



2014 TO 2020 ERDF PROGRAMME

2022 ANNUAL IMPLEMENTATION REPORT - CITIZENS SUMMARY

Introduction

The 2014-2020 European Regional Development Fund (ERDF) Operational Programme¹ for England invests in economic growth throughout the country, helping businesses create better, higher-paying jobs through support to small and medium-sized enterprises (SMEs) creating socially and economically stronger communities across England. Working in partnership with national and local stakeholders, the programme has been developed by the Department for Levelling Up, Housing and Communities (DLUHC) who are responsible for the delivery of the ERDF in England as the Managing Authority² (MA). Some functions have been delegated to Intermediate Bodies in several regions and cities.

The ERDF Operational Programme was originally approved by the European Commission (EC) in June 2015. The current version was updated in December 2020 to take account of the mid-programme performance review and was published [online](#) in March 2021. Funding is weighted to reflect the relative prosperity of areas and uses three geographical Categories of Region³: Less Developed (Cornwall and the Isles of Scilly is the only English region in this category), Transition, and More Developed regions. The programme is organised under ten separate policy themes, known as Priority Axes⁴, details of these and our progress towards delivering them are set out in this report.

Funding promotes local growth activity across the country and supports businesses and policy interventions in areas such as innovation, low carbon technology and broadband. Local projects are developed by a wide range of partners from across the public and private sectors, including Local Enterprise Partnerships (LEP), Local Authorities, universities, research institutions, business groups and stakeholders from the voluntary and community sector.

This report summarises the progress on delivery of the ERDF Operational Programme up to 31 December 2022, which is described in more detail in the 2022 Annual Implementation Report (AIR)⁵.

The AIR will be published in full on the programme's website along with those from previous years at: [2014 to 2020 European Structural and Investment Funds](#).

¹ The Operational Programme (OP) is the document setting out the priorities for how the European Structural Investment Fund will be used and how they will be administered. This document is prepared by government and agreed with the European Commission (EC). The OP includes financial targets and non-financial targets for what needs to be achieved e.g. the Priority Axis and Performance Framework targets.

² The Managing Authority is the government department that is responsible for implementation of the OP in accordance with the European Structural Investment Fund (ESIF) regulations.

³ Regions are placed in one of three categories on the basis of their relative prosperity:

- GDP EU average >90% = More Developed Region
- GDP EU average >75% = Transition Region
- GDP EU average <75% = Less Developed Region.

⁴ The Operational Programme is made up of Priority Axes. These set out the detail of the priorities for ERDF investment, the types of activities that will be supported, the resources available, and the specific objectives, results and outputs to be achieved. Priority Axes bring together one or more investment priorities set out in European Union regulations that govern ERDF. All activity funded must contribute to delivering a Priority Axis.

⁵ Each year from 2016, the MA must submit to the EC an Annual Implementation Report (AIR) for each OP covering the previous financial year. This report sets out key information on how the Programme is being implemented including: financial data, progress against results / output indicators and Performance Framework milestones / targets, a summary of evaluations undertaken, issues affecting performance and measures taken to address these.



The final economic and impact evaluation of the programme was delayed due to the pandemic, as was the publication of the reports associated with previous phases of the evaluation; this activity commenced in 2022 and will conclude in 2023. The first 2 phases of the evaluation can be found at the link in the paragraph below.

In 2022, projects continued to undertake project level evaluations upon completion, and these are published on [GOV.UK](https://www.gov.uk)

Overall Progress Towards Contracting the Programme

ERDF levers local and national investment from both the public and private sectors and complements domestic growth programmes.

Projects are developed in response to published calls⁶ for funding applications. The first calls were published in March 2015 and have continued throughout the programme. A full list of projects funded can be found on the: ['Useful Resources'](#) page of the programme's website.

By the end of 2022, 1,088 projects with a total eligible expenditure worth over £6.39bn, including over £3.2bn ERDF, had been approved. By region this equates to 99% in the Less Developed, 100% in the Transition, and 103% of the More Developed regions' allocations.

At the end of the year, a further 2 applications were undergoing appraisal with a total value of £2.15m. The contracting of the full value of this pipeline of applications would bring the programme's total commitments to 101% of the programme value. This over-programming seeks to manage a level of expected project underspend.

