



HM Government

UNITED KINGDOM PARTNERSHIP AGREEMENT

Part 2 (Sections 3 and 4)

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Contents

UK Chapter	2
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) ...	2
4. Arrangements to ensure efficient implementation of the Partnership Agreement and programmes – Article 15(2) (b) CPR.....	10
England Chapter.....	11
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) .	11
4. Arrangements to ensure efficient implementation of the partnership agreement and programmes – Article 14(2) (b) CPR.....	21
Scottish Chapter.....	24
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) .	24
4. Arrangements to ensure efficient implementation of the partnership agreement and programmes.....	34
Welsh Chapter	36
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) .	36
4. Arrangements to ensure efficient implementation of the partnership agreement and programmes Article 15(2)(b) CPR.....	53
Northern Ireland Chapter.....	55
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) .	55
4. Arrangements to ensure efficient implementation of the Partnership Agreement and programmes – Article 14(2)(b) CPR.....	62
Gibraltar Chapter.....	63
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) .	63
4. Arrangements to ensure efficient implementation of the ESI funds – Article 15(2)(b) CPR	65

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) (a) (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 (CLLD) 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 employs a distinct 'bottom up' rather than 'top down' methodology and is an intervention based on a sustained, locally designed and owned strategy rather than a 'one-off' project intervention. 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 the Local Development Strategy.
2. In 2014-20, 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). Information on cooperation, synergies and arrangements for coordination between funds are set in national chapters.
3. In 2014-20, 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 (MAs) 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). In England, the MAs take the view that strategies to empower local communities to address persistent spatial disparities in economic performance and differences in relative deprivation across small areas requires, in certain circumstances, more concentrated and targeted intervention than is available through mainstream programme activity. The CLLD Local Development Strategy will build local community capacity and will be sustained over a longer period of time. It will also complement mainstream

programme operations by involving the community itself more directly in identifying need, developing a strategy for the area targeted and in tailoring or piloting bespoke solutions. This will embed capacity and mobilise assets and resources to allow local communities to help themselves to overcome the barriers to growth and opportunity they face.

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:
 - In England, Cornwall and the Isles of Scilly will have an ITI in recognition of the unique geographic challenges faced and its status as a Less Developed Region;¹
 - The English authorities are considering the use of ITI(s) (instead of a single priority axis) for implementation of sustainable urban development under Article 7 of the ERDF Regulation. If such decision is made, the details of sustainable urban development ITI will be provided in the operational programme, including different types of territories (more developed and transition), the implementation arrangements to carry out integrated urban territorial strategies, coordination arrangements between ESI Funds and managing authorities and implementation tasks of an ITI;
 - In Scotland and Wales, there are no plans to use ITIs at present but the option will be kept under review;
 - There are no plans to use ITIs in Northern Ireland; and
 - 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.

¹ The ITI will be taken forward on the basis that it is not delivered through an Intermediate Body.

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 2014-20, 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. Building on this devolution of responsibility, the English Core cities will deliver SUD in line with the provisions of Article 7 of the ERDF Regulation;
 - 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 (Article 7), tasks relating at least to the selection of operations must be delegated to urban authorities. Cities and Core City Regions will have significant influence within the various delivery structures across the UK as part of the design of the ERDF programme. In addition, London and Urban Authorities within Core City

Regions selected to take forward Sustainable Urban Development Plans (SUDs) as part of the implementation of the ERDF Operational Programme in England will be designated as Intermediate Bodies. This reflects London's 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 but also the role that Urban Authorities will play in taking forward SUDs at Core City Region level. This will deliver the 5% minimum threshold for the sustainable urban development article in the ERDF Regulation.

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	€314,395,183	5.4%
(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 (Article 15 (2) (a) (ii) CPR)

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 programmes².
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 €229m. This also reflects 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 is contained within each national chapter.

² ESPON – a research network; INTERACT – a network of cooperation projects; URBACT – a network of cities and Interreg – a network to spread best practice.

4. As a whole the UK has four key priorities for future cooperation programmes, which have been taken forward in negotiations with other member states:
 - 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 on-going, 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.
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 requirements have proved a barrier to 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 addressing 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, the long term unemployed and young people not in employment, education or training (Article 15 (2) (a) (iii) CPR)

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.

Number and percentage of individuals in relative low income before housing costs, in 2009/10-2011/12, by region and country, three year average³

Geographical Area	Number (millions)	Per cent
England	8.3	16
North East	0.5	19
North West	1.2	18
Yorkshire and the Humberside	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

2. A person is considered to be in relative low income if their household income is less than 60 per cent 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.

3.1.6 Where appropriate, an integrated approach, to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU (Article 15 (2) (a) (iv) CPR)

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.

³ Source: HBAI 2011/12

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206778/full_hbai13.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. 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 2014-20 are provided in national chapters.

