



Ministry of Housing,  
Communities &  
Local Government



**European Union**

European Regional  
Development Fund

# European Regional Development Fund

England Operational Programme  
2014 to 2020

Executive Summary



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# Introduction

A single European Structural and Investment Funds Growth Programme for the 2014-2020 funding period has been set up to combine three separate European Funds. These are the European Regional Development Fund (ERDF), the European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD). The total European Regional Development Fund for the 2014-2020 funding period is €3.6bn. This sum must be supplemented by national public and private funds.

The United Kingdom's Partnership Agreement was adopted by the European Commission on 29 October 2014. That document described the current economic situation in the UK and set out the principles for using European funding to promote growth and inclusion.

Each fund needs to have a separate national programme document which sets out the priorities and activities that each will support. This document is known as an Operational Programme and must be agreed with the European Commission. It identifies the areas in the English economy where ERDF could have the biggest impact on growth in line with the principles set out in the Partnership Agreement and explains what will be spent, how and what it will deliver.

The strategy underpinning the Operational Programme is focused firmly on growth, building on England's competitive advantages and addressing key bottlenecks in specific sectors and geographies. It aligns European funding with England's aspirations for locally driven growth.

Since the inception of ERDF, the UK, and England in particular, has attached great importance to building strong partnerships as the basis for effective delivery. The 2014-2020 Operational Programme is no different. Indeed, the strategy envisages involving partners to the maximum extent permissible without exposing them to undue financial risks, or undermining the clear separation of duties required in the management of the Programme.

The Operational Programme is a long and technical document which must be written in a format prescribed by the European Commission. This summary sets out and explains the key elements of the Programme.

# Section one: how the fund contributes to growth

## **How the Operational Programme contributes to national and European strategies for growth and the achievement of economic, social and territorial cohesion.**

1. This section sets out how the fund will contribute to growth in England and more widely to delivering smart, sustainable and inclusive growth.
2. In terms of Gross Value Added and productivity, England has the strongest economy in the UK. The economy is strengthening after a deep recession, and in the year up to September 2014 the economy grew by 3%.
3. However some parts of the country are much better off than others. This is more complicated than a simple distinction between north and south or the differences between rural and urban areas. There are different sorts of local economy: London, the largest centre of economic activity; prosperous areas such as southern England; city centres; industrial hinterlands; prospering smaller towns; and coastal and countryside areas. And there can be sharp disparities in income within a relatively small area.
4. The main explanation for these differences in economic performance lies in productivity; and that in turn depends on the distribution of skilled workers.
5. A key plank to address these challenges is the creation of 39 Local Enterprise Partnerships whose remit is to take a strategic view on how best to deliver growth and jobs in their areas. They have produced strategies which have formed the building blocks for the priorities we have put in this Programme.
6. As set out in the Partnership Agreement, the key priorities identified for promoting economic growth through the ERDF are:
  - Research and innovation;
  - Supporting and promoting small and medium enterprises;
  - Creation of a low carbon economy.
7. In addition local areas have said they want us to support investment which can promote economic growth through activity such as broadband, flood defences, resource efficiency and sustainable transport. So the Programme contains provision for these activities.

# Section two: what the fund will be spent on

## Description of the Priority Axes:

1. This section sets what ERDF in England will be spent on in local areas. There is a menu of activities set out by the European Union in its legislation for the funds, and the UK's proposed use of the money is set out in the UK Partnership Agreement. That framework defines the structure of the England ERDF Operational Programme.
2. ERDF and ESF can be spent on a number of objectives defined in European Union legislation and known as *thematic objectives*. The England Programme will cover the following objectives:
  - (1) Strengthening research, technological development and innovation;
  - (2) Enhancing access to, and use and quality of, information communication and technology;
  - (3) Enhancing the competitiveness of small and medium sized enterprises (SMEs);
  - (4) Supporting the shift towards a low carbon economy in all sectors;
  - (5) Promoting climate change adaptation, risk prevention and management;
  - (6) Preserving and protecting the environment and promoting resource efficiency;
  - (7) Promoting sustainable transport and removing bottlenecks in key network infrastructures;
  - (8) Promoting sustainable and quality employment and supporting labour mobility;
  - (9) Promoting social inclusion, combating poverty and any discrimination.
3. There are three categories of region:
  - More developed: this covers most of England;
  - Transition regions;
  - Less developed: only one region in England falls into this category, Cornwall and the Isles of Scilly.
4. Under each thematic objective, European Union Regulations define a number of more specific investment priorities. These investment priorities are combined to form what are known as *priority axes*. These set out indicative activities on which the funding may be spent. Unless otherwise specified, all priority axes in the England Operational Programme cover all three categories of region. Under each of the investment priorities, result and output indicators provide a means of assessing the success of the Programme. Details of these, and the types of interventions which can be undertaken, can be found in the full version of the Operational

Programme, along with information on the performance framework linked to the performance reserve.