The MA is committed to realising the full value of the programme. If required any additional underspends and/ or FOREX gains will be absorbed into Financial Instruments including, follow on equity funding at the end of the Programming period. If there is still surplus ERDF after that option has been maximised, then the MA will use the European Commission's initiatives to support Ukrainian Refugees (FAST-CARE) and Energy costs (SAFE) to absorb that funding were doing so does not put at risk successful closure of the Programme

Overall Progress Towards Priority Axis and Performance Framework Targets

The programme has a range of targets that DLUHC has agreed with the EC which reflect the objectives of ERDF in England and its planned impacts. Key targets are contained within a Performance Framework (PF), broken down into the separate Priority Axes (PA) of the programme.

The programme is already on track to deliver most PF targets by the end of the programme in December 2023 and actions are in place to address those where progress has been slower than expected.

⁶ A call is an open invitation for applicants to submit proposals against a published call specification.



Based on committed and pipeline projects (applications yet to be contracted), the programme is already expected to meet or exceed most 2023 non-financial output PF targets following approval of the Operational Programme modification submitted in December 2022. We are forecasting only a shortfall in the PA4 less developed region where we are investing in innovative activities such as geothermal wells which have longer-term benefits not captured through Programme targets.

As regard to financial targets, the programme is set to achieve all the 2023 financial targets following approval of the Operational Programme modification submitted in December 2022.

The MA recognises though that Covid-19 has impacted the ability of some projects to deliver against their contracted commitments and continues to closely monitor the situation.

Progress for each Priority Axis is set out below:

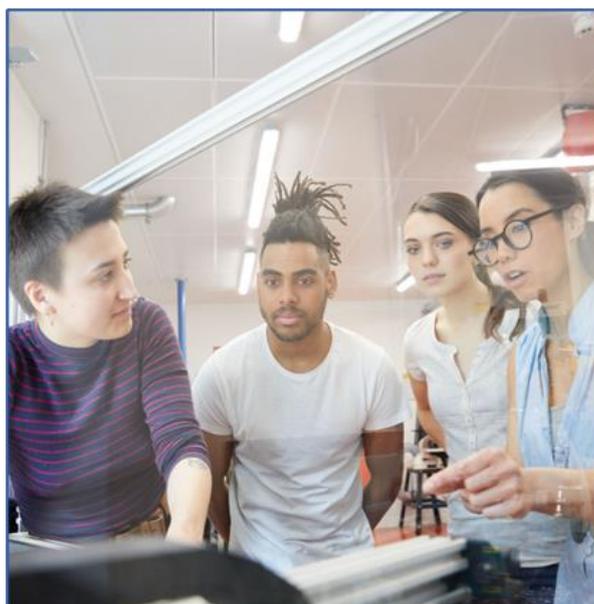
Priority Axis 1 – Promoting Research & Innovation

This Priority Axis aims to strengthen research, technological development, and innovation. As of the end of 2022 the following has been achieved:

| Total Projects Supported | Eligible Spend | Percentage of Regions' Total Allocation | | |
|--------------------------|----------------|---|------------|----------------|
| | | Less Developed | Transition | More Developed |
| 292 | £1,263.51m | 103.82% | 107.57% | 92.49% |

Excellent progress is being made to deliver this Priority Axis, with all 2023 Performance Framework financial and non-financial targets expected to be met in each CoR.

| Output Indicators | Achievements to 31 st December 2022 | | | |
|--|--|------------|----------------|----------|
| | Less Developed | Transition | More Developed | Total |
| Expenditure declared in claims to EU | £76.78m | £260.60m | £499.41m | £836.79m |
| Number of Enterprises Receiving Support | 747 | 6,635 | 19,166 | 26,548 |



The Brighton Research Innovation and Technology Exchange (BRITE) project aims to boost SME productivity and achieve inclusive growth by creating a high-quality business environment with coordinated access to cutting-edge RD&I equipment, technology and academic expertise.

Delivered by Plus X Innovation and the University of Brighton, BRITE has supported SMEs to develop innovation capabilities, to collaborate, to seize market opportunities and to grow through a suite of bespoke programmes such as Product Foundry, Pioneers and INSPIRE.

