



European Union

European Structural
and Investment Funds

OFFICIAL

GPB 20240319 Item 2(i)
European Structural and Investment
Funds
2014 - 2020
Growth Programme for England- ERDF

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

Growth Programme Board 19 March 2024

1. ERDF Programme Delivery

Purpose:

To advise the GPB on achievements of the European Regional Development Fund (ERDF) Programme delivery.

Recommendation(s):

That the GPB note the achievements of the programme.

Summary:

The **overall commitment level in the ERDF programme for 2014-2020 was £3.227bn**. Compared to the original programme budget of **£2.846bn** in 2016, this represents a commitment level of **113%** budget.

The budget was regularly revised during the programme due to the fluctuating exchange rate. In 2022/23, the budget was revised to **£3,163m**. Additional commitments were made during the programme to manage changing programme values. Compared to the latest programme value, this gives an overall commitment of **102%**.

A total of 1082 projects were contracted (inc.11 financial instruments (FIs)). All projects are now closed.

Expenditure:

The Managing Authority (MA) developed a strategy to maximise spend on the programme. This included a flexible approach to extend projects to allow them additional time to deliver project activities and defray expenditure, to make up for time lost during the Covid-19 pandemic. 50% of projects ran into 2023, and 50% of projects were extended beyond the initial 3-year period.

This backloaded claims into the final programme year. 2,200 claims were paid in 2023, including 640 final claims. £779.3m was paid to grant recipients in 2023 which is 25% of the total programme value.

Despite this, there was some slippage in projects. Total claims paid by the MA to grant recipients totalled **£3,010m** ERDF.

Anticipated slippage was continually monitored and used to inform final programme investments of **£120.4m** into Financial Instruments, including **£62m** for follow on equity investments. All projects are now closed.

N+3 Target: Cumulative ECPAs to the end February 2024 were valued at €6,554.8m (total eligible expenditure) against the final 2023 overall Programme target of €6,573.2m (99.7%). The final ECPA will be submitted in May with the final accounts to be submitted in February 2025.

2. Programme Value and Targets

- 2.1. The value of the programme is €3,649m and an Operational Sterling value of £3,163m. Instead of a single foreign exchange rate being used the Sterling budget is now based on funds drawn down from the EU and annual forecast exchange rates up to the end of 2023. The forecast rate is provided by DLUHC Finance.
- 2.2. The Programme's total eligible expenditure (TEE), ERDF + Match, is valued €6,573m.
- 2.3. Programme performance was measured by the EU using the following targets:
 - N+3 - Ensuring that the ERDF annual budget is drawn down from the EC within 3 years of the budget being allocated.
 - 2023 Performance Framework – These targets sit at priority axis by category of region and are based on 2 elements:
 - Financial – The TEE declared.
 - Outputs – The number of Performance Framework outputs achieved for the TEE declared.

Progress against the performance framework in 2023 will be assessed based on the output/financial achieved coefficient as set out in section 7 below.

- 2.4. The Operational Programme value and all returns to the European Commission are based in Euros. Internal Performance Monitoring is also calculated in Sterling.

3. Programme Budget & Contracting

- 3.1. Figure 1 shows the amount and % of ERDF that has been contracted over time to March 2024, reflecting changes in the exchange rate increasing the overall value of the programme in GBP (£). At March 2024, the contracted figure is 102% of the programme value.
- 3.2. The project count is 1,082 contracted projects, all of which are now closed.

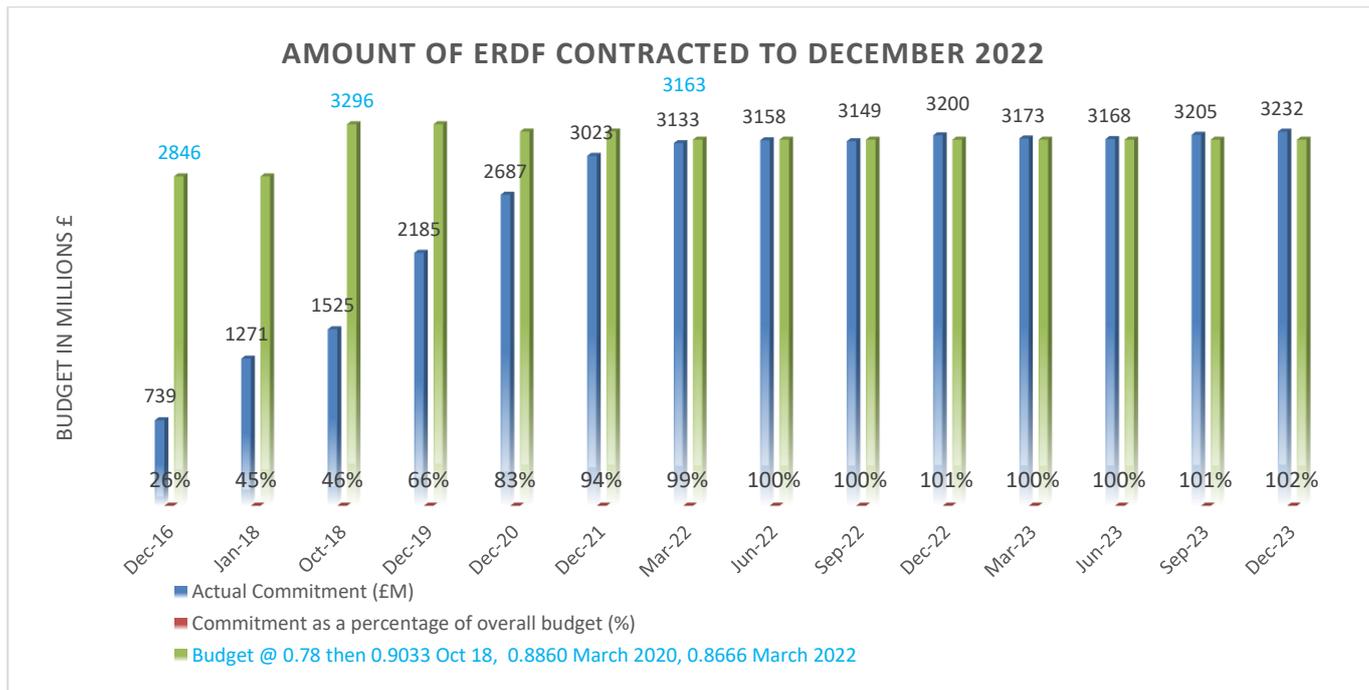


Figure 1 Contracting Rate Over the Programme Period

3.3 Figure 2 sets out final ERDF programme commitment.

Category of Region	Allocation (ERDF £)	Commitment (ERDF £)	% Commitment to Allocation	Claims Paid (ERDF £)	% Paid to Allocation
More Developed	£1,809,044,130.94	£1,887,428,076.33	104%	£1,765,875,319	98%
Transition	£944,682,524.72	£945,967,546.32	100%	£863,706,092	91%
Less Developed	£408,907,536.39	£394,150,273.06	96%	£381,133,507	93%
Total	£3,162,634,192.06	£3,227,545,895.71	102%	£3,010,714,918	95%

Figure 2 Total Allocation and Spend to 29th Feb 2024

3.4 Total commitment is **£3,227m - 102%** of allocation. Total actuals spend is **£3,010m - 95%** of allocation.

3.5 The Stirling value of the programme has changed over the programme period due to Forex changes. The current programme value is **£3,163m**. At the beginning of the programme, the Stirling value was **£2,846m**.

