full coverage of all rural areas in England, it may also be possible for CLLD interventions in non-Leader rural areas to be funded through contributions from the ESIF Growth Programme. LEPs in the same vein are able to identify some of their ESIF Growth Programme for Fisheries Local Action Groups (FLAGs).

order to unlock the full rural economic potential of an area we need to allow for the re-integration of these previously excluded market towns and villages as drivers of economic activity.

19. In response to the very challenging economic circumstances, we are also requiring new programme LEADER groups to make administrative efficiencies and savings. Increasing the upper population limit would allow them to be flexible with their boundaries and in some cases merge with neighbouring groups. By having fewer, larger groups we can deliver significant administrative savings to the programme and ensure more of the LEADER funding is allocated to projects. In the current programme M&A expenditure ranges between 10 – 20%. We therefore want to make further reductions to the average M&A figure of 17%.
20. Whilst giving us the flexibility to allow for a locally based approach, using this new upper limit of 200,000 inhabitants would need to have suitable justification, would not be the norm and would need to demonstrate that a community / locally based approach was protected. Initial CLLD proposals in more densely populated urban areas would also benefit from this additional coverage.

EMFF

21. The EMFF will continue to support the UK network of FLAGs created under the European Fisheries Fund, which in England includes 6 FLAGs. There is the potential to create between two to six further FLAGs in England. The sustainable development of fisheries areas is an important element of the UK's objectives within the context and the delivery of national fisheries policy, with FLAGs playing a key role in their respective communities. It is also expected that FLAGs will look to work in partnership with LEPs and LAGs as appropriate to ensure the effective use of ESI funds.
22. In using EMFF, FLAGs will assist in identifying or developing projects which will:
 - Add value to products, create jobs and promote innovation at all stages of the fisheries and aquaculture supply chain;
 - Support diversification inside and outside commercial fisheries;
 - Support cultural heritage in the fisheries area; and
 - Enhance the role of local communities in development opportunities, the management and governance of local fisheries resources and maritime activities.
23. With regard to 'lessons' learnt' FLAGs themselves have identified the following:
 - Take more time in developing Local Development Strategies, with increased consultations with communities and local stakeholders;
 - More animation in identifying good projects to undertake;
 - More integration with LEADER and other ESI funds and drawing up strategies to utilise all funding streams and identifying suitable projects to support; and
 - Improve the delivery capacity, particularly for those FLAGs allocated small budgets.
24. Where FLAGs and LEADER LAGs are applying for additional funds from the ESIF Growth Programme, the assessment and selection of strategies will be led by DEFRA with support from the Managing Authorities.

Support to LAGs

25. Managing Authorities are exploring the possibility of making use of Technical Assistance to support Preparatory Support for CLLD, but no decision has been yet made. Similarly there is recognition that Preparatory Support should be made available as soon as possible during the programming period, however careful consideration must be given to

the risks involved in committing expenditure before approval of Operational Programmes.

26. Defra has already allocated £2.2m of transition / preparatory support to continuing LEADER groups in preparing applications for the next programme. Additional preparatory support will also be made available to any new LEADER groups coming forward. This support for LEADER groups is drawn from technical assistance funding from the RDP 2007-13.

3.1.2 INTEGRATED TERRITORIAL INVESTMENTS

1. Within the ESI Funds Growth Programme for England, each LEP area will be able to bring forward proposals for activities which make use of multiple Funds (ERDF, ESF and EAFRD) or multiple priority axes across Operational Programmes and are in line with a strategy for the specific locality. Therefore, the Growth Programme offers all the features of an ITI for all LEP areas and there is no need to for formal use of the ITI tool in England.

3.1.3 SUSTAINABLE URBAN DEVELOPMENT, INCLUDING THE PRINCIPLES FOR IDENTIFYING THE URBAN AREAS WHERE INTEGRATED ACTIONS FOR SUSTAINABLE URBAN DEVELOPMENT ARE TO BE IMPLEMENTED AND AN INDICATIVE ALLOCATION FOR THESE ACTIONS UNDER THE ERDF AT NATIONAL LEVEL

1. As set out in the UK chapter, the Government is giving England's cities new powers, freedoms and control over funding streams through City Deals and England's cities are playing a leading role within LEP areas in development of ESI Funds strategies. This means that cities' local development strategies bring together ESI Funds proposals and domestic funding and levers into integrated packages.
2. Government is very keen to build on these arrangements to enable English cities to participate in the EU Urban Development Network.
3. Urban authorities responsible for urban areas with a population in excess of 600,000 (according to the latest primary urban area dataset⁴) will therefore be invited to submit proposals to Government in line with the provisions set out in Article 7 of the ERDF Regulation to deliver integrated actions for sustainable urban development. In England, the Core Cities meet this criterion. They will be invited to submit urban strategies for use of up to 10% of the ERDF funding in the relevant LEP areas' allocations, provided local partners agree. If Government agrees these urban strategies, Core Cities will be able to select projects appropriate for their delivery. These arrangements will be set out in writing and procedures will be put in place to ensure clear accountability. Core Cities with urban strategies agreed by Government will be able to access the EU Urban Development Network.
4. There will be a separate priority axis within the England ERDF OP for sustainable urban development.

⁴ Further details at: <http://www.citiesoutlook.org/population/table>

3.1.4 THE MAIN PRIORITY AREAS FOR COOPERATION, UNDER THE ESI FUNDS, TAKING ACCOUNT, WHERE APPROPRIATE, OF MACRO-REGIONAL AND SEA BASIN STRATEGIES

European Territorial Cooperation

1. Building on the UK narrative in England the aim is to participate in ETC programmes with other member states which deliver projects that meet both national and EU growth priorities. If funding does not deliver something new and improved, or deliver something tangible that directly benefits people, it should not be funded. In addition, although innovation is one of the 11 thematic objectives, it is a theme that should run throughout all England ETC programme activity. There is more work to be done to agree the 2014-20 ETC programmes that England will be engaged in, however, we would expect the following activities to be covered:
 - There is a clear role for ETC programmes to provide a framework to test and develop new products and services, to bring forward and embed better business processes, and to develop and roll out improved ways of delivering services to the public. This is a progression from previous ETC programmes that have focused on creating strategies, clusters and networks; the 2014-20 period needs to progress this into making sure investment delivers a tangible return. ETC can be better targeted towards supporting commercial activity - for example strengthening trade or creating supply chains - that will practically deliver jobs and growth. This will meet the short-term needs to sustain economic recovery, but in the longer term ETC funding should support economic diversification and development to ensure England remains economically competitive for generations to come;
 - ETC funding will also be used to **deliver practical solutions to demographic and inclusion issues**. Elements of society need support to access economic opportunities, and ETC programmes can do this by developing new approaches to widening access and participation, for example bringing together organisations to find better ways to tackle youth unemployment or issues with ageing societies, perhaps by including a focus on training and skills opportunities. There is particular relevance to some of the more peripheral areas of England, who share challenges of accessibility with peripheral areas in other member states;
 - Innovation spending will clearly have a focus on new, cutting-edge technologies. However, English programmes should not take a narrow approach and only focus on a small range of sectors; programmes need to be open to delivering the best return on investment. Where they can evidence the value-added of ETC investment, traditional and bedrock industries should also be supported, building on principles of smart specialisation. There are particular opportunities here for cross-sector innovation, and supporting economic diversification;
 - There are opportunities around the low carbon economy thematic objective, and ETC programmes will look towards **supporting the exploitation of global markets for alternative energy sources**; England can develop high skilled jobs in these industries, through taking advantage of opportunities like tidal energy generation. But there is also a need to consider current domestic energy challenges, where energy costs are rising and there are energy security challenges. ETC funding could be used to make energy cheaper and safer for individuals and communities, for example by making it easier to develop and finance small scale production and micro generation schemes;
 - Related to the last bullet, there are **opportunities to maximise eco-innovation opportunities**. Biotechnology and marine biotechnology are key growth opportunities for the future, and there are obvious challenges facing England and partner member states to ensure we make sure natural and material resources are

used in the most efficient and effective way possible. This could include spending on finding better ways to make use of land, developing agri-food economic opportunities, and making sure natural resources drive economic development as places to live, work and visit; and

- Environmental protection remains an important area for ETC investment, but with a very different focus from many previous projects that delivered reports and studies. Environmental risks affect England as much as all the member states we work with, and there are opportunities to work together to test and develop new solutions. This should involve a range of interventions – including but not limited to upland water management and catchment / water storage solutions, better ways to deal with contamination and pollutants, improved river, coastal and estuary management, drought management techniques, or more effective contingency planning.
2. Maritime and marine opportunities are important due to England's maritime borders with other member states and this is reflected through the thematic objectives England would like to concentrate ETC programmes on. But it is also necessary for programmes to reflect other territorial challenges, such as coastal, rural and urban areas too.
 3. As each LEP area develops their ESIF strategies further, there will be clear opportunities to link these to ETC programmes. The English approach will rather be to let local areas develop their priorities for ESI Fund investment, and then target ETC funding towards common and shared priorities.

Atlantic Strategy

4. Of the 39 LEP areas in England developing growth strategies, 12 have Atlantic coastline. The Managing Authorities for England have tasked LEP areas with developing ESI Funds Strategies in the context of the particular opportunities and challenges presented by the specific geographical conditions of their local areas. Coastal LEPs are therefore considering how to advance the blue growth agenda by fostering sustainable growth in maritime industries, and the twelve LEP areas that include Atlantic coastline are considering this in the context of the opportunities afforded by the Atlantic Strategy and the priorities of the Action Plan.
5. LEPs and partners have identified opportunities for fostering blue growth across a range of Atlantic Action Plan priorities and across a broad range of sectors in the blue economy including:
 - Renewable technologies including offshore wind and marine energy;
 - Marine engineering and technology including green ship technologies;
 - Life sciences;
 - Fisheries and aquaculture;
 - Logistics;
 - Shipping;
 - Marine leisure;
 - Boat building and repair;
 - Low carbon environmental goods and services;
 - Coastal premises; and
 - Visitor economy.
6. Key themes of the activities LEPs and partners have identified include investment in skills and research and development; and developing supply chains, markets and infrastructure. These activities support the Atlantic Area Action Plan priorities – in particular by promoting entrepreneurship and innovation, and improving the accessibility and connectivity of coastal areas.