BRITE

ERDF Support: £5 million



Priority Axis 2 – Enhancing access to, and use and quality of ICT

This Priority Axis aims to enhance access to, use of and quality of information and communication technologies. As of the end of 2022 the following had been achieved:

| Total Projects Supported | Eligible Spend | Percentage of Regions' Total Allocation | | |
|--------------------------|----------------|---|------------|----------------|
| | | Less Developed | Transition | More Developed |
| 42 | £158.78m | 99.23% | 91.84% | 87.16% |

The MA is confident that 2023 PF targets will be met.

| Output Indicators | Achievements to 31 st December 2022 | | | |
|---|--|------------|----------------|---------|
| | Less Developed | Transition | More Developed | Total |
| Expenditure declared in claims to EU | £17.74m | £14.97m | £64.68m | £97.39m |
| Additional businesses with broadband access of at least 30Mbps | 2,193 | - | - | 2,193 |
| Number of Enterprises Receiving Support | - | 1,436 | 6,018 | 7,454 |

The Managing Authority anticipates that all Category of Regions' PF output targets will be met.



The Superfast Business Cornwall project (phases 2 and 3) helps businesses in Cornwall and the Isles of Scilly to connect to superfast broadband and improve business performance.

The iconic Minack Theatre, perched on the edge of the cliffs at Porthcurno, is one business to benefit. Theatre manager Phil Jackson says "Previously, we struggled with a very slow internet connection. Now we can rely on download speeds of around 60 Mbps and upload speeds of 20 Mbps. The Minack is a world class venue in a stunning location. Now that we have world class business broadband connections too, we can take our performance to the next level."

SUPERFAST BUSINESS CORNWALL (2 AND 3)

ERDF Support: £11.88 million



HM Government



European Union
European Regional
Development Fund

Priority Axis 3 – Enhancing the Competitiveness of SMEs

This Priority Axis aims to enhance the competitiveness of SMEs. As of the end of 2022 the following had been achieved:

| Total Projects Supported | Eligible Spend | Percentage of Regions' Total Allocation | | |
|--------------------------|----------------|---|------------|----------------|
| | | Less Developed | Transition | More Developed |
| 428 | £2,890.33m | 104.88% | 119.95% | 121.33% |

Excellent progress is being made to deliver this Priority Axis, with all 2023 Performance Framework financial and non-financial targets expected to be met in all CoR.

| Calls Launched in 2022 | Value of Calls | New Applications Under Appraisal | Value Under Appraisal |
|------------------------|----------------|----------------------------------|-----------------------|
| 0 | £0.0m | 2 | £2.15m |

| Output Indicators | Achievements to 31 st December 2022 | | | |
|---|--|------------|----------------|------------|
| | Less Developed | Transition | More Developed | Total |
| Expenditure declared in claims to EU | £144.01m | £637.43m | £1,174.58m | £1,956.02m |
| Number of Enterprises Receiving Support | 8,019 | 32,400 | 69,244 | 109,663 |



Delivered by Lancashire County Council, Boost Business Lancashire (phase 3) helps businesses in Lancashire to grow. Offering a range of funded support programmes and a team of business advisers for businesses in the county to access, the programme has supported 1,000s of enterprises.

These include Bamber Bridge-based timber frame manufacturer Rainford Timber Co. Boost's Growth Support Service helped the company develop a strategy for growth and connected them to a variety of funded support services in Lancashire where they could receive further support.

BOOST BUSINESS LANCASHIRE (3)

ERDF Support: £5.56 million



HM Government



European Union
European Regional
Development Fund

Priority Axis 4 – Supporting the Shift towards a Low Carbon Economy in all Sectors

This Priority Axis aims to support the shift towards a low-carbon economy across all sectors. As of the end of 2022 the following had been achieved:

| Total Projects Supported | Eligible Spend | Percentage of Regions' Total Allocation | | |
|--------------------------|----------------|---|------------|----------------|
| | | Less Developed | Transition | More Developed |
| 167 | £1,218.23m | 123.33% | 93.04% | 98.64% |

Excellent progress is being made to deliver this Priority Axis, with all 2023 Performance Framework financial and non-financial targets expected to be met in all CoR,

| Output Indicators | Achievements to 31 st December 2022 | | | |
|---|--|------------|----------------|----------|
| | Less Developed | Transition | More Developed | Total |
| Expenditure declared in claims to EU | £78.92m | £158.72m | £442.54m | £680.18m |
| Number of Enterprises Receiving Support | 551 | 3,272 | 7,730 | 11,553 |
| Greenhouse Gas (GHG) reduction: Estimated annual decrease of GHG | 10,323 | 44,623 | 139,266 | 194,212 |



Energy House 2.0 is a world leading energy performance test facility at the University of Salford. It contains two environmental chambers each able to accommodate two detached houses and under controlled conditions, recreate a wide variety of weather conditions with temperatures ranging between -20 °C to +40 °C and simulated wind, rain, snow and solar radiation.