Considering the original programme value, total commitments are **113%** to allocation, and actual spend is **105%**.

3.6 In 2022, the MA developed a strategy to maximise spend across the programme. This included:

- A modification to the Operational Programme was agreed in Dec 2022. This rebalanced expenditure across Priority Axes and Categories of Region in line with investments. This also increased expenditure in Priority Axes where the MA could make further investments in 2023.
- Working flexibly with projects to agree extensions, allowing additional time for delivery which was impacted during Covid-19 lockdowns. This resulted in 50% of the 1,082 contracted projects completing in 2023, and 50% of the projects extended beyond the initial 3-year contract period.
- This approach resulted in a significant volume of claims and expenditure to process in 2023. **2,216** claims were paid in 2023, including 640 final claims and 1,576 interim claims. **£779.3m** was paid to grant recipients in 2023 which is 25% of the total programme value.
- Tracking forecast underspend from projects was made more challenging during 2023 due to the flexibilities offered to projects to extend into the final year, as actual spend performance was not crystallised until the end of the programme. Anticipated slippage was continually monitored and used to inform final programme investments in Financial Instruments.

3.7 Between November and December 2023, a further **£120.4m** was invested in financial Instrument projects including **£62m** paid into Escrow accounts for follow-on equity investments.

4. N+3 Target

- 4.1. In the final year of the Programme the N+3 target for 2023 is ensuring the full value of the programme is realised; this is the same as the 2023 performance framework financial target.
- 4.2 Cumulative ECPAs to the end February 2024 were valued at €6,554.8m (total eligible expenditure) against the final 2023 overall Programme target of €6,573.2m (99.7%). The final ECPA will be submitted in May 2024 with the final accounts to be submitted in February 2025.
- 4.3 The European Programmes Closure team took on responsibilities from the Programme Delivery Teams (PDT) during February 2024, as majority of PDT staff were redeployed, and will be responsible for managing all programme closure requirements.

5. 2023 Performance Framework Expenditure targets including paid claims (€m) by Priority Axis across each of the Category of Regions from *contracted* projects.

Performance Framework Expenditure

- 5.1. 2023 Performance Framework Expenditure targets are measured in Total Eligible Expenditure (ERDF plus match funding).
- 5.2. All regions have contracted sufficient projects to achieve the minimum Performance Framework expenditure threshold.
- 5.3. All targets have actual achievement above 65% of the minimum threshold, 7 of which are Less Developed Category of Region, 6 are Transition, and 6 are More Developed.
- 5.4. The full allocation of TA budget for the programme, €145,130,411, will be drawn down.
- 5.5. The EC allows the MA to draw down 4% of the programme value to support the management and implementation of the ERDF programme. At the start of the programme circa 40 internal and external TA projects were contracted; with claims submitted to draw down TA expenditure. Post December 2020 the MA adopted the EC simplified cost option flexibilities in relation to MA TA costs. This meant that the MA claimed TA back from the EC based on a flat rate of 4% of its total (non-TA) eligible expenditure based on the ECPA's submitted to the EC.
- 5.6. An overview of the Priority Axes, considering continued relevance of objectives, and their implementation can be found in Annex 1.