3.1.5 WHERE APPROPRIATE, AN INTEGRATED APPROACH TO ADDRESS THE SPECIFIC NEEDS OF GEOGRAPHICAL AREAS MOST AFFECTED BY POVERTY OR OF TARGET GROUPS AT HIGHEST RISK OF DISCRIMINATION OR SOCIAL EXCLUSION, WITH SPECIAL REGARD TO MARGINALISED COMMUNITIES, PERSONS WITH DISABILITIES, LONG TERM UNEMPLOYED AND YOUNG PEOPLE NOT IN EMPLOYMENT, EDUCATION OR TRAINING

1. The target groups who are at highest risk of discrimination or social exclusion include:
 - People in households where no one works. Workless households are more likely to be in poverty and dependent on benefit;
 - Long-term unemployed people;
 - Young people not in education, employment or training (NEET) or at risk of becoming NEET. At age 16 4.6% are NEET, at age 17 6.0%, at age 18 13.8% and at age 19-24 18.2%. Young people who are particularly likely to be marginalised including care leavers, offenders and those learning difficulties or disabilities;
 - Disabled people. They are more than twice as likely not to hold any formal qualifications as are non-disabled people. Around half of disabled people of working age are not in employment;
 - Certain ethnic minority groups. People of Pakistani and Bangladeshi ethnic origin have the lowest employment rates;
 - Offenders and ex-offenders. Almost half of prisoners have no qualifications and 13% have never had a job;
 - Older people aged 50 and above who are unemployed or inactive and need to update their skills to re-engage in the labour market; and
 - People with multiple disadvantages. About 11% of adults in England experience, at any one time, three or more of six areas of disadvantage (education, health, employment, income, social support, housing and local environment).
2. There are people in these groups across the whole of England. The highest concentrations are urban areas in the north and midlands of England and in inner London.
3. The ESI Funds will aim to tackle the root causes of poverty and barriers that prevent these groups from entering the labour market and accessing employment opportunities. This will primarily be financed through the ESF which will support integrated packages of support tailored to the needs of disadvantaged people in local areas. Each person needs to be treated as an individual who may face a number of disadvantages or barriers. There is no single model for helping all people who face a particular disadvantage. The most effective interventions will often be designed at a local level.
4. Integrated approaches will be able to include: early intervention to tackle problems before they become entrenched; thorough needs assessment so that effective tailored support can be offered; outreach activities; employability support and skills training; and community-based provision. They will tackle a range of issues and barriers including: caring responsibilities; debt; digital exclusion; drug and alcohol dependency; poor basic skills; as well as life skills; lack of motivation and confidence; family, parenting and relationship problems; health and well-being problems; homelessness; learning difficulties and disabilities; offending; and access to transport, a key issue in rural areas. Activities should involve close coordination between local services and align with or enhance with other national or local provision.

Specific target group or geographical area	Short description of needs	ESIF Funds that will be used	Main types of planned actions which are part of the integrated approach	Programme
People in households where no one works.	Various barriers to work, especially employability and skills	ESF	Employment, skills and social inclusion actions.	ESF England
Long-term unemployed people.	Employability and skills.	ESF	Employment, skills and social inclusion actions.	ESF England
Young people not in education, employment or training (NEET) or at risk of becoming NEET.	Employability and skills, especially numeracy and literacy skills. Certain groups have particularly severe barriers such as care leavers, offenders and those with learning difficulties and disabilities.	ESF and YEI	Employment, skills and social inclusion actions.	ESF England
Disabled people.	Employability and skills, and support with the transition to work.	ESF	Employment, skills and social inclusion actions.	ESF England
Ethnic minority groups.	Employability and skills. In some groups, English language barriers.	ESF	Employment, skills and social inclusion actions.	ESF England
Offenders and ex-offenders.	Employability and skills.	ESF	Employment, skills and social inclusion actions.	ESF England
Older people aged 50	Need to update skills to re-engage or stay in labour market.	ESF	Employment, skills and social inclusion actions.	ESF England
People with multiple disadvantages	Various barriers to work	ESF	Employment, skills and social inclusion actions.	ESF England

Figure 1: The role and contribution of the ESI Funds in the implementation of the integrated approach to address the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion

3.1.6 WHERE APPROPRIATE, AN INTEGRATED APPROACH, TO ADDRESS DEMOGRAPHIC CHALLENGES OF REGIONS OR SPECIFIC NEEDS OF GEOGRAPHICAL AREAS WHICH SUFFER BY SEVERE AND PERMANENT NATURAL OR DEMOGRAPHIC HANDICAPS, AS DEFINED IN ARTICLE 174 OF THE TREATY

1. England has no special territorial features as defined in Article 174 of the Treaty.

4 ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT AND PROGRAMMES – ARTICLE 14(2) (B) CPR

4.1 AN ASSESSMENT OF THE EXISTING SYSTEMS FOR ELECTRONIC DATA EXCHANGE, AND A SUMMARY OF THE ACTIONS PLANNED TO GRADUALLY PERMIT ALL EXCHANGES OF INFORMATION BETWEEN BENEFICIARIES AND AUTHORITIES RESPONSIBLE FOR MANAGEMENT AND CONTROL OF PROGRAMMES TO BE CARRIED OUT BY ELECTRONIC DATA EXCHANGE

1. All current (2007-13) ESI Funds programmes in England have systems in place for data to be exchanged electronically where this is more convenient for the beneficiary. The lessons learned from managing existing systems will be fed into the design of new systems for 2014-20. Applicants should be able to conduct business with the Managing Authorities electronically from the start of the programmes.
2. In addition, Managing Authorities in England are assessing the feasibility of a 'once only' capture of data from applicants looking to draw down from more than one of the ESI Funds. This practical step would help with alignment and integration of the Funds.

ERDF and ESF

3. Managing Authorities undertook a rigorous option appraisal process to determine whether the current IT systems in place for delivery of ERDF and ESF are fit for purpose for delivery of the 2014-2020 ESI Funds Growth Programme in England. Managing Authorities considered the requirements of the 2014-2020 regulations, the views of staff working on current programmes and issues that have arisen during internal and external audits. Following the appraisal, Managing Authorities decided that a new ERDF and ESF IT system needs to be developed in order to ensure compliance with the new regulations.
4. The new IT system must be flexible to take account of changing delivery structures and must provide a means for the Managing Authorities, Audit Authorities and Certifying Authorities to access all relevant information. The system must be streamlined for beneficiaries.
5. The open procurement process for the new IT system will begin in 2014. The system will be developed throughout 2014 and be in place in 2015

EAFRD

6. Defra will undertake the monitoring and evaluation of the programme utilising a secure electronic data management system which forms part of a single CAP Delivery system. All delivery bodies will use the single CAP Delivery system to record applicant details and hold all detailed underlying transactional data.

SCOTTISH CHAPTER

3 DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT SUPPORTED BY THE ESI FUNDS OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES (ARTICLE 15(2) (A) CPR)

3.1 THE ARRANGEMENTS TO ENSURE AN INTEGRATED APPROACH TO THE USE OF THE ESI FUNDS FOR THE TERRITORIAL DEVELOPMENT OF SPECIFIC SUB-REGIONAL AREAS (ARTICLE 15 (2) (I) CPR)

1. The strategic interventions that are delivered across the Partnership Agreement will have the ability to respond to territorial issues and so, whilst representing a strategic approach, will provide the ability to be locally responsive. The delivery arrangements outlined in Chapter 2 will provide the foundation for this integrated approach to territorial development. It has already seen national and local partners assess how each region of Scotland can be supported to reach Europe 2020 by tailoring national approaches, for example developing responses to meet local labour market needs and opportunities. Lead Partners will work with local and regional partners to consider the geographic, demographic and economic threats and opportunities when developing strategies and solutions. In providing access to a range of funds, these local partnerships will be able to focus on the most effective policies for an area.
2. Initiatives on skills, business development and innovation are also all driven by principles of Smart Specialisation – selecting the strongest sectors to develop – and by regional analysis and exploitation of the asset and human capital base. Rather than supporting all activity broadly, the Funds will support more intensive activity in each region or sector which best strengthens Scotland's competitiveness and social inclusion opportunities.

3.1.1 COMMUNITY-LED LOCAL DEVELOPMENT (ARTICLES 32-35 CPR, ARTICLE 9 ETC, AND THE EAFRD, ESF, EMFF AND ERDF REGULATIONS)

1. In Scotland, we envisage a symbiotic relationship whereby Community Led Local Development (using EAFRD & EMFF) complements, supports and reinforces the more strategic local and national approaches (under all funds). Local Development Strategies (LDS) will reflect what comes out of the engagement with a broad range of actors (including communities and businesses) and be implemented as a development tool to reinforce territorial coherence and contribute to the long term sustainable development of an area.
2. We want to see the LEADER approach during the next programming period (2014 to 2020)
 - Strengthen the role of the Local Development Strategy (LDS) as one of the key tools that meet local territorial objectives on a holistic basis;
 - Be more flexible, innovative and responsive to local needs;

- Provide greater transparency of what the funds do and clarity about the respective roles of the parties involved (e.g. Paying Agencies, Managing Authorities, Local Authorities, other decision making forums, Local Action Groups, businesses and communities);
 - Focus on animation and capacity building in local development actions and decision making;
 - Strengthen non-public sector participation; and
 - Strengthen networking, cooperation, knowledge transfer and exchange.
3. To help achieve this we are proposing to ensure that:
 - Local Development Strategies demonstrate how locally identified priorities will also reflect the priorities of the EU 2020, the Partnership Agreement and the relevant EU programmes;
 - Single Local Development Strategies (where appropriate) cover both coastal and rural areas (using both EAFRD and EMFF);
 - Local Development Strategies include larger settlements (only where they can demonstrate a coherent relationship with their rural or coastal hinterland; and
 - Mechanisms are put in place to allow LDSs to work closely with CPPs and other lead partners to reinforce alignment of activity and seek opportunities (using any of the ESI funds) for either party to roll out complementary actions.
 4. CLLD will contribute most directly towards the Promoting Social Inclusion and Combating Poverty thematic objective. CLLD will also contribute to SME Competitiveness, Low Carbon Economy (move toward carbon clever communities) as well as Environment and Resource Efficiency.
 5. Specifically, we would expect Local Development Strategies to be able to demonstrate how they will meet one or more of the six EAFRD priority areas and in doing so support innovation, knowledge transfer and cooperation.
 6. We would also expect LDS to include actions that release capacity and contribute to:
 - driving community action on climate change;
 - enhancing rural services and facilities, including transport initiatives;
 - enhancing natural/cultural heritage, tourism and leisure;
 - supporting food and drink initiatives (e.g. short supply chains, community food);
 - building co-operation with other LAGs in Scotland, UK and Europe;
 - equal opportunities; and
 - sustainable development of fisheries areas.
 7. Local Development Strategy preparation has been underway in Scotland since June 2013. 21 prospective LDS partnerships across Scotland are currently in the process of engaging with their communities and identifying priorities. Business plans will be developed during summer 2014 prior to submission of final LDS and business plan to Scottish Government in September 2014.
 8. Whilst ERDF and ESF will not be using CLLD, as per the regulatory definition, it will be using Community Planning Partnerships (CPP) as a delivery vehicle for some key interventions including the employability pipeline. CPPs include a range of public authorities, agencies and private sector and community representatives.