This unique facility will play a key role in accelerating the progress towards low carbon and net zero housing design and builds upon the success of the original Energy House Laboratory, which was opened in 2012.

ENERGY HOUSE 2.0

ERDF Support: £8.24 million



Priority Axis 5 – Promoting Climate Change Adaption, Risk Prevention & Management

This Priority Axis aims to promote climate change adaptation, risk prevention and management. As of the end of 2022 the following had been achieved:

| Total Projects Supported | Eligible Spend | Percentage of Regions' Total Allocation | | |
|--------------------------|----------------|---|------------|----------------|
| | | Less Developed | Transition | More Developed |
| 23 | £124.41m | 156.55% | 91.23% | 98.86% |

Excellent progress is being made to deliver this Priority Axis, with all 2023 Performance Framework financial and non-financial targets expected to be met following agreement of the Operational Programme modification submitted in December 2022.

| Output Indicators | Achievements to 31 st December 2022 | | | |
|--|--|------------|----------------|---------|
| | Less Developed | Transition | More Developed | Total |
| Expenditure declared in claims to EU | £3.77m | £38.22m | £22.24m | £64.23m |
| Percentage of planned schemes in place | 100% | 100% | 100% | - |
| Businesses & properties with reduced flood risk | 0 | 1,861 | 436 | 2,297 |



The Hesse Foreshore Tidal Defence Scheme is an East Riding of Yorkshire Council project which included the construction of a 465-metre long, 1m-high glass and concrete wall along Cliff Road, Hesse, to help shield the area from flooding caused by tidal surges along the Humber.

The scheme will reduce the risk of flooding to more than 4,000 homes and businesses, the A63, the main Hull railway line, electrical substations, and water and sewerage facilities.

HESSLE FORESHORE TIDAL DEFENCE SCHEME

ERDF Support: £2.29 million



Priority Axis 6 – Preserving & Protecting the Environment & Promoting Resource Efficiency

This Priority Axis aims to preserve and protect the environment and promote resource efficiency. As of the end of 2022 the following had been achieved:

| Total Projects Supported | Eligible Spend | Percentage of Regions' Total Allocation | | |
|--------------------------|----------------|---|------------|----------------|
| | | Less Developed | Transition | More Developed |
| 51 | £110.31m | 109.30% | 88.7% | 71.3% |

Good progress is being made to deliver this Priority Axis, with all 2023 Performance Framework non-financial targets expected to be met in all CoR. There are, however, challenges in terms of the financial targets for the More Developed and Transition Regions, which is being addressed through the programme modification submitted in December 2022.

| Output Indicators | Achievements to 31 st December 2022 | | | |
|---|--|------------|----------------|---------|
| | Less Developed | Transition | More Developed | Total |
| Expenditure declared in claims to EU | £11.88m | £15.92m | £36.67m | £64.17m |
| Surface area of habitats supported to a better conservation status | 174ha | 216ha | 570ha | 960ha |

The investments in the priority axis are making a significant contribution to 2023 PF non-financial targets.



Within the Less Developed region, the Performance Framework output is being significantly overachieved due to the Growing Goss project. Natural England are improving the nature conservation value of this important 577-hectare estate, which is also a Site of Special Scientific Interest.



Managed by Solihull Metropolitan Borough Council, this three year programme of woodland, grassland, wetland and water quality improvements was delivered across publicly accessible green space within Solihull.

Outputs included 100 hectares of enhanced habitat and improvements to water quality at Smelly Brook, Meriden Park and Olton Jubilee Park. The Environment Agency (EA) and Warwickshire Wildlife Trust (WWT) were strategic partners on the delivery of the project.