EMFF

2. The bodies involved in the European Fisheries Fund (EFF) scheme operate from a range of disparate systems and processes while still meeting the control requirements of the scheme. For the 2014-20 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 15 (2) (a) (i) CPR)

1. 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 have informed the selection of thematic objectives set out in section 1 of the England chapter in Part 1 of the Partnership Agreement. The detail will be set out in the relevant Operational Programmes.

3.1.1 Community-led local development (Articles 32-35 CPR, Article 9 ETC, and the EAFRD, ESF, EMFF and ERDF regulations)

1. In line with the provisions of Articles 32-35 of the CPR, England will be the only nation that will support Community Led Local Development by the four ESI Funds. The role and the areas of intervention are discussed in the following paragraphs:

ERDF and ESF

2. The approach to CLLD from ERDF and ESF in England will be considered under the following criteria:
 - In more developed and transition categories of region, CLLD will be limited to areas defined as being within the 20% most deprived according to the Index of Multiple Deprivation 2010. This means that CLLD support will mostly concentrate on urban areas. The resources will be focused towards those areas with the most serious disadvantage;
 - The use of the Index of Multiple Deprivation criterion will be modulated in the less developed region, in the light of its specificities. This modulation will be described in the operational programme;
 - CLLD from ERDF and ESF will complement and not duplicate actions covered by LEADER LAGs and FLAGs. Detailed complementarity will be described in the operational programmes;
 - A minimum threshold of EUR 3 million public contribution will apply to the use of CLLD;
 - Resources of CLLD will be confined to local development strategies that cover areas with the population range not less than 10,000 and not more than

- 150,000 inhabitants as defined in the Article 33(6) of the CPR; and
- The Local Development Strategies will be selected on a competitive basis and based on the demonstration of needs.
3. The ERDF and ESF operational programmes in England will provide detail as regards the areas of intervention for this instrument and in line with its selected investment priorities. CLLDs should not be discussed in abstraction of the intervention logic. The OP will also describe how the complementarity between the mainstream priority axes and CLLD will be ensured.
 4. CLLDs (except in the less developed region as mentioned above) will tackle challenges within the areas defined as being within the 20% most deprived according to the Index of Multiple Deprivation 2010 as mentioned above. Challenges will be described in Section 1 of the respective operational programmes and will be embedded in the intervention logic of these operational programmes. The OPs will explain the value added and the need for the instrument and its role in achievement of the programme objectives.
 5. The thematic focus and target groups will be described in the operational programme in the context of the strategic choices and programme intervention logic.
 6. An approximate planned budget ceiling for allocations to CLLD is estimated as EUR 51.4 million from ERDF and EUR 73.9 million from ESF. These figures may reduce during selection and appraisal process.
 7. In addition, the following information will be included in the operational programmes: coordination of CLLD from ESI Funds and the mainstream programmes, coordination of and administrative set-up for CLLD and the specific role action groups will be attributed in their delivery, and arrangements for preparatory support.

RDPE

8. 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.
9. 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.
10. 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'.

11. 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.
12. Increasing rural jobs and growth is the key policy objective for the next programme. In 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. In England the €173m Rural Development funding for Leader will have a strong focus on jobs and growth. It is therefore profiled under TO8 for promoting employment and labour mobility, rather than under TO9 for social inclusion, as is permitted through the Common Provisions Regulations⁴.
13. 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%.
14. 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.
15. A derogation is also being requested to reduce the lower population limit below 10,000. This will allow us to invite calls for LEADER proposals where sparsely populated or geographically isolated areas are not disadvantaged in being able to demonstrate economic and social coherence. The detailed arrangements concerning the determination of the area and population covered by the strategies will be set out in the relevant RDP programmes.

⁴ Paragraph 21 of the 'whereas' in the Common Provisions Regulations advises that CLLD (of which Leader is a type) can be carried under a single TO either to promote social inclusion and combat poverty, or to promote employment and labour mobility.

EMFF

16. There is the potential to create between two to six Fisheries Local Action Groups (FLAGs) in England under the EMFF (there currently 6 English FLAGs under the EFF). 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.
17. 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.
18. 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.

Support to LAGs

19. Managing Authorities will allow use of Technical Assistance to support Preparatory Support for CLLD. 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.
20. Defra has already allocated £2.2 million (€2.8 million⁵) 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.

⁵ Exchange Rate of £1 = €1.2573

3.1.2 Integrated Territorial Investments (ITI)

1. Cornwall and the Isles of Scilly, as the only Less Developed region in England, will benefit from an Integrated Territorial Investment (ITI) to ensure the implementation and delivery of a targeted programme of investment for the territory. Its unique socio-economic challenges and opportunities require a more targeted and coordinated approach to the Funds.
2. The ITI for Cornwall and the Isles of Scilly will include funds from the European Social Fund and the European Regional Development Fund. A local integrated territorial strategy document will set out priorities to be delivered through the ITI and specific opportunities for projects supported by both Funds and alignment with EAFRD and other local and national funds. This will be adequately reflected in the relevant operational programmes for England, including the description of arrangements to carry out the integrated territorial strategy.
3. Implementation will be overseen by a Cornwall and Isles of Scilly local sub-committee of the Growth Programme Board. The detail on this sub-committee will be included in the fund specific operational programmes. The Managing Authorities of both Funds will work closely together at national and at local level to ensure close coordination. Managing Authority functions will not be delegated to an intermediate body.
4. Sustainable urban development in England in line with Article 7 of the ERDF Regulation might be undertaken through integrated territorial investment as referred to in Article 36 of the CPR. This choice is awaiting the decision from the UK authorities. In such a case any detail as concerns the approach to the use of urban ITI will be included in the ERDF operational programme.
5. Any investment through ITIs should be consistent with the intervention logic of the operational programme.