3.1.2 INTEGRATED TERRITORIAL INVESTMENTS

1. As outlined earlier, the strategic interventions are designed to be able to respond to local needs and variations across Scotland whilst being considered on a national scale.

2. Scotland includes particularly territories that are severely disadvantaged by a range of geographical, demographic and social handicaps which may require a more targeted approach. Consideration has been given to whether these territories (namely the Highlands and Islands transition region; and the South West Scotland region which qualifies for the Youth Employment Initiative and is the most socially deprived in Scotland) would benefit from an integrated territorial investment. However, for the scale of investment under the Structural Funds in Scotland, and with the need to ensure that approaches in these areas align with and benefit from national strategic approaches, the ITI is not felt to add considerable value.
3. Tailoring of national strategic interventions is being instead being agreed with the H&I partners, and dedicated governance arrangements will be in place to ensure that national approaches deliver for the region throughout the lifetime of the programmes. A parallel governance group will oversee the implementation and effects of the YEI in South West Scotland.

3.1.3 SUSTAINABLE URBAN DEVELOPMENT, INCLUDING THE PRINCIPLES FOR IDENTIFYING THE URBAN AREAS WHERE INTEGRATED ACTIONS FOR SUSTAINABLE URBAN DEVELOPMENT ARE TO BE IMPLEMENTED AND AN INDICATIVE ALLOCATION FOR THESE ACTIONS UNDER THE ERDF AT NATIONAL LEVEL

1. As a Member State with many devolved responsibilities, the formal designation of a single UK-wide body to manage sustainable urban development is not feasible for the UK. However, both UK and Scottish Government policy supports the development of cities and city regions as drivers of growth, and an approach is therefore planned which follows the spirit of the regulations and in line with the UK devolution settlement.
2. The policy underlying urban development and regeneration has changed considerably over the past decade in Scotland, and is now about much more than physical regeneration of places. It aims instead to foster a broader development, of place, economy and people, and to have multiple policy areas deliver benefits rather than to have a specific and isolated funding approach. There are two major areas of activity under the ESI Funds which will support these aims, and which will enable genuine sustainable development in Scotland's cities.
3. The first is developing our urban green infrastructure. A holistic approach will see the development, management and maintenance of green and blue corridors (such as wildlife corridors or improvements to urban waterways) in and between urban areas to improve environmental and air quality, and improve access to green space. The development of the infrastructure itself will be closely tied to local employability and social inclusion measures, giving people training, volunteering and work opportunities in transforming their own communities.
4. In addition, the 7 Scottish Cities have established the Cities Alliance aimed at promoting better multi-city working, and at the cities collectively becoming an engine of growth for Scotland. The Cities Alliance is underpinned by clear objectives and a vision of what a high-quality Scottish city should look like and are pursuing this as 'the 8th city' to raise their collective international profile by improving connections and expertise sharing between all the cities. The Cities Alliance will have a strong collective role in selecting the operations to be implemented in each City, with a clear focus on 'smart cities' technology usage and innovation.
5. Taken together these initiatives will help change the way people use, live in and engage with their urban environment.

3.1.4 THE MAIN PRIORITY AREAS FOR COOPERATION, UNDER THE ESI FUNDS, TAKING ACCOUNT, WHERE APPROPRIATE, OF MACRO-REGIONAL AND SEA BASIN STRATEGIES

1. The entire approach to planning the use of ESI Funds in Scotland is co-operative and collaborative, encouraging partners to work together and share resources to deliver bigger impacts. However, there are specific areas where individual operations need to act at a more collective level.
2. A key area for EAFRD is enabling cooperative action to ensure ecosystem scale projects can be identified, developed and implemented. Through cooperation, ecosystem or landscape scale projects can be enabled more effectively which can help more successful delivery across a range of outcomes. For example a project that covers all of a priority catchment area in order to secure improvements in water quality, naturally manage out or manage down flood-risk and improve biodiversity, or reduces habitat fragmentation.
3. To ensure this priority area is progressed more widely than under the current programme Scottish Government will develop a specific support scheme which, using the powers in the RD regulations, will provide a route for farmers, land managers, NGOs and other interested groups to come together and form operational groups to discuss and develop a project. One of the most significant barriers to the success of a cooperative project is the lack of central coordinating point. The cooperative scheme will fund the provision of project officers/innovation brokers who will assist the various parties in animating, developing and implementing the project. This scheme will be focused on land based projects to benefit agriculture, the environment and the climate.
4. EAFRD will also embed cooperative activity into the LEADER approach, and will use the National Rural Network to facilitate cooperative working between LAGs in Scotland, the UK and abroad. The National Rural network will also aim to develop thematic working groups, allowing groups to form to discuss key issues and solutions in local areas. These groups could go on to form operational groups and access support to take a project forward under the banner of the European Innovation Partnership.
5. By linking into the EIP EAFRD will ensure that learning from across Europe can be disseminated throughout Scotland, and transferred to on the ground improvements in working practices. We will also ensure the rich resource of learning available in Scotland, and the best practice demonstrated through development of innovative projects in the new programme, can be shared across Europe.

European Territorial Co-operation

6. A collective aim of ETC programmes will be to promote equal distribution of R&D and innovation capabilities across the regions to improve competitiveness, growth and investment opportunities. Such joint operations offer the opportunity to improve access to scientific and technical knowledge across borders by fostering better linkages to established R&D facilities and increased access to international centres of excellence in partner regions. They are also effective platforms for the exchange of good practice and establishing cooperative industry-academia networks, and can assist in coordinating activities for raising the international profile of innovation clusters and SME networks, supporting public-private and transnational partnerships, and promoting the innovative use of new and existing knowledge. This mirrors the Scottish approach to innovation and competitiveness through the mainstream funds, and is an area where Scotland could therefore provide leadership.
7. One particular area for ETC prioritisation will be to develop inter-regional strategies to

exploit the renewable energy potential of the marine and coastal environment. Interventions include joint awareness-raising measures and integrated concepts and action plans to increase energy efficiency and help promote responsible and balanced production and consumption patterns. The transfer of knowledge in alternative and renewable energy management patterns and developing new approaches to efficient and sustainable utilisation of resources will help identify the means to reduce climate change impact at a regional / community level, supported by the development of small scale local renewable energy solutions.

8. Scottish stakeholder contributions to ETC actions around the North and Atlantic seas align with the Commission's agenda on Blue Growth, with particular participatory strengths in marine environment, offshore renewables and coastal tourism. There is considerable scope for more strategic and coordinated efforts between ETC funds that operate within these sea basin territories, building upon strong, mutually beneficial relationships, shared priorities and common blue growth goals. These funds can be one of the key drivers for governance, policy planning and action setting of blue growth activities with neighbouring maritime regions in areas including: marine research and the protection of the ocean's biodiversity; actions that promote the sustainable use of ocean resources, particularly in the context of blue biotechnology; commercial exploitation of offshore renewables; and increased identification of the opportunities around eco-innovation.
9. ETC funds can also focus on improving the interoperability and intermodality of passenger and freight transport. This includes promoting sustainable transport connections to develop more energy-efficient modes of travel and make more effective use of existing transport infrastructure capacity. One example would be the use of advanced real-time transport and navigation information systems to improve transnational connections to transport flows. Such actions also promote the harmonisation of standards and compatibility of ICT transport technologies across national borders, and widen the ability for replacing physical mobility through virtual exchanges.
10. ETC programme and project partners will continue to work alongside other regional players to deliver positive contributions in support of Europe's active aging agenda, particularly in remote and rural areas where demographic challenges are acutely shared. They are one of the mechanisms for the application of research data to develop innovative on-the-ground actions that help tackle shared societal changes across territorial boundaries particularly around service care in the health and social sectors. ETC funds will therefore also be utilised to support the uptake of inter-regional digital platforms in addressing interoperability issues, drive usability and acceptance, and facilitate the shared learning from planning and developing targeted ICT services.
11. Valuing the links formed through natural and cultural heritage can enable coastal and rural communities to extend geographical connections and the socio-economic benefits attached to these, and ETC contributions could assist in extending rural and coastal community action plans beyond their local dimension.
12. The table below sets out the likely programme contributions to thematic objectives:

<p>Cross Border</p> <ul style="list-style-type: none"> • Research and Innovation • Environmental Protection and Resource Efficiency • Social Inclusion and Combating Poverty 	<p>Atlantic Area</p> <ul style="list-style-type: none"> • Research and Innovation • SME Competitiveness • Low Carbon Economy • Environmental Protection and Resource Efficiency • Climate Change Adaptation • 	<p>North West Europe</p> <ul style="list-style-type: none"> • Research and Innovation • Low Carbon Economy • Resource and Materials Efficiency
<p>North West Europe</p> <ul style="list-style-type: none"> • Research and Innovation • Low Carbon Economy • Resource and Materials Efficiency 	<p>Northern Periphery</p> <ul style="list-style-type: none"> • Research and Innovation • SME Competitiveness • Renewables and Energy Efficiency • Protecting natural and cultural heritage and resource efficiency 	<p>Interreg Europe</p> <ul style="list-style-type: none"> • Research and Innovation • SME Competitiveness • Low Carbon Economy • Environmental Protection and Resource Efficiency

Atlantic Strategy

13. Scotland recognises the efforts of the Commission to promote sustainable economic growth, employment and regional cohesion through its Blue Growth Agenda, which includes separate sea basin strategies. Scotland has taken an active role in the development of the Atlantic Strategy and shares the Commission's objectives of ensuring the waters around Scotland contribute to sustainable economic growth. Many of the priority economic activities identified by the Atlantic Strategy are pertinent to Scottish waters and the timing has coincided with the Scottish Government consulting on the development of a National Marine Plan which establishes a process for the sustainable development of the marine area.
14. The following investment priorities have been identified for Scotland:
- Ecosystem management;
 - Reducing Carbon footprint;
 - Seabed resources;
 - Risk and Emergencies; and
 - Inclusive Growth.
15. EMFF funds will support both the EU Atlantic Strategy and the delivery of Scottish Government's own priorities. In particular:
- Fostering CFP reform, through a wide range of measures;
 - Capacity building in marine research, technology and maritime skills;
 - Increasing ocean observation capacity;
 - Ensuring Good Environmental Status of the marine environment;
 - Safety and security of seafarers;
 - Measures to adapt to climate change;
 - Accelerating marine renewables; and
 - Developing new marine sectors, (deep sea mining, marine biotechnology).
16. The proposed interventions through EMFF articles are set out in the table below. Specific project initiatives are under consideration, and are included where relevant in the EMFF Operational Programme.