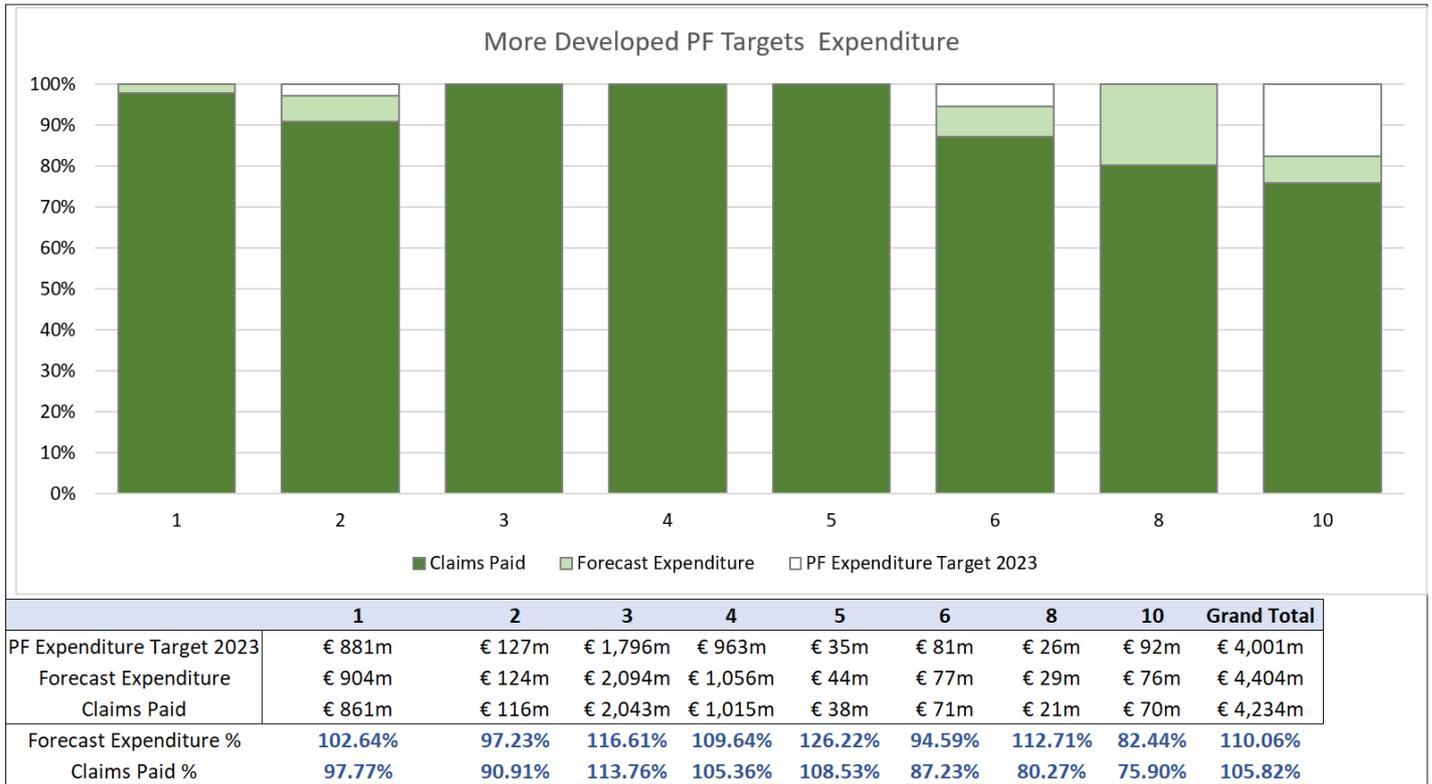


Figure 3 More Developed Performance Framework Targets - Expenditure

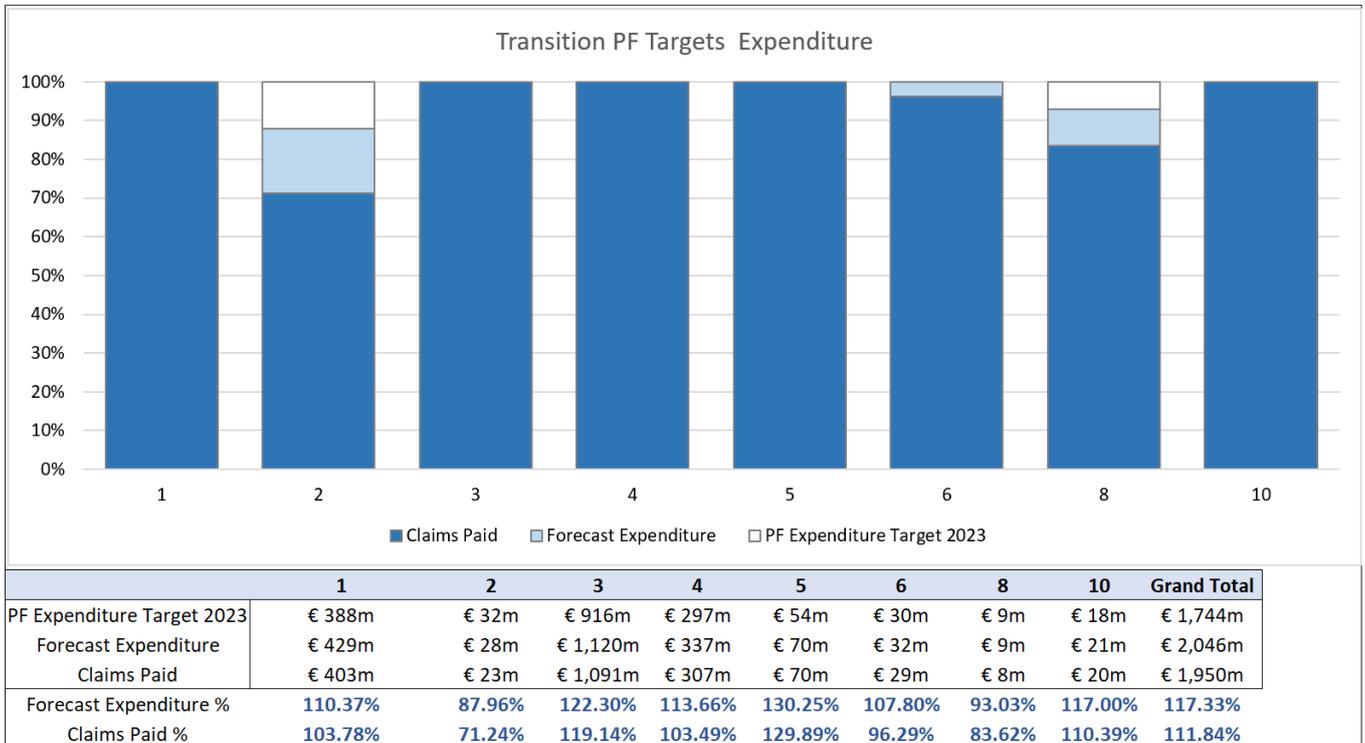


Figure 4 Transitional Performance Framework Targets - Expenditure

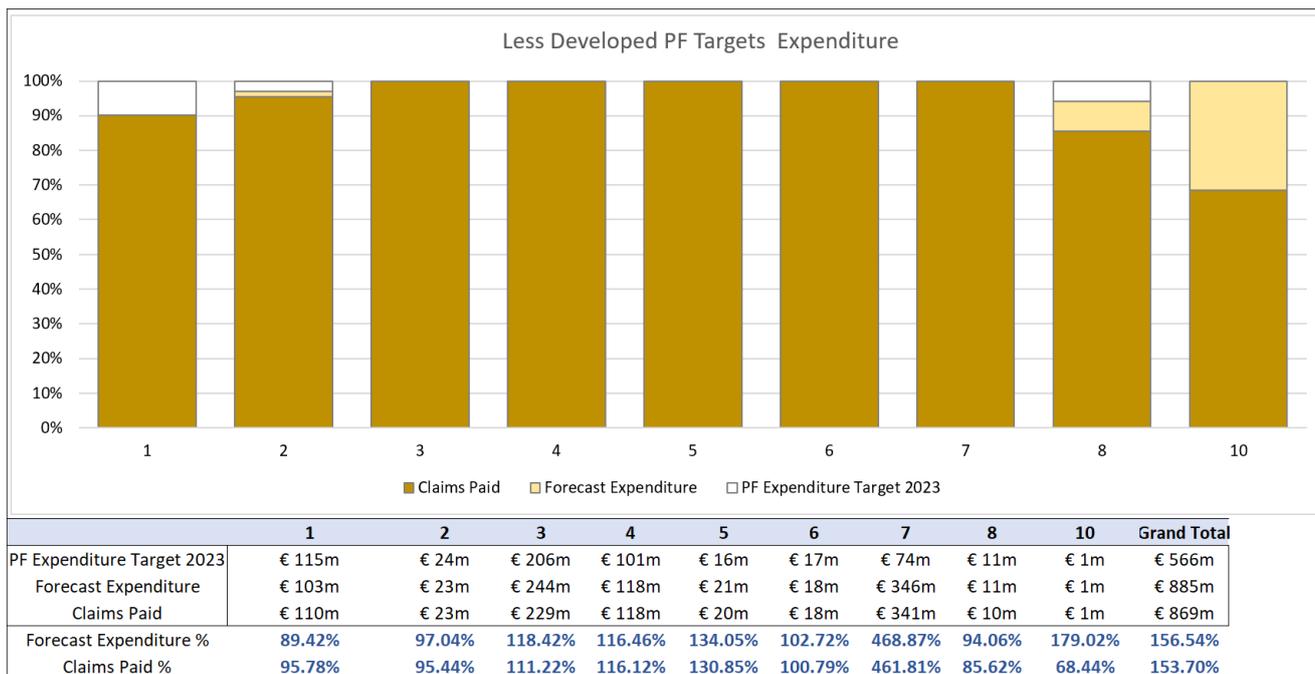


Figure 5 Less Developed Performance Framework Targets - Expenditure

6. Delivery of Performance Framework Outputs as % of 2023 target by Priority Axis across each of the Category of Regions, from *contracted* projects

Key to indicators:

C1: No of enterprises receiving support.