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. 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 and Core City Regions 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 dataset⁶) will therefore be

⁶ Further details at: <http://www.citiesoutlook.org/population/table>

invited to submit proposals (a SUD Plan) 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 City Regions meet this criterion. The maximum amount available to the Core City Regions for SUD is as follows:

Core City	Maximum Eligible SUD
Birmingham	€12,730,670
Bristol	€3,334,501
Leeds	€19,855,174
Liverpool	€12,847,466
Manchester	€22,191,077
Newcastle	€15,884,139
Nottingham	€12,146,695
Sheffield	€10,511,768

4. If Government agrees these sustainable urban strategies, Urban Authorities representing the Core City Regions will be established as Intermediate Bodies and 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 City Regions with sustainable urban strategies agreed by Government will be able to access the EU Urban Development Network.
5. As set out earlier London will also carry out integrated actions for sustainable urban development and so contribute towards the 5% included in the ERDF Regulation. London's contribution will be €204,893,693.

SUD plans

6. The ERDF Regulation states that 'ERDF shall support, within Operational Programmes, sustainable urban development through strategies that set out integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, while taking into account the need to promote urban- rural linkages'.
7. Further details on the content of the SUD plans and, in particular how the integrated approach will be ensured, will be provided in the England ERDF Operational Programme.

3.1.4 The main priority areas for cooperation, under the ESI Funds, taking account, where appropriate, of macro-regional and sea basin strategies (Article 15 (2) (a) (ii) CPR)

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 have a focus on new, cutting-edge technologies. Programmes need to deliver the best return on investment and therefore, they will analyse the cooperation potential that the relevant smart specialisation strategies can offer;
- 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;
- 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.
7. Of these, EMFF funds will be focused on sustainable growth in the fisheries and aquaculture sectors, and in particular, supporting the delivery of Common Fisheries Policy reform through a wide range of measures. Other objectives for the fund include capacity building in marine research, technology, and skills, ensuring good environmental status of the marine environment, and improving maritime safety.

3.1.5 Where appropriate, an integrated approach to addressing 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, the long term unemployed and young people not in employment, education or training (Article 15 (2) (a) (iii) CPR)

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

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
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

3.1.6 Where appropriate, an integrated approach, to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU (Article 15 (2) (a) (iv) CPR)

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.
3. All ESI Funds data will be collected through an-online Management Information System based on existing systems and lessons learned from previous programmes.
4. Transactional data related to financial spend, outputs, results and the geographical distribution of delivery will be held in the system. This information will initially be based on the LEP ESIF strategies and then based on quarterly claims/updates provided by applicants which will provide financial

and progress data.

5. This data combined with traceability between monitoring, procurement and compliance data will facilitate analysis of trends, identification of areas for improvement and continuous improvement of business processes and guidance. Combined with other datasets such as Indices of Multiple Deprivation, this will enable analysis at a spatial level to inform policy development.

ERDF and ESF

6. 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 2014-20 ESI Funds Growth Programme in England. Managing Authorities considered the requirements of the 2014-20 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.
7. It has been concluded that ERDF and ESF data will be collected through an-online Management Information System based on existing systems and lessons learned from previous programmes.
8. Transactional data related to financial spend, outputs, results and the geographical distribution of delivery will be held in the system. This information will initially be based on the LEP ESIF strategies and then based on quarterly claims/ updates provided by applicants which will provide financial and progress data.
9. This data combined with traceability between monitoring, procurement and compliance data will facilitate analysis of trends, identification of areas for improvement and continuous improvement of business processes and guidance. Combined with other datasets such as Indices of Multiple Deprivation, this will enable analysis at a spatial level to inform policy development.
10. The Managing Authorities are working through the requirements for the new ERDF & ESF IT system in conjunction with a range of internal and external partners. A needs assessment stage has commenced and will end on 30th September at which point the system build will start through Alpha and Beta stages before go live stage at end of July 2015.
11. In parallel to this work a contingency system is being established to ensure that the first phase of the ERDF & ESF programmes can commence in the event of delays in the implementation of the new system.

EAFRD

12. 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.