SOLIHULL HABITAT AND NATURE IMPROVMENTS PROJECT

ERDF Support: £947k



Priority Axis 7 – Sustainable Transport in Cornwall & Isles of Scilly

This Priority Axis aims to promote sustainable transport and removing bottlenecks in key network infrastructures and is only available in Cornwall and the Isles of Scilly. As of the end of 2022 the following had been achieved:

| Total Projects Supported | Eligible Spend | Percentage of Regions' Total Allocation | | |
|--------------------------|----------------|---|------------|----------------|
| | | Less Developed | Transition | More Developed |
| 10 | £299.95m | 466.93% | - | - |

| Output Indicators | Achievements to 31 st December 2022 | | | |
|---|--|------------|----------------|---------|
| | Less Developed | Transition | More Developed | Total |
| Expenditure declared in claims to EU | £57.53m | - | - | £57.53m |
| Road length of reconstructed or upgraded roads | 0 | - | - | 0 |

The Major project (A30 Carland Cross to Chiverton Cross (Construction Phase) project) contracted at the beginning of 2021 and is on-site on site and making good progress to deliver the spend and output required by the programme in 2023.



The St Erth Multi Modal Hub has established a transport hub, increasing the use of sustainable and public transport in the region.

Delivered by Cornwall Council, it offers 530 parking spaces and serves mainline and branchline train services as well as buses and coaches that previously stopped on the busy A30 trunk road. Improvements were also undertaken to the station buildings and platforms and more frequent train services now operate from the station.

ST ERTH MULTI MODAL HUB

ERDF Support: £5.4 million



Priority Axis 8 – Promoting Social Inclusion & Combating Poverty & any Discrimination

This Priority Axis aims to promote social inclusion, combat poverty and discrimination. As of the end of 2022 the following had been achieved:

| Total Projects Supported | Eligible Spend | Percentage of Regions' Total Allocation | | |
|--------------------------|----------------|---|------------|----------------|
| | | Less Developed | Transition | More Developed |
| 43 | £43.94m | 101.86% | 91% | 93.22% |

| Output Indicators | Achievements to 31 st December 2022 | | | |
|---|--|------------|----------------|---------|
| | Less Developed | Transition | More Developed | Total |
| Expenditure declared in claims to EU | £4.76m | £2.65m | £6.81m | £14.22m |
| Number of local development strategies agreed | 4 | 4.5 | 12.5 | 21 |
| Number of Enterprises receiving support | 235 | 232 | 629 | 1,096 |



CHART (Connecting Hastings And Rother Together) is a Hastings Borough Council Community-led Local Development Programme supporting projects that bring a fresh approach to tackling deep-rooted problems which conventional working has not managed to solve.

It is particularly focused on helping disadvantaged people to either find and keep work locally or to help them to start a business or set up as self-employed. An overarching project aim is to stimulate the local economy to create jobs suitable for local people.

CHART

ERDF Support: £1.97 million



Following the Programme Modification in 2022 and with significant progress in claims paid, spend in all categories of regions is now > 50% to date; in Transition, the minimum expenditure threshold has been achieved.

Priority Axis 9 – Technical Assistance

This Priority Axis aims to help access to the programme ensuring that the activities that can be funded are delivered effectively and efficiently. As of the end of 2021 the following had been achieved:

The MA Technical Assistance (TA) drawdown moved to the 4% simplified costs methodology in December 2020 which will be applied to all ECPAs going forward.

46 of the 48 TA projects are closed with the Greater London Authority expenditure to be included within the final ECPA in 2024 with the MA payment to be based on the TASC0 model adopted during 2020. The MA does not anticipate any underspend on its TA budget

There are no 2023 PF targets for this Priority Axis.

Priority Axis 10 – Supporting the implementation of Local Economic Covid-19 Recovery Action Plans

This Priority Axis aims to help local areas respond to the Covid-19 economic crisis. As of the end of 2022 the following had been achieved:

| Total Projects Supported | Eligible Spend | Percentage of Regions' Total Allocation | | |
|--------------------------|----------------|---|------------|----------------|
| | | Less Developed | Transition | More Developed |
| 1 | £107.88m | 189.5% | 137.38% | 103.54% |



| Output Indicators | Achievements to 31 st December 2022 | | | |
|--|--|------------|----------------|----------|
| | Less Developed | Transition | More Developed | Total |
| Expenditure declared in claims to EU | £0.103m | £4.192m | £15.247m | £19.542m |
| Number of entities supported in combating or counteracting the effects of the Covid-19 pandemic | 0 | 0 | 0 | 0 |