THEME	EMFF
The importance of marine planning, and specifically marine spatial planning (MSP)	Art 28, 45
The importance of the ecosystem approach to management of biological resources, including commercial fisheries stocks	Art 34, 35, 36, 37, 38, 39
The importance of growing aquaculture in Scotland – recognising that: <ul style="list-style-type: none"> • There is ample capacity for expansion without having to move into truly ‘offshore’ environments • That individual salmon farming sites need to be larger and more efficient – along the lines the industry has adopted in Norway 	Arts 45 - 56
The importance of assuring Good Environmental Status under the Marine Strategy Framework Directive (MSFD), as well as upholding obligations under Natura 2000 and OSPAR	Arts 34 – 39, 52-54
Marine / environmental tourism	Art 31, 32, 47, 64-67
Development of coastal communities	Art 31, 32, 47, 64-67

17. ERDF may also contribute through supporting development in marine and off-shore energy and innovation; and through training and diversification and business development including in coastal and marine communities and sectors. The geographical features of Scotland make this particularly likely, with strong potential in wind and tidal power, as well as long-established expertise in off-shore engineering and servicing.

3.1.5 WHERE APPROPRIATE, AN INTEGRATED APPROACH TO ADDRESS THE SPECIFIC NEEDS OF GEOGRAPHICAL AREAS MOST AFFECTED BY POVERTY OR OF TARGET GROUPS AT HIGHEST RISK OF DISCRIMINATION OR SOCIAL EXCLUSION, WITH SPECIAL REGARD TO MARGINALISED COMMUNITIES, PERSONS WITH DISABILITIES, LONG TERM UNEMPLOYED AND YOUNG PEOPLE NOT IN EMPLOYMENT, EDUCATION OR TRAINING

1. The inclusive growth plans outlined in chapter 1 highlight the territorial and individual issues affecting deprived and fragile areas and target groups. An integrated approach will be taken to tackle poverty and social exclusion based on:
 - a community centred approach focused on sustainability, locally identified issues and solutions and targeted on fragile and disadvantaged communities; and
 - people and household centred approach using the enhanced employability pipeline and strategic interventions to tackle financial inclusion
2. The Scottish Index for Multiple Deprivation will provide a basis on which areas will be identified and will be supplemented by other appropriate indices (such as the Highlands and Islands Enterprise fragile map) to identify target areas. People centred actions will not be exclusively geographically targeted but rather focused on those that need support.
3. These two approaches are not mutually exclusive and will work together to form a coherent package of support at an individual, family, household and community level.

Issues such as food and fuel poverty, social and childcare, financial inclusion and employment opportunity will be tackled. Whilst the ERDF and ESF will be very focused on these measures, the LEADER approach will be broader and allow the funds to work together using the local growth models highlighted previously.

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF)	Main types of actions to be supported	Programme
Young people not in employment, education or training	Employability, education, skills, work experience	ESF	Training, apprenticeships, recruitment incentive programmes, development of vocational training opportunities - an intensive and territorial approach will be undertaken	Youth Employment Initiative Scotland
		ESF	Employability support through pipeline approach, recruitment incentives, apprenticeships, training	ESF Scotland
		ERDF	Support for companies with growth potential within growth sectors to align job opportunities with skills support	ERDF Scotland
Long Term Unemployed and individuals facing multiple disadvantage	Financial inclusion, skills, employability, childcare support	ESF	Tailored support through the employability pipeline focused on removing barriers to active participation, increasing skills and job opportunities through access to training and work placements.	ESF Scotland
		ERDF	Support for companies with growth potential within growth sectors to align job opportunities with skills support	ERDF Scotland
Persons with Disabilities	Employability, access to skills training, social inclusion measures	ESF	Measures to support employability and social inclusion through a tailored approach using the enhanced and expanded employability pipeline focussing on removing barriers to active participation	ESF Scotland
		ERDF	Support for companies with growth potential within growth sectors to align job opportunities with skills support	ERDF Scotland

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF)	Main types of actions to be supported	Programme
Workless Households	Financial inclusion, employability, childcare support, social inclusion measures	ESF	Intensive face-to-face support and financial inclusion measures, employability support through pipeline approach, alleviation of any barriers to employment including childcare through increased access and financial support	ESF Scotland
Working households suffering from severe poverty		ESF	Intensive face-to-face support and financial inclusion measures, childcare through increased access and financial support	

4. Where appropriate, an integrated approach, to address demographic challenges of regions or specific needs of geographical areas which suffer by severe and permanent natural or demographic handicaps, as defined in Article 174 of the Treaty
5. The challenges of the types of areas highlighted in Article 174 of the Treaty will be addressed through the delivery mechanisms outlined previously, which will allow local delivery partnerships to identify the key needs and issues that affect growth in an area and provide access to the ESI funds to provide appropriate responses. The specific challenges for Highlands and Islands include:
 - Demographic challenges - aging population and outward migration of younger population;
 - Dispersed population - difficulty in tackling structural issues and need different approaches;
 - Lower Incomes;
 - Smaller business base, reliance on primary sectors in more remote areas;
 - Innovation capacity;
 - Digital and mobile telecoms access and exploitation;
 - Access to education;
 - Underemployment;
 - Disguised unemployment (people are leaving the area rather than staying and claiming); and
 - Transport issues.
6. These needs will be addressed by both strategic interventions at a national level, tailored to meet the specific needs of the region, and by more focused interventions developed and delivered at a Highlands and Islands level only. These are likely to include business infrastructure support and community sustainability measures to reflect the particular demographic and business challenges described above.

4 ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT AND PROGRAMMES

4.1 AN ASSESSMENT OF THE EXISTING SYSTEMS FOR ELECTRONIC DATA EXCHANGE, AND A SUMMARY OF THE ACTIONS PLANNED TO GRADUALLY PERMIT ALL EXCHANGES OF INFORMATION BETWEEN BENEFICIARIES AND AUTHORITIES RESPONSIBLE FOR MANAGEMENT AND CONTROL OF PROGRAMMES TO BE CARRIED OUT BY ELECTRONIC DATA EXCHANGE

1. Work is underway to develop data management systems for delivering the EAFRD, ESF and ERDF programmes in Scotland.
2. As part of the analysis phase of the ESF and ERDF IT delivery project there has been extensive communications with internal and external stakeholders which captures lessons learned and SWOT analysis on the current Eurosyst data management system. Scottish Government also commissioned, through a technical assistance project, an evaluation of Lead Partner IT data management systems which may allow the development of additional functionality to permit the electronic exchange of output and beneficiary information between lead partners and managing authority.
3. Stakeholders have found the current systems complex and challenging with a common request to tackle their administrative burden. With this in mind we intend to deliver a data management system that can provide a platform to measure results delivered by units of outcome and payment upon delivery of results, and which has a more intuitive user interface. This is structured around the Lead Partner delivery approach, with most management carried out by the larger organisations, and with user-specific roles limiting the amount and types of interaction required with information management systems.
4. The ERDF and ESF data management systems are being developed with a clear view to building flexibility within the data management system, in line with e-cohesion policy, for the different funding options including ESF, ERDF capital and ERDF revenue, unit and standard cost methodologies and financial engineering projects.
5. In parallel a significant reworking is being undertaken of the system to manage both pillars of the Common Agricultural Policy. This is being built using agile technology to allow real-time monitoring and reporting, and being released in phases to ensure all testing and functionality is complete prior to usage. This is expected to be released for Pillar 2 in phase starting from 2015.

WELSH CHAPTER

3 DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT SUPPORTED BY THE ESI FUNDS OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES (ARTICLE 15(2) (A) CPR)

1. An all-Wales approach has been adopted in the design and planned delivery of all ESI funds operating in the area, enabling differing territorial development needs to be reflected in the design of operations (national, regional, sub-regional or local). With the exception of the EMFF, the Welsh Government has Managing Authority responsibilities for all ESI funds and has, in consultation with stakeholders, developed and agreed all the 2014-20 Programmes as a complete investment package to ensure maximum integration.
2. This all-Wales approach looks beyond the ESI funds and aims to tie in activity with other investments in the Welsh Economy. Investments will be prioritised with due regard to maximising complementary with other development strategies (for example: the City Region approach, Enterprise Zones, the Vibrant and Viable Places regeneration framework and Local Government's collaborative integrated regional strategies). This approach aims to break down silo thinking and to foster a more collaborative and comprehensive approach across Wales. Only in this way can the funding contribute meaningfully to the Europe 2020 targets.
3. The Programmes are closely aligned to Welsh Government policy and will be delivered using the Welsh Government guidance documentation referred to in section 2.1. This identifies both thematic and regional opportunities across all funds. In principle, the following general levels of intervention might be expected:
 - Nationally significant operations: these might operate across the whole of Wales and may consider integrating different ESI funds. Due consideration would be expected of possible regional and local delivery mechanisms and a demonstration of regional / local engagement, where appropriate;
 - Regionally significant operations: these would be expected to cover a defined territorial area, but would be expected to be tailored to a specific territorial challenge, opportunity or specialism. Such operations might be expected to address gaps in national and other regional operations (both EU and non-EU funded) and make direct links to those other operations. Local delivery options and engagement should be demonstrated where appropriate; and
 - Sub-Regional / Local operations: these would be expected to be very targeted or innovative in nature and would have a clear link to appropriate regional (or national) operations. It is expected they would have a route into key coordination mechanisms and partnerships to identify opportunities for mainstreaming.

3.1 THE ARRANGEMENTS TO ENSURE AN INTEGRATED APPROACH TO THE USE OF THE ESI FUNDS FOR THE TERRITORIAL DEVELOPMENT OF SPECIFIC SUB-REGIONAL AREAS (ARTICLE 15 (2) (A) (I) CPR)

1. As discussed above – and as recommended as part of the independent review of 2007-

2014 structural funds implementation arrangements (the “Guilford Review”) – effective regional partnership working and co-ordination will be key to an integrated approach. Groups of regional, sub-regional and local stakeholders will play an important role in the identification and development of investment proposals with the Managing Authority, using their knowledge and expertise to help deliver the Programmes at the local and regional level. Where possible existing sub-regional partnerships, for example the City Regions and the North Wales Economic Ambition Board, will be utilised to avoid duplication and this co-operation will span NUTS2 regional boundaries where appropriate to better suit the functional economic areas and labour markets of Wales.

2. Key spatial planning approaches which ESI funding will potentially complement include City Regions (to achieve agglomeration effects), enterprise zones (existing local sectorial strengths), and Communities First clusters (targeting the most deprived communities in Wales).