EMFF

13. The England Intermediate Body (IB) will make greater use of online systems which will support applicants to increase application quality. This will also provide benefits for the delivery body as improvements in application quality will allow the Intermediate Body to focus greater time on scheme management. For the 2014-20 programme, it is foreseen that the England IB will be able to make use of a single data exchange platform which will make reporting and oversight of the scheme more transparent.

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) (a) (i) CPR)

1. The strategic interventions and schemes around which Operational Programmes are constructed 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, Community Led Local Development (integrating EAFRD & EMFF) will complement, support and reinforce the more strategic local and national approaches (under all funds). Local Development Strategies (LDS) have been instructed to follow these terms, selecting priorities which are not intended to be covered through strategic interventions or mainstream schemes in the Operational Programmes, and seeking out the specific areas where community engagement will add the most value. The 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. The LEADER approach during the next programming period (2014 to 2020) will:
 - 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;
 - Complement support under other ESIF.
3. Local Action Groups (LAGs) will be allowed to propose local areas which exceed the size restriction laid out in Art 33 (6) of Regulation (EU) No 1303/2013 up to a limit of 160,000 where these clearly reflect historic local and regional association, or to facilitate overlap and coordination with existing and recognised areas such as national parks.
4. To help achieve this, Scottish Government has asked local stakeholder communities 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 (utilising EAFRD and EMFF where appropriate);
 - Local Development Strategies include larger settlements (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 implement complementary actions.
5. CLLD will contribute most directly towards the Promoting Social Inclusion and Combating Poverty thematic objective, and for EAFRD the funding is accounted for entirely under this thematic objective. However, CLLD will also contribute to SME Competitiveness, Low Carbon Economy (move toward carbon clever communities) as well as Environment and Resource Efficiency.
6. The LDS will include actions that release capacity and contribute to:
 - driving community action on climate change, including behavioural change;
 - enhancing rural and coastal 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. Work on preparation of Local Development Strategies commenced in June 2013 and 22 areas subsequently expressed an interest for the preparation of mono/multi funded Local Development Strategies. In Autumn 2013 twenty one areas covering almost all of rural and coastal Scotland were invited to prepare an LDS (Stage 2). 14 areas were invited to prepare LDS on the basis of a multi funded (EMFF & EAFRD) approach (with EAFRD as the lead fund).
 8. In summer 2014 budget allocations for CLLD in Scotland were finalised. Under EAFRD the LEADER spend will represent 5% of the budget allocation. Under EMFF the CLLD spend represents 10% of the Scottish allocation from the UK Operating Programme. Both allocations will attract co-financing from the Scottish Government. This means that LEADER under EAFRD will have a budget of €103.2 million, whilst under EMFF the CLLD budget will be almost €8.5 million. EAFRD will act as Lead Fund for any multi-funded Local Development Strategies, including supporting the preparatory and animation work.
 9. It is envisaged that the LDS framework within each LAG area will include (where appropriate) distinct decision making bodies for the approval of projects under EAFRD and EMFF. EAFRD applications will be selected and approved by the LAG whilst the selection of operations under EMFF will be subject to verification of eligibility by the Scottish Government prior to Fisheries Local Action Group (FLAG) approval.
 10. All 21 LDSs are currently being refined (with input from EMFF, EAFRD and ERDF/ESF programme leads) to ensure that priorities and actions fit with the Partnership Agreement and relevant EU programmes in terms of scale, scope and complementarity.
 11. Prospective Local Development Strategies are currently considering how their targets and priorities will complement the actions being undertaken by partners under ERDF and ESF, in particular around social inclusion and business development. With Scottish Government encouragement, prospective LDSs are liaising with Structural Funds delivery partners to identify opportunities for using the different funds in a complementary manner at local level. There is an expectation that such approaches are set out in each Local Development Strategy.
 12. The final LDS will be assessed and approved by an independent panel (including EMFF, EAFRD, ESF and ERDF Programme Leads) in late 2014. Full details of the entire process are available on: www.scotland.gov.uk/LEADER2014.

3.1.2 Integrated Territorial Investments (ITI)

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 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 (Article 15 (2) (a) (ii) CPR)

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 a 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.
6. The capacity of the FLAG networks in Scotland will increase through the cooperation which is embedded in the CLLD approach and the knowledge base which exists with LAG's. EMFF will seek to support cooperation and networking between FLAG's, and LAG's in Scotland but also with UK and European FLAG's.

European Territorial Co-operation

7. 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.
8. 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.
9. 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.

10. 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.
11. 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.
12. 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.
13. 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

14. 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.
15. ESI 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 included where relevant in the UK EMFF Operational Programme.
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 addressing 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, the long term unemployed and young people not in employment, education or training (Article 15 (2) (a) (iii) CPR)

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.

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
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 focusing 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.
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, support for social and community enterprise sector to deliver poverty responses.	ESF Scotland.