C34: Estimated GHG reductions.

C23: Surface area of habitats supported.

P7: Length of Railway with new/enhanced signalling.

P3: Additional businesses with broadband access min 30Mbps.

P6: Business & properties with reduced flood risk.

C14a: Length of track reconstructed or upgraded roads;

I6: No. of local development strategies in place.

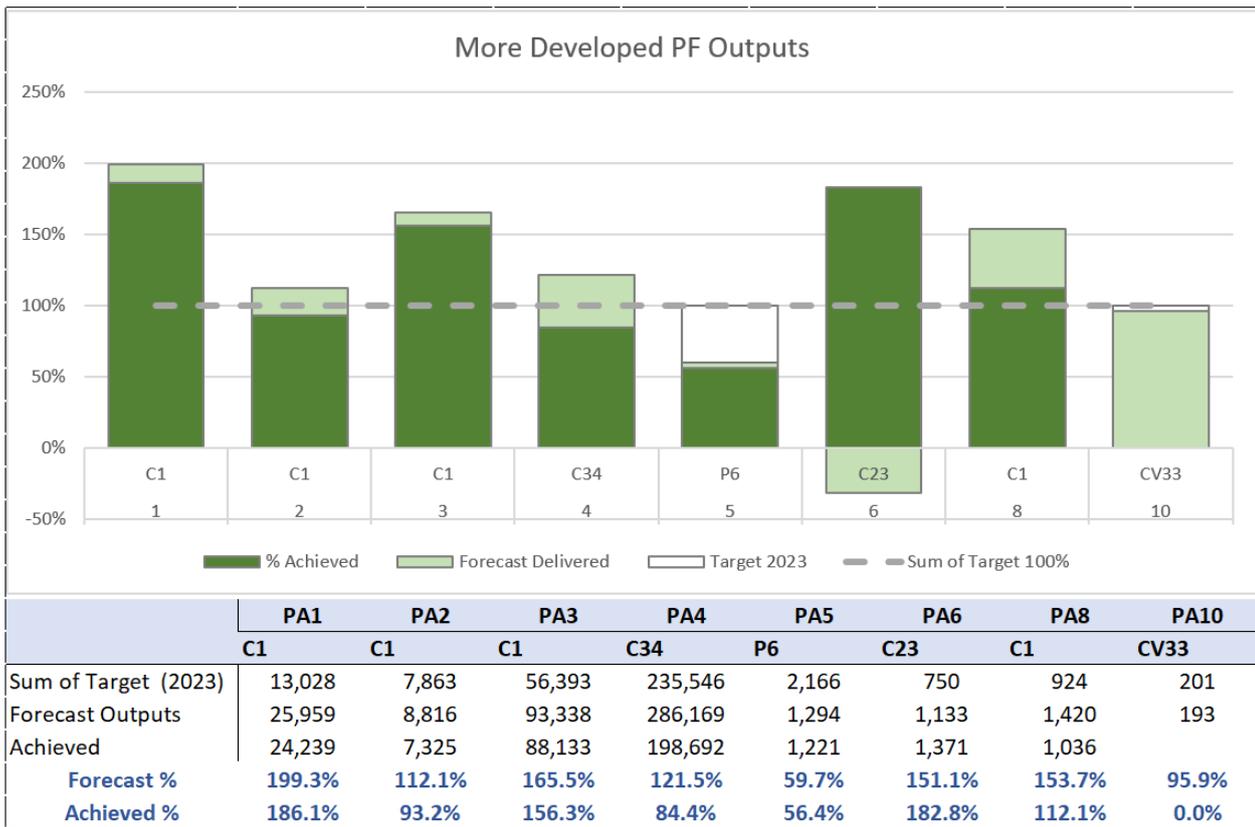


Figure 6 More Developed Performance Framework Targets – Outputs

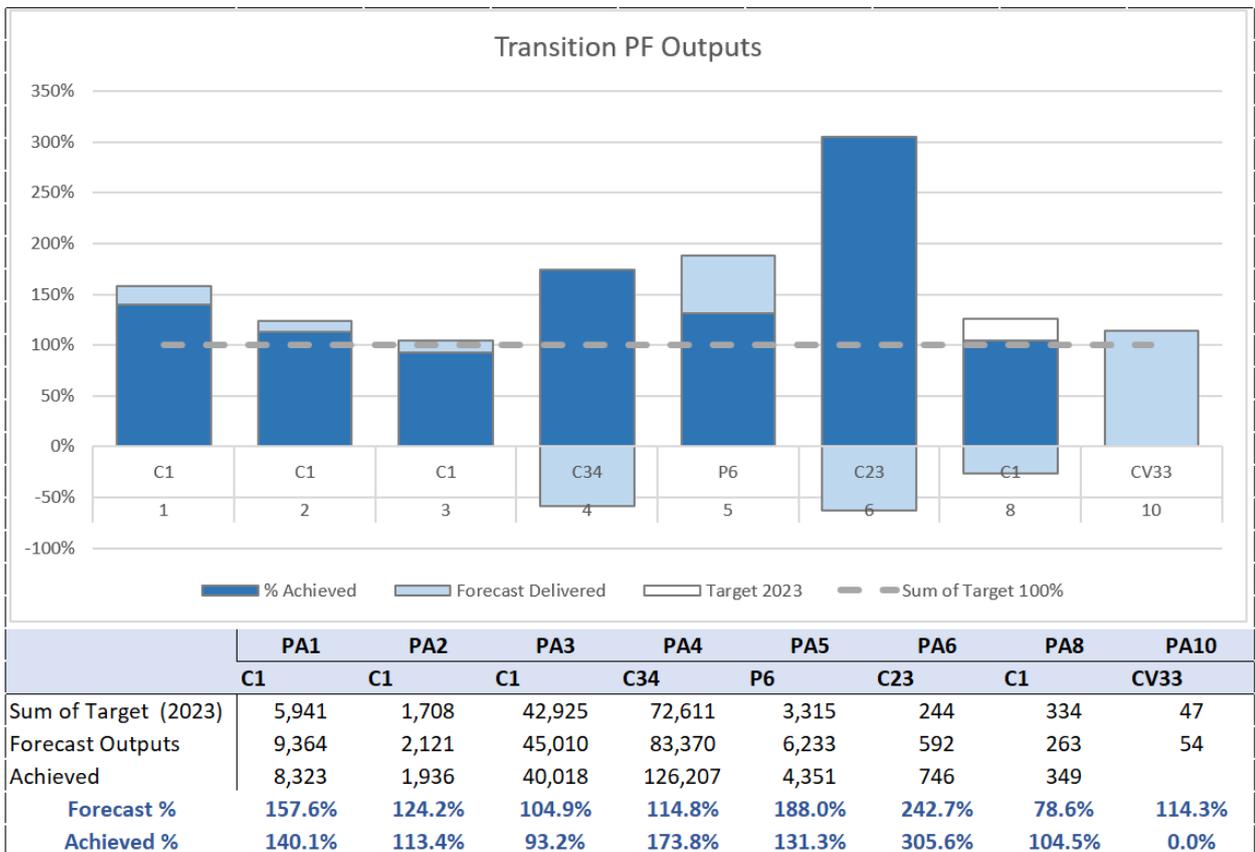


Figure 7 Transition Performance Framework Targets - Outputs

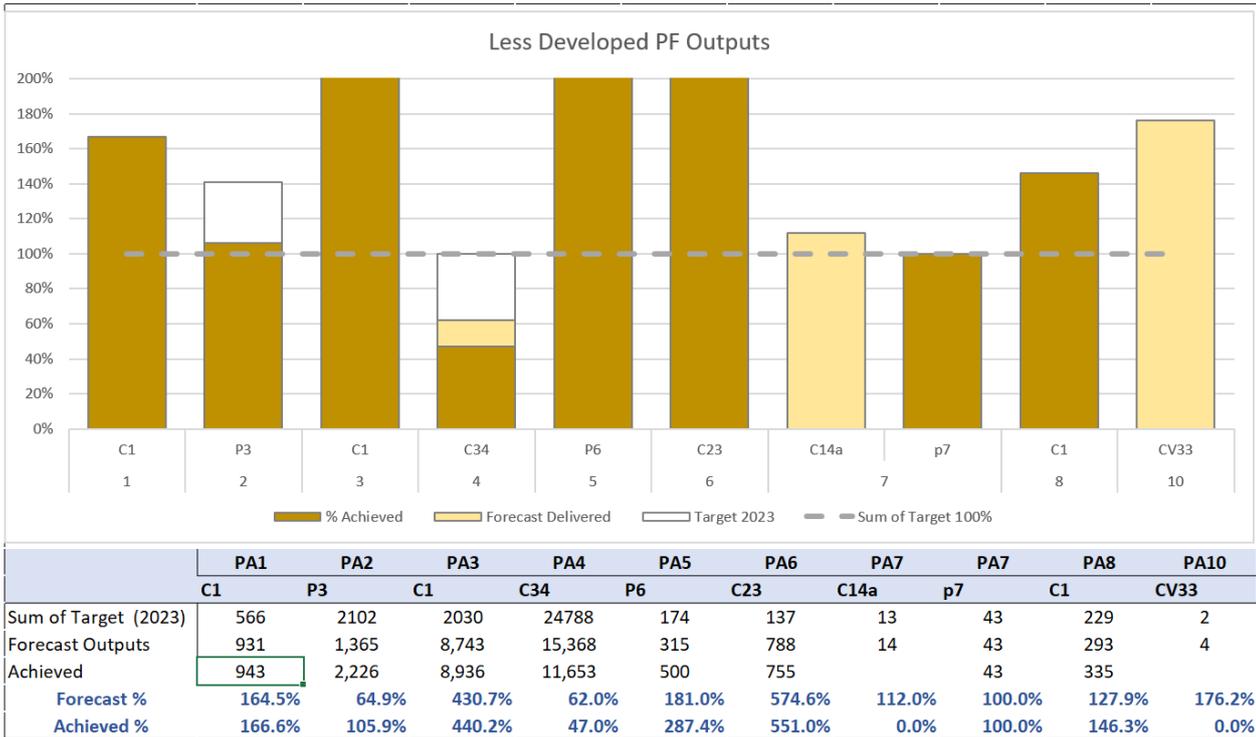


Figure 8 Less Developed Performance Framework Targets - Outputs

Performance Framework Outputs

- 6.1 There are 3 projects which are financially complete but have not achieved their outputs. PCR's have been submitted to extend practical completion dates into 2024, to allow additional time for delivery. In two cases, these projects will be delivering outputs which will contribute to PF targets in that region.
- 6.2 For PF outputs, all regions had **contracted** sufficient projects to achieve the minimum output threshold except for:
- 6.3 PA2 – LDR; P3: Additional businesses with broadband access min 30Mbps. Contracted figure is 64.9%. However, actuals significantly exceed contracts and achieved outputs are 105.9% to PF target.
- 6.5 PA4 – LDR; C34: Estimated GHG Reductions. Contracted figure is (62.0%). Current actuals are 47% to target. The low rate is a result of research projects which deliver a comparatively smaller number of outputs. However, we have a project which is due to deliver its outputs in 2024 and will provide sufficient outputs to achieve 78% of the PF target.
- 6.6 PA5 – MDR; P6: Business premises with reduced flood risk. Sufficient outputs had been contracted to meet minimum threshold (contracted was 69.6% to target). However, a project requested to withdraw in May 2023 due to project delays. Removal of this project's contracted outputs resulted in a total of 59.7% to PF target. Total achieved is 56.4%.

- 6.7 Historically there have been issues with implementation of Priority Axis 5 having been compounded by extreme flooding in 2015/16 and 2019/20 requiring the Environment Agency (EA) to undertake a full review of their activities. This led to delays due to the need to undertake further re-modelling to reflect impacts of climate change before their revised flood risk assessment could be applied to flood-prevention schemes and ERDF projects.