3.1.1 COMMUNITY-LED LOCAL DEVELOPMENT (ARTICLES 32-35 CPR, ARTICLE 9 ETC, AND THE EAFRD, ESF, EMFF AND ERDF REGULATIONS)

1. Community-Led Local Development (CLLD) in Wales will only include EAFRD (as LEADER under the RDP) and EMFF. The ERDF and ESF will not, directly, be used for CLLD but instead will be operating in partnership with regional stake holders as discussed in the previous section. These groups will have their own mechanisms for encouraging and coordinating local engagement. These regional and urban partnerships will offer the potential for trialling and scaling up of successful pilot actions through the LEADER approach or other Community schemes (e.g. Communities First) or local schemes to regional demonstration operations. The ESF will also encourage “Social Innovation” within operation and programme implementation. Centred around innovative small scale and targeted actions the Social Innovation approach within the ESF programmes offers the potential for small, local lead, organisations or social enterprises including LEADER groups to trial innovative actions with a view to scaling up successful delivery within mainstream provision. More details on this are contained in the ESF Operational Programmes.
2. In previous rounds LEADER has been shown to be a valuable engine for change and a laboratory for innovation that helps stimulate a culture of entrepreneurship. For the 2014-20 funding cycle we propose Pan-Wales coverage for LEADER, with no boundary restrictions for LAGs beyond the population thresholds set in Regulations. It is proposed to enable LAGs to apply LEADER across all 6 of the Priority Areas.
3. A broad framework of thematic options is being considered to ensure the alignment of LEADER resources to the key European and Welsh priorities while enabling the function of LAGs as a tool for governance, enabling communities to contribute and stimulate innovation from a grass-roots level. The themes proposed are:
 - Adding value to local identity and natural and cultural resources;
 - Facilitating pre-commercial development, business partnerships and short supply chains;
 - Exploring new ways of providing non-statutory local services;
 - Renewable energy at Community level; and
 - Exploitation of digital technology.
4. The EAFRD will fund the continuance of LEADER delivery via the bottom-up preparation and implementation of Local Development Strategies by Local Action Groups (LAGs). In line with regulations the Welsh Government will allocate a minimum of 5% of the RDP

towards LEADER. It is expected that the Fisheries Local Action Groups (FLAGs) established under Axis 4 of the EFF will continue under the EMFF. Although the membership of FLAGs and LAGs is necessarily different (due to the requirements for fisheries and aquaculture membership on the FLAGs) rural coastal areas may be covered by both. The existing FLAGs in Wales share some common members with RDP LAGs which helps to ensure integration. Within the Welsh Government there is a shared Scheme Management Unit overseeing the delivery of Axis 4 EFF and Axis 4 LEADER of EAFRD. For the 2014-20 period we will continue to support integrated approaches.

5. The Wales Rural Network will be a useful mechanism by which to offer support to LAGs in the preparation of their Local Development Strategies and with regard to finding partners for inter-territorial and trans-national Cooperation operations. The Network will also be invaluable in highlighting the successes and lessons learned from LEADER pilots.
6. LAGs will:
 - work within a clear strategic framework that aligns with the Programme for Government;
 - have a strong emphasis on co-operation at the local / regional / national and EU level;
 - have a strong emphasis on the sustainable exploitation of local resources; and
 - make links between actions in different sectors to create added value local economic development.
7. In addition to LEADER we propose to use Article 21 of the Rural Development Regulation, Basic Services and Village Renewal, to help tackle poverty and support communities by offering a fund to which LAGs and other community-based organisations may apply for community-led operations. We intend to offer the full menu of options provided in the Article.
8. Local Action Groups (or other community partnerships) will also be able to bid directly to the Managing Authority for any of the ESI funds (on the same basis as any other beneficiary) if they develop a scheme that fits with any of the Programmes strategies. We propose the FLAGs will be involved in cooperation operations along with other community interest groups.

3.1.2 INTEGRATED TERRITORIAL INVESTMENTS (ITI)

1. As the Welsh Government has Managing Authority responsibilities for three of the four ESI funds, and Wales is a relatively small country, the introduction of ITIs has the potential to duplicate functions, adding an additional layer of unnecessary bureaucracy. Consequently, there are currently no proposals for the adoption of ITIs in Wales.
2. That said, the option to incorporate an ITI will be kept under review, at least up until the mid-point of the programming period; at which point introducing new administrative arrangements would likely represent too great a risk to programme delivery. Any consideration would of course be subject to evidence of successful implementation of ITI approaches in other regions and added value compared to alternative or existing delivery arrangements (for which there is a strong planned role for regional and urban authorities in identifying territorial growth drivers).

3.1.3 SUSTAINABLE URBAN DEVELOPMENT, INCLUDING THE PRINCIPLES FOR IDENTIFYING THE URBAN AREAS WHERE INTEGRATED ACTIONS FOR SUSTAINABLE URBAN DEVELOPMENT ARE TO BE IMPLEMENTED AND AN INDICATIVE ALLOCATION FOR THESE ACTIONS UNDER THE ERDF AT NATIONAL LEVEL

1. There are currently no plans to support Sustainable Urban Development through the use of a dedicated ITI, Operational Programme or Priority Axis in Wales. The Welsh ERDF programme in West Wales and the Valleys will support the principle of Sustainable Urban Development in specific territorial areas through dedicated funding under Thematic Objective 8. This funding will represent over 10% of the ERDF allocation for Wales. Other ESI funds, as appropriate and identified as useful by the Managing Authority and/or beneficiary, will also be able to make use of the same mechanisms (e.g. advice from urban authorities, alignment with territorial strategies, sub-regional engagement and delivery, etc.) to enhance the delivery and integration of operations across the full suite of ESI programmes.
2. The principles for the selection of areas for Sustainable Urban Development (through the ERDF) in Wales will be:
 - The area should have an integrated territorial development strategy in place. The strategy should examine the economy and labour market in the region and set priorities for development. The strategy should be developed in partnership with key stakeholders in the region (private, public and third);
 - The area should be represented by an empowered leadership with ownership of the territorial strategy and ability to coordinate investments in their area, including the provision of relevant resource to support any role agreed with the Managing Authority;
 - The leadership should be empowered by relevant partners to carry out any roles agreed with the Managing Authority for operations delivered through the Sustainable Urban Development approach;
 - The geographical coverage of the area should normally consist of more than one grouping of Unitary Authorities (NUTS3), but cover an area less than either programme area (NUTS2), based on boundaries as at the end of 2013. This principle will be subject to revision at the discretion of the Managing Authority should boundaries be revised;
 - The area can cover both urban and rural areas, but should represent a functional economic area rather than solely statistical or administrative boundaries; and
 - Geographical areas selected should seek to avoid overlap with each other, but demonstrate commitment to work across boundaries where opportunities arise.
3. It is expected that this approach will initially lead to around 3 areas being defined for Sustainable Urban Development, involving a number of key partnerships. The Managing Authority will agree with each selected urban⁵ authority the respective roles in the prioritisation of operations for the dedicated funding (for ERDF in West Wales and the Valleys) to support the integrated territorial strategies. This agreement will also consider the potential for the use of Technical Assistance in supporting the selected areas and urban authorities, as well as the potential for wider involvement in supporting programme delivery (e.g. coordination roles, communication, encouraging sub-regional engagement, or supporting sub-regional delivery).

⁵ Use of term “urban” to match regulations, but does not preclude more rural areas, as per principles.

3.1.4 THE MAIN PRIORITY AREAS FOR COOPERATION UNDER THE ESI FUNDS TAKING ACCOUNT WHERE APPROPRIATE OF MICRO-REGIONAL AND SEA BASIN STRATEGIES

European Territorial Cooperation

1. European Territorial Co-operation (ETC) Programmes offer Wales the opportunity to look outwards, work together and co-ordinate activities in partnership with other EU regions, to provide added value through co-operation and deliver additional benefits to our communities.
2. The Programmes in which Wales will engage, the Ireland/Wales cross-border, the Atlantic Area, and North-West Europe transnational and the EU wide inter-regional Programmes, are an essential component of our endeavours to build up relationships, share best practice with and learn from other regions as a means of providing real solutions to common challenges. In addition the Welsh Government will seek to identify opportunities within the ESF and ERDF regional Programmes to work bi-laterally and beyond with other EU regions and test bed collaborative working on subjects of common interest, where the most benefit can be derived.
3. The Welsh Government will seek to work in partnership on key thematic areas which reflect priorities for Wales and those of other participating EU regions; seeking to focus on co-operative measures which address economic development, jobs and growth, and in looking to maximise inclusive growth potential consider activities addressing specific needs of Wales and other more peripheral areas of the EU. The Welsh Government expects to intensify effective partnership working and for co-operation to evolve, with a greater focus on delivering tangible outcomes from joint activities which collectively can derive maximum impact. In building upon the considerable progress which has been made, careful consideration will be given to the most effective means of integrating internationalisation with domestic economic development priorities for Wales.
4. The Welsh Government will continue to explore opportunities for co-operation with the regions that the Welsh Government has specific co-operative relationships with - Brittany, Silesia, Latvia, Baden-Wurttemberg and Catalonia.
5. The successor Ireland/Wales cross-border Programme for 2014-2020 provides a valuable basis for furthering the excellent co-operation and partnership which exists between both nations across our sea border. There are strong synergies between the aspirations of the Welsh Government and Ireland in relation to economic growth and jobs. The Welsh Government is committed to clean, healthy, safe, productive and biologically diverse seas. These can facilitate Blue Growth.
6. The Irish Sea is a valuable natural resource which links both our regions and as well as providing an important transport route for the purposes of trade, the movement of goods and linking of our people. It presents many opportunities for economic and environmental growth and sea based, maritime activity, both of a commercial and non-commercial nature. This will be a key feature of the new Programme; in particular harnessing the talents of our internationally renowned scientific expertise will be an important driver in continuing to develop marine based environmental actions linked to the economy. Opportunities exist for developing sustainable development of marine resources with links to sectors and business and new approaches to promoting resource efficiency will be considered.
7. A collective aim of the ETC Programmes in which Wales engage will be to promote R&D and innovation capabilities across the regions to improve competitiveness, growth and investment opportunities and to test and develop research. For Ireland/Wales this will include clustering, internationalising SME's, the development of innovation chains,

fostering further links between our HE and FE institutions and businesses and focusing on trade links between key sectors of interest to both Governments.