3.1.6 Where appropriate, an integrated approach, to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU (Article 15 (2) (a) (iv) CPR)

- 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:
 - Business Base - the economy is dominated by small and micro businesses with over 60% of the workforce employed in small enterprises;
 - Connectivity - the region is characterised by complex, mountainous and insular geography and sparse population, which combined, are a challenge for physical and digital connectivity;

- The clear geographic opportunity around low carbon, with a number of key energy production sites located in remote and rural areas which might, without investment, be subject to further depopulation through lack of opportunity;
 - Skills - access to education and training across a remote and sparsely populated region remains a priority;
 - On-going out migration of young people as a result of limited education and employment opportunities - this has led to disguised unemployment;
 - Innovation - the region is characterised by a modest number of innovation active businesses and relatively low spend on research and innovation, exacerbated by the historic lack of a university based within the region;
 - High transport and fuel costs contribute towards business challenges and social exclusion;
 - Lower incomes exacerbated by underemployment and seasonal employment; and
 - Fuel poverty is a key challenge.
2. 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, blended and flexible learning 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. This system will be ready to support application data capture in January 2015, with functionality for claims and performance management following in spring of 2015.
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.
6. Marine Scotland, acting as intermediate body for the EMFF in Scotland, operates its own IT system for managing applications and claims in Scotland. For the 2014-20 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.

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 stakeholders 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.
2. In practice this integration between EAFRD (under LEADER) and investments made under the ESF might take three distinct forms:
 - Successful pilot actions under LEADER or other Community schemes (e.g. Communities First) are scaled up from local pilots as part of regional demonstration schemes or within nationally delivered activity;
 - Local Action Groups (or other community partnerships) will be eligible to bid directly to the Managing Authority if they develop a scheme that fits with the programme strategy; and
 - Local Action Groups (or other community partnerships) will be encouraged to

support the opportunities for Social Innovation as outlined in each of the Priority Axes.

3. More details on this are contained in the ESF Operational Programmes.
4. 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.
5. 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.
6. In the case of each of the above themes, close attention will be paid to developing links with the other ESI funds to ensure that dissemination of information on successful LEADER approaches is carried out continuously throughout the programme period. Such close working between ESI funds will also support the facility for successful approaches to be mainstreamed. Wales Rural Network will be an important vehicle for supporting this process, via a series of thematic networking events and activities. Guidance from policy and fund leads has been gathered and distributed to prospective LAGs, to inform them of where LEADER has a particular niche role to play alongside the other ESI funds. The provision of this guidance is seen as a continuous task to reflect developments and refinements as the funding period progresses.
7. 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 the Regulations, the Welsh Government will allocate a minimum of 5% of the RDP to LEADER. The Fisheries Local Action Groups (FLAGs) established under Axis 4 of the European Fisheries Fund (EFF) will provide the basis for the future improved implementation of CLLD in coastal communities under the EMFF. Although the membership of FLAGs and LAGs is necessarily different due to the requirements for fisheries and aquaculture membership in the FLAGs, rural coastal areas may be covered by both. Within 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, the Welsh government will continue to support integrated approaches.

8. 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.
9. 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.
10. The main challenges to be tackled using the LEADER CLLD approach are articulated in the SWOT analysis for the RDP 2014-20 and include:
 - A narrow and vulnerable economic base in rural areas;
 - Relatively poor infrastructure and access to local services, including ICT connectivity, especially in sparsely populated areas;
 - Higher cost of service delivery in rural areas meaning that traditional approaches based on critical mass do not work;
 - Wide dispersal of rural deprivation and poverty making it difficult to assess where interventions would be most beneficial;
 - A lack of both basic and specialist skills within communities in rural Wales and a lack of confidence among rural businesses to expand and innovate;
 - Particular demographic challenges around outmigration of young people, aging population and predominance of self-employment and SMEs within the employment structure;
 - Peripherality from major population and distribution centres and the decline of the market towns and their high streets and associated services; and
 - Varying levels of support and advice for rural SMEs and enterprises to participate in the supply chain, and a lack of engagement among such organisations with existing support.
11. LEADER under EAFRD will have a key role in respect of providing the grassroots-level interventions which often lead to successful higher-level interventions further down the line. In particular LEADER will fulfil the following roles in addressing the specific challenges in rural Wales:
 - LEADER will have a key role to play in supporting the wider economic development and resilience of rural areas through raising communities' capacity to engage and innovate across a range of strategic areas;
 - Local Action Groups (LAGs) will be carrying out innovative pilots in providing rural services and supporting access to existing service networks, building on the success of some initial work on this theme during the current RDP. Where

successful these approaches will go on to be mainstreamed through other ESI funds and appropriate domestic funding routes;

- Linkages between LAGs and Tackling Poverty policy teams are in place so that aspects of poverty which have an especially acute effect in rural areas can be targeted. These include fuel poverty, digital exclusion, and access to services like childcare and transport and the provision of flexible advice including financial advice. LEADER can have a key role in using grassroots connections to identify where these factors are most prevalent, and thereby help create a more informed policy base from which to tackle these issues in an integrated way across funds;
- The LAG methodology of working with all demographic sectors within communities and businesses is well suited to building the general skills base and will create bridges to existing support and advice, where those services might not be taken up without the LEADER intervention. Building skills and encouraging innovative techniques will be part of the LAG way of working and will be further promoted via signposting to other initiatives and support services;
- Local products, supply chains, food tourism and local services projects will all be piloted via LEADER, and there will be a focus on exploring how local markets and high streets can be strengthened as the main source of short supply chain infrastructures in rural areas; and
- A strong focus of the LEADER programme in the next programme is on mobilising the particular LAG methodology within a broad strategic framework, thereby ensuring that existing initiatives are strengthened by the application of LEADER techniques. It is anticipated that LEADER will create networks and identify opportunities at grassroots level, and that rural actors will be supported to link in to other support available.