A programme modification for a new PA10 has been approved by the EC to reflect new flexibilities made available as a result of Covid-19. The project, approved in October 2020, under this PA is a £50m Re-opening High Streets Safely Fund (RHSSF) managed by the Department of Levelling Up, Housing and Communities (DLUHC) through the Cities and Local Growth Unit. After further Covid-restriction measures, the project was further extended in October 2021 by another nine months until June 2022 and an extra £56m, which brought the total value of the project to £106m ERDF. The project title was changed to the 'Welcome Back Fund' (WBF) to better reflect the nature of activities.



The Welcome Back Fund provided councils across England a share of £107.8 million from the European Regional Development Fund (ERDF) to support the safe return to high streets and help build back better from the pandemic.

In Ashfield, Nottinghamshire, funding was used to support the visitor economy through events and to produce murals, street art, posters and banners. Additionally, five temporary Covid-19 Officers were brought in and visited over 700 small and medium sized businesses to offer support and guidance. 100 guidance information leaflets were also delivered to businesses.

WELCOME BACK FUND

ERDF Support: £107.8 million



Financial Instruments

Financial instruments are a sustainable and efficient way to invest in the growth and development of both individuals and enterprises. They support a range of development objectives and benefit of a wide range of organisations. European Union funds lever in additional public and private contributions with returns reused for further investments. Major advantages of financial instruments are:

- Leverage of resources and increased impact of European Structural Investment Fund programmes.



- Efficiency and effectiveness due to the revolving nature of funds.
- Moving away from “grant dependency” culture.
- Better quality of projects as the investment must be repaid.
- Access to a wider range of financial tools for policy delivery and private sector expertise, d
- Attract private sector support and financing for public policy objectives.

The main financial products offered by financial instruments are loans, guarantees, equity and quasi-equity.

The programme has 11 financial instruments which as of the end of 2022 have commitments worth £524.4m (€591.8m) ERDF

These comprise of 6 access to finance fund of funds:

- Northern Powerhouse Investment Fund, a £402m (€454m) project, £140m (€158m) ERDF;
- Midlands Engine Investment Fund, a £266m (€294.5m) project, £78.5m (€88.6m) ERDF;
- North East Fund, a £140m (€158m) project, £58.5m (€66m) ERDF;
- Cornwall & Isles of Scilly Fund a £31.5m (€35.6m) project, £25m (€28.2m) ERDF;
- London SME Fund a £100m (€113m) project, £35m (€39m) ERDF;
- Low Carbon Innovation Fund II, a £22.56m (€25.59m) project, £11.2m (€12.6m) ERDF;

and 5 urban development funds:

- Greater Manchester Fund of Funds, a £120m (€135m) project, £60m (€68m) ERDF;
- Mayor of London Energy Efficiency Fund a £102.4m (€115.6m) project, £51.2m (€57.8m) ERDF;
- Liverpool UDF, a £43.2m (€48.7m) project, £25m (€28m) ERDF;
- Cheshire & Warrington UDF, a £40m (€45m) project, £20m (€22m) ERDF;
- Lancashire UDF, a £33m (€37m) project, £20m (€22m) ERDF.

Overall, by the end of December 2022, £436.2m (€492.3m) ERDF had been drawn down by financial instruments.



The North East Fund invests from £10k to £2m in SMEs based in Tyne & Wear, Northumberland and County Durham with companies at all stages of development and in most sectors eligible.

Heather and Bale, a luxury hamper business from Alwick, Northumberland, is preparing for its busiest ever Christmas with the help of a five-figure investment from the North East Small Loan Fund. The £50,000 investment is being used to upgrade the business's digital marketing and advertising campaigns, to support recruitment and to further enhance its presence in the corporate gifting sector.

NORTH EAST FUND

ERDF Support: £66.5 million



Payment Applications to the European Commission

The Certifying Authority submitted 2 payment applications in 2022. Overall, since 2015 the total eligible expenditure submitted to the EC for reimbursement cumulative up to 31st December 2022 is 68% (€4,442m) and the ERDF drawn down cumulative is 80% (€2,912m) of the ERDF programme value.