8. Blue Growth is firmly on the radar and is likely to feature prominently within the Ireland Wales and Atlantic Area programmes in particular taking due account of regional, national and EU wide priorities. The Welsh Government is keen to explore potential opportunities where there are common areas of interest to other EU regions, and is keen to build upon engagement from the last round in the Atlantic Area Programme 2014-2020. This will include activities both at sea and on land which could include sustainable exploitation of marine resources, renewables, marine bio-technology, aquaculture, accessibility and maritime protection including emergency response. More widely opportunities will be taken to stimulate economic development of coastal areas and their hinterlands including promotion of eco-innovation and green growth and environmental performance management. While the UK Government has the transnational policy lead, the Welsh Government will work closely at the UK level with England, Scotland and Northern Ireland to identify and pursue both maritime and non-maritime based priorities.
9. The Welsh Government will also be prioritising further development of our engagement with partners in Northern Europe via the successor North-West Europe Programme 2014-2020. Opportunities to co-operate on key challenges facing the territory are likely to include Welsh partners working with our EU partners on research and innovation, including development of new products and services, resource efficiency growth and the low carbon economy.
10. The Welsh Government thinks the Welsh economy would benefit from greater co-operation with partners outside of the UK borders. To this end, as well as participating in, and linking with, ETC activities through the above channels, the Welsh Government will mainstream international cooperation across all ESI funds. A particular emphasis will be expected on RD&I activities (where lack of international partners is a major barrier to Welsh research institutions accessing competitive research funding) and supporting entry into new international markets for SME competitiveness and growth. Marine energy is another area which can be explored. Beneficiaries of the ESF and ERDF Programmes will be encouraged to co-operate with partners across Europe, or possibly further afield, to achieve common goals. For example this could include encouraging Universities to make use of funds to establish or build upon pan European research networks in their specialised fields; with a particular emphasis placed on creating links with European Innovation Partnerships (e.g. for the EAFRD Knowledge Transfer and Innovation theme).
11. The Welsh Government will also target opportunities for developing pilot operations across the priority axis within the ETC programmes which have the most potential to stimulate roll out across regional ESI programmes.
12. The Welsh Government also expects the LEADER approach to continue to have an element of international co-operation and learning.

Atlantic Strategy

13. Alignment with the emerging EU Atlantic Strategy will be of particular relevance in developing Programme priorities for engagement with regions of Ireland, France, Spain and Portugal via co-operation within the successor Atlantic Area Programme 2014-2020. The Welsh Government will actively seek opportunities to co-operate with other EU and UK regions both in the context of the transnational programme and the wider strategy. Challenges of common interest can be addressed, and opportunities will be sought to stimulate blue and green growth and economic development within our coastal communities.

3.1.5 WHERE APPROPRIATE, AN INTEGRATED APPROACH TO ADDRESS THE SPECIFIC NEEDS OF GEOGRAPHICAL AREAS MOST AFFECTED BY POVERTY OR OF TARGET GROUPS AT HIGHEST RISK OF DISCRIMINATION OR SOCIAL EXCLUSION, WITH SPECIAL REGARD TO MARGINALISED COMMUNITIES, PERSONS WITH DISABILITIES, LONG TERM UNEMPLOYED AND YOUNG PEOPLE NOT IN EMPLOYMENT, EDUCATION OR TRAINING

1. In Wales, discrimination and social exclusion can be associated with specific groups or those with specific individual characteristics. These groups and their needs are set out in the table below and are explored in greater detail in the Welsh Operational Programmes. The Socio Economic Analysis and the Equality Impact Assessment (EIA) which underpin the Welsh Programmes demonstrate that those who are at greatest disadvantage include the unemployed, especially the long-term unemployed and those with complex issues; workless households or families, those with recognised protected characteristics and young people, especially those who are not in employment, education or training (NEET). The EIA also states that those who are more likely to be at risk of exclusion, poverty, disadvantage or discrimination are not confined to any particular area. There is a strong correlation between exclusion or disadvantage and unemployment or economic inactivity. As discussed in earlier sections, it is the Welsh Government's view that the best way out of poverty is through sustainable employment. However if the ESI funds are to achieve the key tackling poverty objectives outlined earlier, all ESI Programmes will need to maximise the opportunities to tackle issues of poverty and disadvantage.
2. The dynamics of poverty, social exclusion and deprivation are complex so issues of place can be influential. Deprivation is a wider concept than poverty, however it is a useful proxy to identifying poverty. The Welsh Index of Multiple Deprivation 2011 (WIMD) identified some of the more marginalised communities in Wales and can help to demonstrate where concentrations of disadvantage and poverty exist. Discrimination and social exclusion in Wales can be further exacerbated by issues of rurality and peripherality, which limit accessibility to employment and economic opportunities. Supporting those groups at most risk of poverty, discrimination and social exclusion will be underpinned by the Welsh approach to the development of integrated activity as outlined above (Section 3 – 3.1.2). As described, there is no immediate intention to use Integrated Territorial Investment (ITI) vehicles; regional and urban authorities will be encouraged to use existing planning and coordination mechanisms to prioritise investments for their territorial areas. Emphasis will be on creating the linkages for the identified target groups with economic opportunity and growth at local, regional and national level and placed based investments made across the ESI funds. All operations will be expected to incorporate such linkages and integrated approaches at an early stage in the development process. Transport investments under the ERDF will be of particular importance given the lack of mobility of those at most risk of poverty and lack of access to private transport. Transport investments seeking to address issues of peripherality and labour mobility should be able to demonstrate improvements for those most affected by poverty helping connect them to jobs and services.
3. In line with the Welsh Government's Tackling Poverty Action Plan, a third, poverty focused, Cross Cutting Theme for all ESI Programmes will be established in Wales to ensure that ESI investments will work collectively and as part of the wider domestic and EU funding Programmes to address issues of poverty in Wales. Specific actions within each programme will also be undertaken to address issues of disadvantage and discrimination. Although actions will primarily be delivered through the ESF programme; with specific interventions targeting unemployment, worklessness and barriers to

accessing sustainable employment, relevant interventions will also be undertaken through the wider suite of ESI funds to ensure that linkages to areas and opportunities for growth and place based investments are achieved. For example, the ERDF programme will aim to stimulate economic growth and enhance connectivity between areas of growth and the needs of disadvantaged individuals.

4. The EAFRD will also promote social inclusion, poverty reduction and economic development in rural areas, focussing on stimulating growth and promoting environmental and socio-economic sustainability of rural areas via community-based energy actions, local basic services in rural areas and the renewal of villages and activities aimed at the restoration and upgrading of the cultural and natural heritage of villages and rural landscapes.

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF)	Main types of actions to be supported	Programme
Unemployed, especially the long-term unemployed and those with complex and multiple barriers to labour market mobility; workless households or families	Multiple and complex barriers to achieving and maintaining sustained employment and preventing labour mobility, including skills and qualifications, access to transport, care and childcare, alcohol dependency or substance misuse issues, financial and emotional barriers as well as attitudes to work and welfare dependence. Declines in the traditional low-skilled industries have left low skilled workers either at risk of long term unemployment or vulnerable to cycles of work and worklessness.	ESF	<ul style="list-style-type: none"> • Support for access to sustainable employment addressing barriers to labour market mobility. • Targeted support to employers to employ disadvantaged individuals. • Address issues for those in work to prevent loss of employment and to address barriers to labour market mobility. • Support workforce development and workforce development skills, promote flexible working arrangements and address workforce health issues. • Apprenticeships and actions to improve access to basic and functional and vocational skills. 	West Wales and the Valleys – Less Developed region
			<ul style="list-style-type: none"> • Support for access to sustainable employment 	East Wales – More Developed

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF)	Main types of actions to be supported	Programme
			<p>addressing barriers to labour market mobility.</p> <ul style="list-style-type: none"> • Targeted support to employers to employ disadvantaged individuals. • Apprenticeships and actions to improve access to basic and functional and vocational skills. 	region
		ERDF	<ul style="list-style-type: none"> • Improve access to public transport to support urban and labour mobility, creating greater access to jobs and services • Address issues of peripherality through improved connectivity (ICT and transport) • Targeted employment growth in specific territorial areas will need to show clear links to nearby areas of deprivation and related ESF investment 	
		EAFRD	<ul style="list-style-type: none"> • Stimulating growth and promoting environmental and socio-economic sustainability of rural areas via community-based energy actions, local basic services in rural areas and the renewal of villages and activities aimed at the restoration and upgrading of the 	

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF)	Main types of actions to be supported	Programme
			cultural and natural heritage of villages and rural landscapes.	
Those with recognised protected characteristics under the Equality Act 2010 (including age, disability, gender reassignment, marriage and civil partnership pregnancy and maternity, race and ethnicity, religion or belief, sex / gender and sexual orientation)	<p>Groups with protected characteristics can face specific issues that impact on their ability to access and progress within the labour market, and which place them at greater risk of poverty and exclusion.</p> <p>The Socio-Economic analysis shows that those with protected characteristics are far more likely to be underrepresented in employment, to be unemployed or economically inactive and are less likely to access in work skills provision. The evidence also shows continued gender imbalances in education attainment and participation and in non-traditional gender based employment opportunities.</p>	ESF	<ul style="list-style-type: none"> • Support for access to sustainable employment. • Targeted support to employers to employ disadvantaged individuals. • Address issues for those in work to prevent loss of employment and to address barriers to labour market mobility. • Support workforce development and workforce development skills, promote flexible working arrangements and address workforce health issues. • Apprenticeships and actions to improve access to basic and functional and vocational skills. • Challenge gender stereotypes, raise awareness among employers of gender disadvantage in the workforce and offer solutions to increase effectiveness and sustainability within the workplace. <ul style="list-style-type: none"> • Support for access to sustainable employment. • Targeted support to employers to employ 	<p>West Wales and the Valleys – Less Developed Region</p> <p>East Wales – More Developed region</p>

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF)	Main types of actions to be supported	Programme
			<p>disadvantaged individuals.</p> <ul style="list-style-type: none"> • Apprenticeships and actions to improve access to basic and functional and vocational skills. • Challenge gender stereotypes, raise awareness among employers of gender disadvantage in the workforce and offer solutions to increase effectiveness and sustainability within the workplace. 	
		ERDF	<ul style="list-style-type: none"> • Application of cross-cutting themes to ensure appropriate consideration of opportunities (e.g. in business support) and potential for tailored scheme if gap in provision evidenced. 	
		EAFRD	<ul style="list-style-type: none"> • Application of cross-cutting themes to ensure appropriate consideration of opportunities (e.g. in business support) and potential for tailored scheme if gap in provision evidenced. 	
Young People, Not in Employment Education or Training (NEET) and those who are risk of becoming	Relatively high levels of youth unemployment. NEET rate for 16-18 year olds in Wales has remained fairly constant, between 10-13% over the years 1996 to	ESF	<ul style="list-style-type: none"> • Support to access and maintain sustained employment. • Early targeted action to combat disaffection and remove barriers to learning. • Action to challenge 	West Wales and the Valleys – Less Developed region

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF)	Main types of actions to be supported	Programme
NEET	2012. High levels of Early School leaving and comparatively low attainment levels.		<p>traditional assumptions and gender stereotypes.</p> <ul style="list-style-type: none"> • Improve the quality of childcare and early years' provision. 	
		ERDF	<ul style="list-style-type: none"> • Support to access and maintain sustained employment. • Actions to help those who are, or at risk of becoming, NEET to continue or re-engage with education. • Action to challenge traditional assumptions and gender stereotypes. 	East Wales – More Developed region
		EAFRD	<ul style="list-style-type: none"> • Application of cross-cutting themes to ensure appropriate consideration of opportunities (e.g. in business support) and potential for tailored scheme if gap in provision evidenced. 	