12. The specific role and functions of the LAG will include:

- Building the capacity of local actors to develop and implement operations including fostering their project management capabilities;
- Drawing up a transparent selection procedure which avoid conflicts of interest, and within which at least 51% of the votes in selection decisions are cast by partners which are not public authorities;
- Ensuring coherence with the Local Development Strategy when selecting operations, by prioritising those operations according to their contribution to meeting that strategy's objectives and targets;
- Preparing and publishing calls for proposals or an on-going project submission procedure, including defining selection criteria, and receiving and assessing applications for support;
- Selecting operations and fixing the amount of support and, where relevant, presenting the proposals to the body responsible for final verification of eligibility before approval; and
- Monitoring the implementation of the Local Development Strategy and the operations supported and carrying out specific evaluation activities linked to that strategy.

13. In Wales indications are that the existing network of LAGs will be further

developed and built upon for the next programme, with additional geographic territories joining onto neighbouring LAGs which are already experienced in delivering according to the LEADER methodology. This will provide a built in mentoring capability and will decrease the pressures on the very new areas to undergo their preparatory stages in isolation. Preparatory funding is allowed for in this initial phase whilst Local Development Strategies are being drawn up.

14. 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.
15. 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.
16. In addition providing assistance under EMFF for CLLD initiatives offers an opportunity for even greater determination to fishing and coastal communities for solutions at a local level to help themselves through long-term integrated place-based opportunities to unlock growth and jobs potential. It is anticipated that the main challenges that CLLD under the EMFF will address include (but not be limited to):
 - Stimulating local economies to deliver blue growth in coastal areas;
 - Coastal deprivation (hotspots with high levels of unemployment, especially amongst young people, low level skills);
 - Infrastructure investment (i.e. isolation, accessibility and poor local amenities) to create new economic opportunities and capacity building;
 - Lack of local community capacity/social capital and low levels of enterprise (including social and developmental);
 - Poor linkages between areas of deprivation with areas of high economic growth and job opportunities;
 - Add value to products, create jobs and promote innovation at all stages of the fisheries and aquaculture supply chains;
 - Support diversification outside commercial fisheries (including training and re-skilling);
 - Support natural and cultural heritage in the fisheries area, including tourism; and
 - Enhance the role of local communities in development opportunities, the management and governance of local fisheries resources and maritime activities.

17. To help achieve this we expect the Local Development Strategies submitted by FLAGs will demonstrate how locally identified and determined priorities will also reflect and contribute to delivering the priorities of the EU 2020, the Partnership Agreement, the relevant EU programmes and other applicable domestic strategies.
18. Local Development Strategies should address the actions that will allow individuals, communities and businesses to:
 - Support seafood initiatives, including a fostering of innovation in the seafood supply chain;
 - Support small scale schemes to benefit local fishing communities;
 - Diversify within (and from) inshore and sea fisheries activities;
 - Enhance and capitalise on the environmental assets of fisheries areas including operations to mitigate climate change; and
 - Promote the cultural heritage of fisheries, aquaculture and maritime interests.

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 urban⁷ 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).

⁷ 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 macro-regional and sea basin strategies (Article 15 (2) (a) (ii) CPR)

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 2014-20 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 with coastal communities maximising opportunities of Blue growth through ETC and ESI programmes. ETC programmes could add value
9. 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 2014-20. This will include activities both at sea and on land which could include sustainable exploitation of marine resources, renewables, marine biotechnology, 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.
10. The Welsh Government will also be prioritising further development of our engagement with partners in Northern Europe via the successor North-West Europe Programme 2014-20. 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.
11. 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).

12. 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.
13. The Welsh Government also expects the LEADER approach to continue to have an element of international co-operation and learning.

Atlantic Strategy

14. 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 2014-20. 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.
15. EMFF funds will be focused on sustainable growth in the fisheries and aquaculture sectors, and in particular, supporting the delivery of Common Fisheries Policy reform through a wide range of measures. Other objectives for the fund include capacity building in marine research, technology, and skills, ensuring good environmental status of the marine environment, and improving maritime safety, contributing to the blue growth agenda.

3.1.5 Where appropriate, an integrated approach to addressing 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, the long term unemployed and young people not in employment, education or training (Article 15 (2) (a) (iii) CPR)

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).