- 6.8 PA5 projects also require long implementation timelines needed for aligning ERDF with domestic EA funding, and related consents. The MA worked with the EA at all levels to accelerate delivery supported by workshops, monthly steering groups, and closer local working to progress individual schemes.
- 6.9 There were also particular issues in the More Developed region with regards to contracting outputs. Areas in this region which are eligible for flood protection interventions have a limited concentration of businesses, which is the PF indicator for PA5. This restriction has meant that whilst the PF target for expenditure has been met, the minimum threshold for PF output targets has not. This funding has delivered significant flood protection for businesses, enabling greater economic resilience. ERDF has been instrumental in unlocking several schemes that would not otherwise have been brought forward.
- 6.10 The capital nature of PA5 projects also meant they were significantly impacted by Covid-19 related lockdowns and inflationary pressures over the programme period. This led to several projects requesting to withdraw and repay funding, as schemes were no longer deliverable within the programme lifecycle. Some of these schemes will continue to be delivered, but without ERDF funding. This includes the aforementioned project which requested to withdraw from ERDF in May 2023.
- 6.11 All other PF targets have **achieved** sufficient outputs to meet minimum thresholds except for:
- 6.12 PA7 – LDR; C14 Roads: Total length of re-constructed or upgraded roads. Currently over 100% of the target has been contracted but no outputs have yet been achieved. The outputs are due to be delivered in June 2024, which will achieve sufficient outputs to exceed the PF target.
- 6.13 PA10 – CV33 – the PF target has been achieved in all Categories of Region and exceeded overall. Outputs are still be authorised in Eclaims.
- 6.14 An overview of the Priority Axes, considering continued relevance of objectives, and their implementation can be found in Annex 1.