3.1.6 WHERE APPROPRIATE, AN INTEGRATED APPROACH, TO ADDRESS DEMOGRAPHIC CHALLENGES OF REGIONS OR SPECIFIC NEEDS OF GEOGRAPHICAL AREAS WHICH SUFFER BY SEVERE AND PERMANENT NATURAL OR DEMOGRAPHIC HANDICAPS, AS DEFINED IN ARTICLE 174 OF THE TREATY.

1. Article 174 of the Treaty is not applicable to Wales.

4 ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT AND PROGRAMMES ARTICLE 15(2) (B) CPR

4.1 AN ASSESSMENT OF THE EXISTING SYSTEMS FOR ELECTRONIC DATA EXCHANGE, AND A SUMMARY OF THE ACTIONS PLANNED TO GRADUALLY PERMIT ALL EXCHANGES OF INFORMATION BETWEEN BENEFICIARIES AND AUTHORITIES RESPONSIBLE FOR MANAGEMENT AND CONTROL OF PROGRAMMES TO BE CARRIED OUT BY ELECTRONIC DATA EXCHANGE

1. PPIMS, WEFO On-line (the structural funds customer facing element) and CAPIT are the existing electronic data exchange systems used by the Welsh Government. These systems have undergone many evaluations and are already recognised by the Commission as exemplar.
2. The systems allow beneficiaries to submit applications and supporting documentation and conduct business with the Managing Authority and the CAP Paying Agency over the internet and to claim funding and view records on-line. The Welsh Government therefore considers that these applications form robust and compliant ICT platforms on which to administer the 2014-20 Programmes.
3. However, in line with integration arrangements the Welsh Government plans to enhance the ICT systems ready for the start of the 2014-20 Programmes to reflect the new legislative framework and to support new business processes. It intends to use PPIMS for delivering the socio-economic elements of the next RDP and the EMFF.
4. The Welsh Government have developed relevant processes and a prioritised list of business requirements for PPIMS/WEFO On-line and CAPIT applications to meet the key business and regulatory requirements of the 2014-2020 programmes
5. Although the proposals within the e-Cohesion policy do not contain a requirement for support to beneficiaries before an application is granted, the Welsh Government intends to create a website 'portal' to enable access to a wide range of information relating to the ESI Funds available in Wales. This portal will be in effect a 'One Stop Shop' through which early contact is enabled between beneficiaries and the Managing Authorities in Wales.
6. Updated functionality will be in place at the start of the programmes whereby each stage of the appraisal and approval process will be monitored in a way which supports reporting needs. WEFO Online already supports the ability for beneficiaries to submit documents however the functionality will be further enhanced during the first year of the programmes to allow increased viewing and access for beneficiaries.
7. The 'only once' encoding principle will be implemented ensuring that beneficiaries are

not repeatedly asked for the same information and all enhancements will ensure that data integrity and confidentiality is maintained and that storage is in compliance with the extant retention rules.



NORTHERN IRELAND CHAPTER

3 DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT SUPPORTED BY THE ESI FUNDS OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES (ARTICLE 15(2) (A) CPR)

3.1 THE ARRANGEMENTS TO ENSURE AN INTEGRATED APPROACH TO THE USE OF THE ESI FUNDS FOR THE TERRITORIAL DEVELOPMENT OF SPECIFIC SUB-REGIONAL AREAS (ARTICLE 15(2) (I) CPR).

1. Northern Ireland is by some distance the smallest of the four sub-divisions of the United Kingdom. Although it possesses rural and urban, coastal and inland, mountainous and plains areas, its territorial identity is overwhelmingly defined by its division from the rest of the Member State by the Irish Sea and by its possession of a land border with a fellow member state of the EU.
2. Regarding economic growth and jobs policy, both the Northern Ireland Economic Strategy and the Programme for Government outline a commitment to ensuring that sub regions are able to grow and prosper. One of the principles upon which the Economic Strategy will be guided to rebalance and rebuild the economy is Balanced sub-regional growth, 'ensuring that all sub regions are able to grow and prosper, whilst recognising the importance of Belfast and Derry / Londonderry as key drivers of regional growth'. The Programme for Government also states that it will be guided by the principle of Balance sub-regional growth and 'will ensure that all sub regions are able to grow and prosper'.
3. The strategic framework for spatial/territorial development in Northern Ireland is the Northern Ireland Executive's Regional Development Strategy⁶ (RDS 2035) document, closely linked to the objectives of the Programme for Government.
4. The document sets out 8 aims, a spatial framework and guidance both for the Northern Ireland region and for the components of the spatial framework. The aims of the strategy are:
 - Support strong, sustainable growth for the benefit of all parts of Northern Ireland;
 - Strengthen Belfast as the regional economic driver and Londonderry as the principal city of the North West;
 - Support our towns, villages and rural communities to maximise their potential;
 - Promote development which improves the health and well-being of communities;
 - Improve connectivity to enhance the movement of people, goods, energy and information between places;
 - Protect and enhance the environment for its own sake;
 - Take actions to reduce our carbon footprint and facilitate adaptation to climate change; and

⁶ Further details at: http://www.drdni.gov.uk/rds_2035.pdf

- Strengthen links between north and south, east and west, with Europe and the rest of the world.
5. The **spatial framework** has five elements:
 - The Metropolitan Area centred on Belfast;
 - Londonderry - principal city of the North West;
 - Hubs and Clusters of Hubs;
 - The Rural Area; and
 - Gateways and corridors.
 6. Fifteen items of guidance are set out for development at regional level and fifteen items particular to spatial elements of the region.
 7. Legislation and planning is currently in process to transfer local planning and other functions to new reformed councils in 2015. The guidance above sets out the framework for integrated territorial development within the Northern Ireland programming area.

3.1.1 COMMUNITY-LED LOCAL DEVELOPMENT (ARTICLES 32-35 CPR, ARTICLE 9 ETC, AND THE EAFRD, ESF, EMFF AND ERDF REGULATIONS).

1. In accordance with the EAFRD regulation, there is a requirement to deliver 5% of the programme via the LEADER 'bottom-up' approach. The Common Provisions Regulation proposes the option to extend this methodology for delivering content of the other ESI Fund Programmes.
2. Engaging with councils and ensuring their continuing partnership role in delivering the funds is a high priority for Northern Ireland, as set out in section 2 of this chapter. This can be subject to continuing discussion as the duties and competencies of reformed local government in Northern Ireland are reviewed and possibly extended by the Executive.
3. However at present it is not clear to the proposed Managing Authorities for these programmes that the highly-specified structures contained in the EU Regulations would result in either added value or enhanced performance in delivering the investment priorities chosen.
4. The possibility will be kept under review as the programmes are finalised and departments will work from the principle that the content of the programmes should determine the form in which they are delivered on the ground.

3.1.2 INTEGRATED TERRITORIAL INVESTMENTS (ITI)

1. The option of delivering identified elements within proposed Operational Programmes through Integrated Territorial Investments is proposed in the EU Regulations. We are anxious to pursue the possibilities offered, within the identified priorities for furthering Jobs and Growth and will include one or more proposals following discussions with local stakeholders, clarification of the implications of the mechanism and confirmation of the amounts of money available for allocation within the two Investment for Growth and Jobs programmes.
2. **Joint Action Plans.** The regulations provide for substantial programmes of work defined in terms of outputs and results to be delivered under the umbrella of Joint Action Plan (JAP) arrangements. At this time, no proposals to include JAP in the Northern Ireland programmes have been considered but the Managing authorities will give

consideration to making use of this methodology where it will prove useful in programme delivery.

3.1.3 SUSTAINABLE URBAN DEVELOPMENT, INCLUDING THE PRINCIPLES FOR IDENTIFYING THE URBAN AREAS WHERE INTEGRATED ACTIONS FOR SUSTAINABLE URBAN DEVELOPMENT ARE TO BE IMPLEMENTED AND AN INDICATIVE ALLOCATION FOR THESE ACTIONS UNDER THE ERDF AT NATIONAL LEVEL.

1. The approach to urban development will be in line with the Executive's Urban Regeneration and Community Development Policy Framework⁷, published in 2013 by the Department for Social Development and will take place within the thematic objectives chosen for support in the Common Strategic Framework programmes.

3.1.4 THE MAIN PRIORITY AREAS FOR CO-OPERATION, UNDER THE ESI FUNDS, TAKING ACCOUNT, WHERE APPROPRIATE, OF MACRO-REGIONAL AND SEA BASIN STRATEGIES

European Territorial Cooperation Programmes

1. Northern Ireland participates in a number of European Territorial Co-Operation Programmes, including the cross border programme with the Border Region of Ireland and Western Scotland as well as the EU Programme for Peace and Reconciliation.
2. The European Territorial Cross Border Co-Operation Programme will aim to promote the objectives of Europe 2020 of building a smart, sustainable and inclusive region and will contribute to the policy objectives of the Governments of the participating regions. The programme authorities are currently considering the range of themes for inclusion.
3. In relation to the EU Programme for Peace and Reconciliation, the thematic objectives are likely to focus on social inclusion and combating poverty as well as education and lifelong learning, with a renewed focus on young people, particularly providing assistance for young people who are economically excluded, youth activities and on the education of young people.
4. Northern Ireland is eligible to participate in three of the EU ETC's Transnational programmes - Atlantic Area, North West Europe and Northern Periphery programmes as well as the INTERREG Interregional programme. Advice from the Commission is that sea-basin strategies will not come with additional resources to fund them. Therefore any funding for such regions might have to be found from existing INTERREG programmes which have the potential to reduce the amount available for the Transnational or even cross border programmes that we are currently involved in. It would be unfortunate if the envisioned macro regional strategies would come at the expense of these other Transnational programmes.
5. The proposed priorities for the Cross Border Co-operation INTERREG V Programme are being informed by the EU Commissions key policy instruments mainly the Europe 2020 strategy and the common strategic framework and the priorities will be in line with the 2020 strategy targets identified relating to research and development, regeneration of renewable energy, working age employment levels, educational achievement and reduction in poverty and exclusion. The priorities are identified to fit

⁷ Further details at: <http://www.dsdni.gov.uk/urcd-policy-framework.pdf>

with criteria such as government priorities, absorption capacity and cross border added value.

Peace Programme

6. For the PEACE IV Programme, within the thematic objective of promoting social inclusion and combating poverty, the programme priorities will aim to contribute to promoting social and economic stability and in particular through actions to promote cohesion between communities. In addition, PEACE IV will align with the new good relations strategy Together: Building a United Community, where additional funds are linked to a Northern Ireland Executive commitment to seek to use it in support of the Strategy's United Youth programme where appropriate.
7. The Special EU Programmes Body (SEUPB) in line with its founding legislation is leading on the development of the new European Cross-Border Cooperation Programmes (PEACE IV and INTERREG V) under the guidance of a Cross Border Programme Development Steering Group that includes representatives from the Member States. Once the full public consultation is complete, Operational Programmes will be scrutinised and agreed by Member States officials and then the approval of the Northern Ireland Executive and the Irish & Scottish Governments will be sought prior to Commission approval.