2. 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.
3. 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.
4. Emphasis will be on creating the linkages for the identified target groups with economic opportunity and growth at local, regional and national level and place 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.
5. 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.

6. The EAFRD will also promote social inclusion, poverty reduction and economic development in rural areas, focusing 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 addressing barriers to labour market mobility; • Targeted support to employers to employ disadvantaged individuals; • Apprenticeships and actions to improve access to basic and functional and vocational skills. 	East Wales – More 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
		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 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
<p>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>	<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>	<p>ESF</p>	<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. 	<p>West Wales and the Valleys – Less Developed Region.</p>
			<ul style="list-style-type: none"> • Support for access to sustainable employment; • Targeted support to employers to employ disadvantaged individuals; • Apprenticeships and actions to improve access to basic and functional and vocational skills; 	<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
			<ul style="list-style-type: none"> 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 NEET.	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 2012. High levels of Early School leaving and comparatively low attainment levels.	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 traditional assumptions and gender stereotypes; Improve the quality of childcare and early years' provision. 	West Wales and the Valleys – Less Developed region.
			<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; 	East Wales – More 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
			<ul style="list-style-type: none"> Action to challenge traditional assumptions and gender stereotypes 	
		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. 	

3.1.6 Where appropriate, an integrated approach, to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU (Article 15 (2) (a) (iv) CPR)

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. For EMFF the Welsh system will ensure compatibility with the overarching 'Eurofish' system being developed by the UK Managing Authority.
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 2014-20 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) (a) (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 2011-2015 Programme for Government (PfG) 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 PfG 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 Strategy⁸ (RDS 2035) document, closely linked to the objectives of the PfG.
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;

⁸ http://www.drdni.gov.uk/rds_2035.pdf

- 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
 - 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 Local Action Groups (LAG) will cover the whole rural territory of Northern Ireland. This should translate to not more than twelve LAG's, based on experience from previous programming periods. Most of these are likely to fall within the Commission definition of the population requirement for a LAG of between 10,000 and 150,000. Experiences from the 2007-2013 programme have shown that there could be limited scope for the rural areas within Belfast Council area to engage effectively with the programme. There may, therefore, be demand to form a Belfast LAG. It is very probable that a LAG could only be formed in the Belfast area if a population size of around 4,500 was accepted.
2. The EAFRD Managing Authority, will commence a period of animation in the rural areas and then following an open call for applications, through a competitive process from prospective new LAG's, the Managing Authority will then appoint successful LAGs to develop their local rural development strategies. An area-based strategic approach which is complimentary with Council Community Plans will be promoted. This will identify the needs for the long-term development of rural areas which in turn will improve the quality of life in these areas and help the diversification of the rural economy. This will be achieved through the implementation of a locally developed Local Rural Development Strategy. While responsibility for decision making lies with the

LAGs, the Managing Authority will ensure that all operations financed by LAGs will meet the minimum general eligibility criteria set out in the EC Regulations and those set at Programme level by the Monitoring Committee. A process is currently underway with stakeholders to develop selection criteria in partnership with them. This will be finalised once the new LAG's are appointed.

3. The Common Provisions Regulation proposes the option to extend this methodology for delivering content of the other ESI Fund Programmes. 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.
4. However at present it is not clear to the proposed Managing Authorities for these programmes that the highly-specified structures contained in the Regulation would result in either added value or enhanced performance in delivering the investment priorities chosen.
5. 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.
6. In Northern Ireland commercial fishing is concentrated along the south east coast and fishing villages in this area have a high dependency on the fishing sector. It is envisaged that for this area the EMFF will support Fisheries Local Action Group (FLAG) to develop a community-led Local Development Strategy that meets the needs of this area.

3.1.2 Integrated territorial investments (ITI)

1. There are no plans to use Integrated Territorial Investments (ITIs) in Northern Ireland. Local development initiatives will play an important role in the delivery of the EU 2020 objectives of smart, sustainable and inclusive growth. The ERDF Investment in Growth & Jobs Programme includes a Local Economic Development (LED) dimension for delivery in partnership with the 11 new councils arising from the Reform of Public Administration in Northern Ireland.

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 Framework⁹, published in 2013 and will take place within the thematic objectives chosen for support in the Common Strategic Framework programmes.

⁹ <http://www.dsdni.gov.uk/urcd-policy-framework.pdf>

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

Atlantic Strategy

1. Northern Ireland stakeholder contributions to European Territorial Cooperation (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.
2. 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.
3. 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 Strategic Environmental Assessment (SEA).
4. EMFF funds will be focused on sustainable growth in the fisheries and aquaculture sectors, and in particular, supporting the delivery of Common Fisheries Policy reform through a wide range of measures. Other objectives for the fund include capacity building in marine research, technology, and skills, ensuring good environmental status of the marine environment, and improving maritime safety.

European Territorial Cooperation Programmes

5. 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.
6. 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.

7. 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.