7 Output/Financial Achieved Coefficient

7.1 This is a measure of the rate of Performance Framework outputs which have been delivered against spend targets. A value of 100% shows that the proportion of contracted PF outputs that have been delivered in a Priority Axis, is equal to, or greater than the proportion of contracted expenditure which has been claimed.

	More Developed	Transition	Less Developed
PA1	C1 - 100%	C1 - 100%	C1 - 100%
PA2	C1 - 100%	C1 - 100%	P3 - 100%
PA3	C1 - 100%	C1 - 78%	C1 - 100%
PA4	C34 - 80%	C34 - 100%	C34 - 40%
PA5	P6 - 52%	P6 - 100%	P6 - 100%
PA6	C23 - 100%	C23 - 100%	C23 - 100%
PA7			C14a - 0%
PA7			p7 - 100%
PA8	C1 - 100%	C1 - 100%	C1 - 100%
PA10	CV33 - 0%	CV33 - 0%	CV33 - 0%

Figure 9 Performance Framework Targets Coefficient

- 7.2 PA4 – LDR: As above, the low rate is a result of research projects which deliver a comparatively smaller number of outputs. We have also agreed a PCR to allow additional time for a project to deliver outputs in 2024. This will provide sufficient outputs to meet the minimum threshold.
- 7.3 PA7 – C14a – We have agreed a PCR to allow additional time for a project to deliver outputs in 2024. This will provide sufficient outputs to exceed the PF target.
- 7.4 PA5 – MDR – as outlined above, the coefficient for PA5 MD is due to the difficulties encountered in the More Developed region. Whilst several schemes were delivered, the geographical regions where flood protection investment was permitted had a limited concentration of businesses which translated into a lower number of P6 outputs. These schemes will have delivered wider flood protection benefits and greater economic resilience.
- 7.5 PA10 - the PF target has been achieved in all Categories of Region and exceeded overall. Outputs are still be authorised in Eclaims.

8 Financial Instruments

8.1 To 31st December 2023, the ERDF programme had contracted eleven financial instruments (FI) worth £1,518,927,718bn; comprising of £650,494,946m ERDF and £868,432,772m match funding.

8.2 The table below details what has been achieved on investments and outputs to the end of December 2023 including follow-on funding paid to escrow accounts.

Financial Instrument	ERDF	Total	Underspend	Escrow Account	Escrow Account Value	Outputs Achieved
Northern Powerhouse	£170,359,192	£467,048,818	ERDF underspend £2,009,058	Yes	£24,500,000	Investments made - 1,295 Jobs Created - 8,602 New Enterprises - 126 New Product to Firm - 282 New Product to Market - 154 Non Financial Support - 676 Private Sector Leverage - £399,927,257
Midlands Engine	£98,550,000	£300,626,637	Fund has fully invested	Yes	£22,500,000	Investments made - 739 Jobs Created - 4,007 New Enterprises - 66 New Product to Firm - 116 New Product to Market - 96 Non Financial Support - 235 Private Sector Leverage - £399,927,257
NE Fund	£66,500,000	£148,000,000	Underspend £2,714,336 (£2,255,000 has been moved to the escrow account). £459,336 ERDF to be returned to the department.	Yes	£13,255,000 £11,000,000 additional funding £2,255,000 underspend	Investments made - 433 Jobs Created - 1801 New Enterprises - 201 New Product to Firm - 79 New Product to Market - 40 Non Financial Support - 674 Private Sector Leverage - £237,845,975
GM FOF	£ 90,000,000	£ 180,000,000	Fund has fully invested	N/a	N/a	Final Outputs to be submitted.
Lancashire UDF	£20,000,000	£33,333,333	£13.8m ERDF (Transition)	N/a	N/a	Final Outputs to be submitted.
Liverpool UDF	£40,000,000	£78,200,000	Fund has fully invested	N/a	N/a	Final Outputs to be submitted.
Cheshire & Warrington UDF	£20,000,000	£40,000,000	Fund has fully invested	N/a	N/a	Final Outputs to be submitted.
Cornwall & Isles of Scilly Investment Fund	£25,000,000	£31,547,422	ERDF underspend £1,233,921	Yes	£4,515,335	Investments made - 68 Jobs Created - 393 New Enterprises - 9 New Product to Firm - 20 New Product to Market - 8 Non Financial Support - 9
Low Carbon Innovation Fund II	£11,285,754	£22,571,508	ERDF underspend £780.12	N/a	N/a	Investments made - 37 New Product to Firm - 16 Co2 Savings - 765,577 tonnes
MEEF	£73,800,000	£147,600,000	Fund has fully invested	N/a	N/a	Investments made - 12 Energy Savings - 40,562,159 Kwh Co2 Savings - 31,922 tonnes
GILF	£35,000,000	£70,000,000	Fund has fully invested	N/a	N/a	Investments made - 159 Jobs Created - 2,640 New Enterprises - 35 Private Sector Leverage - £423,321,545

8.3 The A125 and A127 final audits are currently being undertaken to reconcile investments made by 31 December 2023 and the amounts transferred to the escrow accounts are aligned with the regulations.

8.4 The Certifying Authority are sampling expenditure across all Fis to support final inclusion in the April ECPA.

8.5 Closure team to undertake final reviews on FI's and to start collating tables for inclusion in the FIR.

8.6 Monitoring of the follow-on investments made from the escrow account and future legacy.

9 Compliance

- 7.1 During the final year of the programme, the assurance team closed 192 non-Financial Instrument (FI) and 10 Financial Instrument on the spot verification visits (OTSV's) in accordance with regulation 1303/2013.
- 9.1 11 FI projects had been scheduled for an OTSV during 2024 and of those 3 visits have already commenced with the remaining 8 due to commence later this month and throughout April.
- 9.2 In parallel the team committed to undertake 132 compliance and state aid checks for those projects contracted earlier in the programme. To date 127 checks have taken place with the remaining 5 due to conclude by the 31 March 2024.