Atlantic Strategy

8. Northern Ireland stakeholder contributions to ETC actions around Atlantic area and North Sea areas will be in alignment with the Commission's agenda on Blue Growth. Northern Ireland in conjunction with UK colleagues are currently engaged in the development of several Operating Programmes and all due cognisance will be given to the Atlantic Strategy and its objectives to ensure alignment between it and the new Atlantic Area and other ETC programmes for which Northern Ireland is eligible. Northern Ireland views the opportunities for 'blue growth' as a positive step and welcomes the potential benefits and opportunities for marine and maritime sectors that the strategy will bring including protection and sustainable use of the ocean resources and the exploitation of offshore renewables.
9. The Atlantic Strategy identified 5 themes to address the challenges and opportunities facing the Atlantic Ocean area. The second theme identifies the need to consider opportunities to reduce Europe's carbon footprint through use of offshore wind resources in the generation of electricity. Renewables, such as wind, are an intermittent source of energy generation. Utilisation of such sources will require strengthening of grids which have been developed to support use of traditional fossil fuels.
10. A grid strengthening proposal has therefore been included in the draft ERDF Programme, subject to the findings of the public consultation both on the Programme and on the associated SEA.

3.1.5 WHERE APPROPRIATE, AN INTEGRATED APPROACH TO ADDRESS THE SPECIFIC NEEDS OF GEOGRAPHICAL AREAS MOST AFFECTED BY POVERTY OR OF TARGET GROUPS AT HIGHEST RISK OF DISCRIMINATION OR SOCIAL EXCLUSION, WITH SPECIAL REGARD TO MARGINALISED COMMUNITIES, PERSONS WITH DISABILITIES, LONG TERM UNEMPLOYED AND YOUNG PEOPLE NOT IN EMPLOYMENT, EDUCATION OR TRAINING.

1. Since 2010 the official measure of spatial deprivation in Northern Ireland is the Northern

Ireland Multiple Deprivation Measure 2010⁸. Maps of the Super Output Area (SOA) results and individual domains are available from the link and show high deprivation areas within the Belfast City Council area including Whiterock, Falls, New Lodge, Shankill and Crumlin. Other areas of high deprivation outside of Belfast are in the Strabane, Derry-Londonderry, Craigavon, Newry and Mourne and Lisburn Local Government Districts.

2. The Executive's anti-poverty strategy is set out in the document 'Lifetime Opportunities'⁹. As stated in the UK National Reform Programme 2012, the 2011 – 2015 Programme for Government includes a Social Protection Fund to help individuals and families who are facing hardship and a £13 million fund to tackle rural poverty and social isolation.
3. The 2011 – 2015 Programme for Government also foresees the 'Delivering Social Change' framework, including strategic actions to reduce child poverty based on a poverty outcomes model and to address intergenerational poverty; implementation of a strategy for integrated and affordable childcare; and legislation to tackle age discrimination.

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used (ERDF, ESF, CF, EAFRD, EMFF)	Main types of actions to be supported	Programme

(To be populated during programme development)

3.1.6 WHERE APPROPRIATE, AN INTEGRATED APPROACH, TO ADDRESS DEMOGRAPHIC CHALLENGES OF REGIONS OR SPECIFIC NEEDS OF GEOGRAPHICAL AREAS WHICH SUFFER BY SEVERE AND PERMANENT NATURAL OR DEMOGRAPHIC HANDICAPS, AS DEFINED IN ARTICLE 174 OF THE TREATY.

1. Article 174 of the Treaty is not applicable to Northern Ireland.

⁸ Further details at: http://www.nisra.gov.uk/deprivation/nimdm_2010.htm

⁹ Further details at: <http://www.ofmdfni.gov.uk/antipovertyandsocialinclusion.pdf>

4 ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT AND PROGRAMMES – ARTICLE 15(2) (B) CPR.

4.1 AN ASSESSMENT OF THE EXISTING SYSTEMS FOR ELECTRONIC DATA EXCHANGE, AND A SUMMARY OF THE ACTIONS PLANNED TO GRADUALLY PERMIT ALL EXCHANGES OF INFORMATION BETWEEN BENEFICIARIES AND AUTHORITIES RESPONSIBLE FOR MANAGEMENT AND CONTROL OF PROGRAMMES TO BE CARRIED OUT BY ELECTRONIC DATA EXCHANGE.

1. Northern Ireland uses a single database system for managing applications claims and monitoring for all current EU Funding Programmes in the 2007-2013 round of funding. The system is known as Systems 2007.
2. This system already provides for a measure of Electronic Data Exchange with beneficiaries, as it includes a single one-stop public website through which beneficiaries may search for open calls, contact nominated officials by email, submit applications online, upload associated documents and submit claims online. While the existing system has proved suitable for the 2007 – 2013 round of funding, the substantial amendments that will be required to comply with the new Regulations necessitate the procurement of a new system.
3. Procurement regulations demand that the new system to support 2014-2020 funding is sourced through open competition – with no option to extend the contract for the current system. Work is therefore ongoing to secure a system which will meet the data and management requirements of the 2014 - 2020 regulations. A Statement of Requirements (SoR) has been drawn up that includes the detailed requirements necessary to meet full electronic data exchange between beneficiaries and the Member State in addition to providing the management information needed to support payment applications and the monitoring of performance across all the Programmes. Formal tender procedures are being initiated early in 2014 and despite slippage in the original timetable it is planned to have the system designed and implemented before the end of the year.

Main actions planned	Expected results	Indicative timeframe (start and end date)	
Design, procurement and supply of database	System compliant with Regulations installed and operational	July 2013	December 2014

GIBRALTAR CHAPTER

3 DESCRIPTION OF THE INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT SUPPORTED BY THE ESI FUNDS OR A SUMMARY OF THE INTEGRATED APPROACHES TO TERRITORIAL DEVELOPMENT BASED ON THE CONTENT OF THE PROGRAMMES (ARTICLE 15(2) (A) CPR)

3.1 THE ARRANGEMENTS TO ENSURE AN INTEGRATED APPROACH TO THE USE OF THE ESI FUNDS FOR THE TERRITORIAL DEVELOPMENT OF SPECIFIC SUB-REGIONAL AREAS (ARTICLE 15 (2) (A) (I) CPR)

1. The specificities of the Gibraltar territory are such that there is no need to address any particular challenge that requires a tailor-made approach for the use of the ESI Funds.

3.1.1 COMMUNITY-LED LOCAL DEVELOPMENT (CLLD)(ARTICLES 32-35 CPR, ARTICLE 9 ETC, & THE EAFRD, ESF, EMFF & ERDF REGULATIONS)

1. Gibraltar will not use CLLD.

3.1.2 INTEGRATED TERRITORIAL INVESTMENTS (ITI)

1. Gibraltar will not have ITIs.

3.1.3 SUSTAINABLE URBAN DEVELOPMENT, INCLUDING THE PRINCIPLES FOR IDENTIFYING THE URBAN AREAS WHERE INTEGRATED ACTIONS FOR SUSTAINABLE URBAN DEVELOPMENT ARE TO BE IMPLEMENTED & AN INDICATIVE ALLOCATION FOR THESE ACTIONS UNDER THE ERDF AT NATIONAL LEVEL

1. Gibraltar does not foresee any particular action in the field of sustainable urban development.

3.1.4 THE MAIN PRIORITY AREAS FOR COOPERATION, UNDER THE ESI FUNDS, TAKING ACCOUNT, WHERE APPROPRIATE, OF MACRO-REGIONAL & SEA BASIN STRATEGIES

1. European Territorial Co-operation (ETC) Programmes offer Gibraltar the opportunity to look outwards, work together and co-ordinate activities in partnership with other EU regions, to provide added value through co-operation and deliver additional benefits to the territory.
2. Under the 2007-2013 Programmes, Gibraltar also participated in 2(two) Interreg IV

Programmes namely SUDOE and MED. For the 2014-2020 Programmes, Gibraltar will continue to participate in these ETC Programmes.

3. Gibraltar will not be participating in the Atlantic strategy.

3.1.5 WHERE APPROPRIATE, AN INTEGRATED APPROACH TO ADDRESS THE SPECIFIC NEEDS OF GEOGRAPHICAL AREAS MOST AFFECTED BY POVERTY OR OF TARGET GROUPS AT HIGHEST RISK OF DISCRIMINATION OR SOCIAL EXCLUSION, WITH SPECIAL REGARD TO MARGINALISED COMMUNITIES, PERSONS WITH DISABILITIES, LONG TERM UNEMPLOYED & YOUNG PEOPLE NOT IN EMPLOYMENT, EDUCATION OR TRAINING

1. Gibraltar does not have geographical areas nor any specific target groups at highest risk of discrimination or social exclusion.

3.1.6 WHERE APPROPRIATE, AN INTEGRATED APPROACH TO ADDRESS DEMOGRAPHIC CHALLENGES OF REGIONS OR SPECIFIC NEEDS OF GEOGRAPHICAL AREAS WHICH SUFFER BY SEVERE AND PERMANENT NATURAL OR DEMOGRAPHIC HANDICAPS, AS DEFINED IN ARTICLE 174 OF THE TREATY

1. Article 174 of the Treaty is not applicable to Gibraltar.

4 ARRANGEMENTS TO ENSURE EFFICIENT IMPLEMENTATION OF THE PARTNERSHIP AGREEMENT & PROGRAMMES – ARTICLE 15(2) (B) CPR.

4.1 AN ASSESSMENT OF THE EXISTING SYSTEMS FOR ELECTRONIC DATA EXCHANGE, & A SUMMARY OF THE ACTIONS PLANNED TO GRADUALLY PERMIT ALL EXCHANGES OF INFORMATION BETWEEN BENEFICIARIES & AUTHORITIES RESPONSIBLE FOR MANAGEMENT & CONTROL OF PROGRAMMES TO BE CARRIED OUT BY ELECTRONIC DATA EXCHANGE

1. The Gibraltar Managing Authority believes that because of the small size of the territory and the ease of access within, the current one-stop-shop provided by the EU Programmes Secretariat (EUPS) is the most effective and efficient manner of implementing the Programmes.
2. Beneficiaries are dealt with on a one-to-one basis. This provides them with a greater sense of ownership of their projects and also an increased personal involvement and success rate.
3. The EUPS hosts a website (www.eufunding.gi) where all the information and relevant literature can be found and downloaded. For the forthcoming Programmes it is envisaged that this website will be upgraded to offer beneficiaries a wider range of services relating to the Structural Funds available.
4. The EUPS plans to further enhance its ICT systems for the 2014-2020 Programming

Period to reflect the new legislative framework and to support new business processes.
This will include the availability of application and claims forms on-line.

5. The current face-to-face service will not be discontinued, it will be further enhanced.

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