Interreg Programme

8. 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 will be in line with the 2020 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 with criteria such as Government priorities, absorption capacity and cross border added value.

Peace Programme

9. 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.
10. The Special EU Programmes Body in line with its founding legislation is leading on the development of the 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. Operational Programmes will be delivered and the approval of the Northern Ireland Executive and the Irish & Scottish Governments will be sought prior to submission to the Commission.

3.1.5 Where appropriate, an integrated approach to addressing 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, the long term unemployed and young people not in employment, education or training (Article 15 (2) (a) (iii) CPR)

1. Since 2010 the official measure of spatial deprivation in Northern Ireland is the Northern Ireland Multiple Deprivation Measure 2010¹⁰. 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,

¹⁰ http://www.nisra.gov.uk/deprivation/nimdm_2010.htm

Craigavon, Newry and Mourne and Lisburn Local Government Districts.

2. The Executive's anti-poverty strategy is set out in the document 'Lifetime Opportunities'¹¹. As stated in the UK National Reform Programme 2012, the 2011 – 2015 Programme for Government (PfG) includes a Social Protection Fund to help individuals and families who are facing hardship and a £13 million (€16.3 million) fund to tackle rural poverty and social isolation.
3. The PfG 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	Main type of planned actions	Programme
Young people who are NEET.	Need for support in overcoming barriers to employment such as lack of skills and qualifications.	ESF	Support for young people who are Not in Education, Employment or Training (NEET) to gain skills and experience to access sustainable employment or to engage with education or training.	Investment for Growth and Jobs ESF Programme.
Other groups - Unemployed/inactive people for example lone parents, people with low or no qualifications.	Need to address barriers to accessing employment opportunities and gaining sustainable employment.	ESF	Support for access to sustainable employment such as job search employment brokerage and or the achievement of work relevant skills. Activities which provide access to employment opportunities by addressing identified barriers such as lack of employability skills or the need for childcare facilities. Targeted support to employers/project providers to engage for example, lone parents, women ex-offenders.	Investment for Growth and Jobs ESF Programme.
NEETs and their families.	Need support to engage in meaningful work, education, training or combination, for both individuals and whole families.	ESF	Support and advice for NEETs and their families from targeted areas to address their particular barriers to accessing employment or educational/training opportunities. Help to re-engage with education/training. Activity to help prevent younger family members from becoming NEET.	Investment for Growth and Jobs ESF Programme.

¹¹ <http://www.ofmdfmi.gov.uk/antipovertyandsocialinclusion.pdf>

Specific target group or geographical area	Short description of the needs	ESI Funds that will be used	Main type of planned actions	Programme
People with a disability.	Combating economic inactivity, social isolation, barriers to employment.	ESF	Support for access to sustainable employment such as job search, employment brokerage and/or the achievement of work relevant skills. Specific support such as tailor made training and support for those with more complex barriers to employment such as work limiting health conditions. Targeted support to employers/ project providers to engage/ employ people with a disability.	Investment for Growth and Jobs ESF Programme.
Employed persons with low qualifications.	Qualifications to increase prospects of employment.	ESF	Apprenticeships and actions to promote access to apprenticeships.	Investment for Growth and Jobs ESF Programme.

3.1.6 Where appropriate, an integrated approach, to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU (Article 15 (2) (a) (iv) CPR)

1. Not applicable to Northern Ireland.

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. Northern Ireland currently 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 successfully 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 require that the new system to support 2014-20 funding is sourced through open competition. Work is therefore on-going 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 to ensure that we will 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. Despite some slippage in the original timetable it is planned to have the system designed and implemented before the end of the year.
4. For the EMFF the Northern Ireland Intermediate Body (IB) will make greater use of online systems which will support applicants to increase application quality. This will also provide benefits for the delivery body as improvements in application quality will allow the Intermediate Body to focus greater time on scheme management. For the 2014-20 programme, it is foreseen that the Northern Ireland IB will be able to make use of a single data exchange platform which will make reporting and oversight of the scheme more transparent.

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 (Articles 32-35 CPR, Article 9 ETC, and the EAFRD, ESF, EMFF and 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 and sea basin strategies (Article 15 (2) (a) (ii) CPR)

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 two Interreg IV Programmes namely SUDOE and MED. For the 2014-20 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 addressing 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, the long term unemployed and young people not in employment, education or training (Article 15 (2) (a) (iii) CPR)

1. Gibraltar does not have geographical areas or any specific target groups at highest risk of discrimination or social exclusion.

3.1.6 Where appropriate, an integrated approach, to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU (Article 15 (2) (a) (iv) CPR)

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

4 Arrangements to ensure efficient implementation of the ESI funds – 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. 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. These services will include providing advice and assistance with application forms, guidance, claims submissions and payments.
4. The EUPS plans to further enhance its ICT systems for the 2014-20 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. It is anticipated that these systems will be online by November 2014.
5. The current face-to-face service will not be discontinued, it will be further enhanced.



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