10 Cross cutting themes

- 8.1 As per the update in the June 2023 paper, analysis of the approach and implementation of horizontal principles by projects was undertaken via a review of project level evaluation reports.
- 8.2 Of the project level summative assessments reviewed, only 62% contained reference to approaches to horizontal principles, and the available evidence around the impacts of these approaches was limited. Nevertheless, the findings help to draw out key approaches taken, and examples of good practice where specific projects were more proactive and innovative in their approaches and may provide lessons that future projects can draw from.

11 Audit

A127 Audit of operations, position as of 9 March 2024

	Total Audits	Concluded Audits		Draft Reports		Outstanding	
		Final	Closed	Draft	Outstanding		
23-24 ACR 10							
Semester 1 (Nov-23)	24	0	0	1	23		
Semester 2 (Feb-24)	13	0	0	0	13		
23-24 Total	37	0	0	1	36		
22-23 ACR 9	44	23	40	0	0		
21-22 ACR 8	48	6	40	0	0		
20-21 ACR 7	39	0	37	0	0		
19-20 ACR 6	58	1	57	0	0		
18-19 ACR 5	44	0	44	0	0		
17-18 ACR 4	56	0	56	0	0		
16-17 ACR 3	22	0	22	0	0		
Grand total	348	30	296	1	36		

11.1 Account year 23-24 semester 1 and 2 audit samples have been made with 37 audits to be undertaken. Fieldwork is underway on the semester 1 schedule with 1 draft report issued to date. In comparison, current progress is ahead of previous year's performance.

11.2 The 23-24 semester 3 audit sample is expected following the submission of the Final ECPA in April.

11.3 Moving into the final years audit programme, the Managing Authority has introduced additional measures to proactively engage with projects at the earliest opportunity; preparing grant recipients for the audits and ensuring adequate audit trails are in place in advance of GIAs fieldwork. The intention is to reduce the time taken by the grant recipient during the audit fieldwork and follow up phase thus ensuring timely production and issue of draft and final audit reports.

11.4 Up to and including ACR 9, 22-23 account year, 311 project audits have concluded.

11.5 For the 22-23 account year the Total Error Rate (TER) was concluded at 2.798% with the resulting Residual Total Error rate (RTER) standing at 2.502%. Due to the RTER exceeding the materiality level of 2% a programme self-correction of €4,013,330.08 Total expenditure, € 2,228,799.94 ERDF, was applied to the 22-23 accounts.

12 Sustainable Urban Development

12.1 There is a regulatory requirement that at least 5% of the ERDF resources allocated at UK level are committed to SUD.

12.2 The level of ERDF committed to live SUD projects was £296.48m (101.16%) of the SUD allocation.

ERDF Allocation to SUD Projects	£293,250,000	100.00%
ERDF Contracted	£296,484,451	101.10%

Annex 1 – Implementation of the ERDF Priority Axes.

This annex provides an overview of the implementation of the individual Priority Axes. This considers whether the objectives remained relevant over the course of the programme, and any contextual changes that impacted delivery of these objectives.

This information is informed by the draft evaluation material, undertaken in 2022 and 2023.

Priority Axis 1 – Promoting Research & Innovation

Total Projects Supported	Total ERDF Spend Committed	Total ERDF Spend	
290	£644,363m	£618,547,590m	
	More Developed	Transition	Less Developed
% PF Expenditure Target Achieved	97.77%	103.78%	95.78%
% PF Expenditure Output Achieved	186.1%	140.1%	166.6%

Investment under Priority Axis 1 focused on three main areas in relation to research and innovation: investment in R&I infrastructure, SME innovation support, and support for SME engagement with knowledge exchange.

Over the programme period there has been a sustained policy focus on the need for investment in innovation and local growth activities, meaning the priorities and objectives of Priority Axis 1 outlined in the OP have remained relevant.

In terms of delivery, a notable challenge in delivery of activities under Priority Axis 1 has been the appetite for businesses to invest in R&I. There have been significant fluctuations in business confidence over the programme delivery period, particularly following the outbreak of Covid-19. Summative assessment findings indicate this uncertainty created challenges when it came to engaging businesses for R&I support. Covid-19 lockdowns also created practical challenges in accessing specialist equipment and facilities.

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

Total Projects Supported	Total ERDF Spend Committed	Total ERDF Spend	
41	£81,364,296m	£74,966,690m	
	More Developed	Transition	Less Developed
% PF Expenditure Target Achieved	90.91%	71.24%	95.44%
% PF Expenditure Output Achieved	932.2%	113.4%	105.9%

Investment under Priority Axis 2 focused on investment in superfast broadband (SFBB) infrastructure and enhancing the use of ICT in SMEs. The aims of Priority Axis 2 remained relevant over the programme period and align with the aims of the Levelling Up White Paper.

There were several contextual changes over the programme period which impacted implementation of the objectives of the Priority Axis 2. Between the date of publication of the operational programme and 2018, the number of premises with access to SFBB increased from 78% to 95%. The coverage of ultra-fast broadband remained low; however, state aid rules did not allow for investment to increase this coverage.

Availability of national broadband voucher schemes to support take-up of broadband meant reduced demand for ERDF support.

As such, the focus of Priority Axis 2 activity moved from access to broadband to instead developing ICT products and services.

Priority Axis 3 – Enhancing the Competitiveness of SMEs

Total Projects Supported	Total ERDF Spend Committed	Total ERDF Spend	
431	£1,455,409,982m	£1,386,201,386m	
	More Developed	Transition	Less Developed
% PF Expenditure Target Achieved	113.76%	119.14%	111.22%
% PF Expenditure Output Achieved	156.3%	93.2%	440.2%

Support under Priority Axis 3 worked across 3 investment priorities and focussed on promoting entrepreneurship and supporting the capacity and capabilities of SMEs to grow. Projects operating under Priority Axis 3 supported these objectives by provision of:

- Advice, support, and grants to support business startups,
- General business advice and support,
- Sector-focused business advice and support,
- International trade support,
- New workspace – incubator, managed and grow-on space,
- Business growth finance.

Over the course of the programme, the objectives of Priority Axis 3 have remained relevant, albeit with contextual changes which provided challenges in implementation.

Unemployment levels fell over the course of the programme (up to 2020) which reduced the numbers of potential entrepreneurs to be engaged.

Business support projects were generally able to respond quickly to the Covid-19 pandemic and pivot to online delivery rather than face to face. Business confidence levels were impacted by Covid-19 and many businesses were focussed on survival rather than growth. This meant in some cases, projects could not deliver the anticipated type of support and had to adapt which also affected creation of new jobs.

Capital Priority Axis 3 projects saw delays in implementation due to lockdown restrictions, as well as inflationary pressures towards the end of the programme.

Changes to trading relationships and legislation also impacted the number businesses taking up support for international trade. Nonetheless, the increased allocation under Priority Axis 3 over the course of the programme reflects the ongoing relevance and impact of business support provided under the programme.

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

Total Projects Supported	Total ERDF Spend Committed	Total ERDF Spend	
163	£648,072,479m	£618,297,617m	
	More Developed	Transition	Less Developed
% PF Expenditure Target Achieved	105.36%	103.49%	116.12%
% PF Expenditure Output Achieved	84.4%	173.8%	47%

Activity under Priority Axis 4 focussed on five areas:

- Promoting the production and distribution of energy derived from renewable sources.

- Promoting energy efficiency and renewable energy use in SMEs
- Supporting energy efficiency, smart energy management, and renewable energy use in public infrastructure
- Promoting low-carbon strategies
- Promoting research and innovation in, and the adoption of, low-carbon technologies

Over the course of the programme period, focus and awareness on the need for low carbon policy has increased, meaning the objectives of Priority Axis 4 have remained relevant and appropriate.

There have been challenges in bringing forward low carbon projects, resulting in reductions to Priority Axis 4 allocations over the programme period.

Covid-19 had a particular impact on delivery of Priority Axis 4 projects. As with Priority Axis 3, business support activities had to transition to online delivery due to lockdown restrictions. However, the nature of Priority Axis 4 projects meant that site visits and inspections were needed to understand and implement energy efficiency and renewable energy improvements. This work was either prevented or delayed when restrictions were in effect. Supply chain disruptions due to Covid-19 also impacted completion of low carbon projects.

Fluctuating business confidence levels and the economic impacts of Covid-19 also decreased the appetite for businesses to invest in low carbon measures.

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

Total Projects Supported	Total ERDF Spend Committed	Total ERDF Spend	
21	£49,176,041m	£47,430,311m	
	More Developed	Transition	Less Developed
% PF Expenditure Target Achieved	108.53%	129.89%	130.85%
% PF Expenditure Output Achieved	56.4%	131.3%	287.4%

The objectives of Priority Axis 5 focussed on investment in flood defences, with a result indicator and outputs focussing on businesses and premises with a reduced flood risk.

Over the programme period, delivery of capital funded projects was adversely affected by the impact of Covid-19 lockdowns as well as inflationary pressures. This has led to mixed performance of Priority Axis 5 across England, with strong results seen in Transitional and Less Developed areas, but challenges in the More Developed Region. There were low numbers of businesses located in the geographical regions where investments in flood protection were to be made in the More Developed region. This restricted contracting of output targets in this region.

Evidence from summative assessments suggests that locations where projects have been completed have seen increased commercial planning applications and use of existing units.

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

Total Projects Supported	Total ERDF Spend Committed	Total ERDF Spend	
51	£59,745,073m	£55,118,435m	
	More Developed	Transition	Less Developed
% PF Expenditure Target Achieved	87.23%	96.29%	100.79%
% PF Expenditure Output Achieved	182.8%	305.6%	551.0%

Investment in Priority Axis 6 focused on increasing green and blue infrastructure, as well as improving resource efficiency of enterprises. These aims have remained relevant within the wider policy context over the programme period, although there was some overlap of funded activities with activities undertaken by EAFRD. The Priority Axis 6 allocation has reduced over the programme in recognition of this.

As with other capital focused priority axes, the impact of Covid-19 lockdowns impacted project delivery. However, summative assessment findings suggest that lockdowns led to an increased appetite for investment in local green and blue infrastructure.

Output performance relating to environmental improvements is very positive. Contracting of projects which aimed to increase resource efficiency of SMEs was limited, with only 3 supported projects. However, these projects showed a strong performance in relation to introduction of new products and technologies. This suggests that the lower number of projects allowed for provision of more intensive support.

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

Total Projects Supported	Total ERDF Spend Committed	Total ERDF Spend
10	£52,488,881m	£48,926,728m
	Less Developed	

% PF Expenditure Target Achieved	461.81%	
% PF Expenditure Output Achieved	P7	100%
	C14	0%

Support under Priority Axis 7 focussed on improvements to rail and road networks and developing environmentally friendly transport methods.

As with Priority Axis 4, the awareness of sustainability has increased over the programme period, meaning objectives relating to greener transport have remained particularly relevant.

Due to the capital nature of Priority Axis 7 projects, delivery this strand of the programme was significantly affected by the impacts of Covid-19 and inflationary pressures.

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

Total Projects Supported	Total ERDF Spend Committed	Total ERDF Spend	
43	£25,744m	£20,594m	
	More Developed	Transition	Less Developed
% PF Expenditure Target Achieved	80.27%	83.62%	85.62%
% PF Expenditure Output Achieved	112.1%	104.5%	146.3%

The objectives of Priority Axis 8 remained relevant of the programme; however, the projects were often better aligned to ESF type activity. The evaluation suggests that to better respond to changing needs, the areas identified for investment could have been modified in line with updates to the Indices of Multiple Deprivation.

The CLLD approach proved challenging to implement, with a time lag in the establishment of the required local action groups. This was exacerbated by the impacts of Covid-19, as partners were drawn away from developing partnerships into wider pandemic response. The joint approach taken between ERDF and ESF also saw challenges in implementation.

The evaluation also found that the switch to online support during Covid-19 lockdown had a particularly detrimental effect in projects under Priority Axis 8. The loss of face-to-face engagement

and the benefits this brings in developing connections had a negative impact on the uptake of support.

However, whilst the full allocation of Priority Axis 8 funding was not committed (with the allocation reduced over the programme period), the PF targets for numbers of enterprises supported have been exceeded in all categories of region.

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

Total Projects Supported	Total ERDF Spend Committed	Total ERDF Spend	
1	£85,403,831m	£78,394,928m	
	More Developed	Transition	Less Developed
% PF Expenditure Target Achieved	75.90%	110.39%	68.44%
% PF Expenditure Output Achieved	0%	0%	0%

As per the June 2023 update, one project was funded under Priority Axis 10: the 'Welcome Back Fund'. The project was approved during the Covid pandemic and specifically aimed at supporting local authorities (LAs) in England to create and promote a safe environment for local trade and tourism, particularly in high streets as their economies reopened following Covid lockdowns.

The project activity ended during the first half of 2022. In total the project has claimed £85.4m of the original ERDF grant i.e., 79.2%. It has exceeded its output target of 250 entities supported in combating or counteracting the effects of the COVID-19 pandemic by 53 (+21.2%).