5. Financial instruments, such as venture capital funds or loans, have proved valuable in leveraging funding in previous programmes and this experience will be taken forward in this Programme. Rigorous assessments are currently being undertaken to justify the amount of funds that can be put into these instruments.
6. The aim of a single programme is to give flexibility across England, and partners in local areas are encouraged to collaborate on promoting growth through ERDF.

# Priority Axis 1: Strengthening research, technological development & innovation

<b>Expected ERDF spend: 23 per cent</b>
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**Innovation, both the radical innovation of new products and processes and incremental innovation of existing products and processes, is essential to increasing productivity and economic growth.**

1. There are two aspects to support under this Priority Axis. The first is to increase investment in research and innovation infrastructure that catalyses collaboration with the research community. The second is to increase investment in research and innovation by small and medium sized enterprises.

## **Use of European Regional Development Fund**

2. Interventions will be focused on a limited number of priority sectors and technologies where areas have a comparative advantage. This is known as “smart specialisation”. The range of interventions under this Priority Axis includes:
  - Specialist infrastructure/facilities/centres linked to smart specialisation including enhancements to science parks and to improve access to these facilities through digital and physical links;
  - Investment in the development and upgrading of innovation space, with capability to serve as a platform or host for innovation and innovative relationships;
  - Improved incubation space to enable research and development and innovation;
  - Shared use research laboratories and facilities, particularly targeted at the Eight Great technologies as set out in “Smart Specialisation in England”;
  - Development of enterprise, innovation and technology hubs and centres of excellence, in line with the approach set out in “Smart Specialisation in England”;
  - Development and upgrading of appropriate test facilities and deployment infrastructure;
  - Support for smart specialisation collaborative and contract research and development including initiatives stimulating and facilitating productive innovation partnerships.
  - Support for the commercialisation of new products and business processes and initiatives, particularly targeted to aid innovation in the Eight Great technologies as set out in “Smart Specialisation in England”;

- Collaborative and contract research and development programmes;
  - Applied research programmes, particularly targeted at sectors and technologies set out in "Smart Specialisation in England";
  - Innovation vouchers for small and medium sized enterprises;
  - Innovation support programmes for product design and development and systems integration;
  - Initiatives simulating the demand for new or improved services, processes and products including business-led and public procurement programmes;
  - Schemes providing practical, financial and material support for the innovation process within businesses;
  - Schemes stimulating and enabling graduate start-up and spin out from universities, colleges and research institutions;
  - Technology support programmes and demonstrator projects and programmes for current and future technologies;
  - Knowledge transfer programmes, particularly linked to priority growth sectors and the technologies set out in "Smart Specialisation in England";
  - Support to engage more businesses in knowledge transfer and innovation, develop links to wider higher education institutions and research institutions and demonstrate the benefits of working with knowledge base partners;
  - Support for innovation ecosystems including business-led networks and open innovation ecosystems that reduce the complexity of interaction within and between organisations;
  - Activities promoting a smart specialisation approach and initiatives that develop the supportive environment for innovation in small and medium enterprises including the promotion of networks and industry groups in key sectors;
  - Grants, loans and equity stakes to support businesses to develop prototypes and prove concepts to assist tech start-ups with early stage development work and the exploitation of intellectual property;
  - Grants, loans and equity stakes to promote the use of social innovation to bring new products and processes to the market.
3. The support provided through this Priority Axis will aim to increase the number of enterprises actively innovating to bring new products and/or new processes to the market and collaboration with large enterprises, research institutions and public institutions. The projected number of enterprises receiving support under this Priority Axis by 2023 is about 20,000.



## Priority Axis 10: Supporting the implementation of Local Economic CV-19 Recovery Action Plans

<b>Expected ERDF spend: 1.6 per cent</b>
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1. The support provided through this Priority Axis will help a variety of types of areas respond to the COVID-19 economic crisis. Support will be provided to assist funding recipients to implement local, regional or national economic or territorial strategies or recovery/action plans to tackle the widespread adverse impacts on economic growth, public health, business survival and employment of COVID-19.

### **Use of European Regional Development Fund**

2. Interventions are aimed at improving the business environment in which enterprises trade and in doing so increase the rate of enterprise survival and minimise the rate of enterprise deaths, through initiatives which enable delivery of objectives within local action and recovery plans (or equivalent plans or strategies). Those interventions must take a flexible approach in determining what constitutes a 'business environment'.
3. The range of interventions under this Priority Axis include support to assist:
  - high streets & retail areas;
  - esplanades & coastal areas;
  - regional clusters of linked businesses such as creative industries or high technology hubs.

## Priority Axis 2: Enhancing access to, and use and quality of, information communication and technology (ICT)

<b>Expected ERDF spend: 3.2 per cent</b>
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1. The provision of superfast and ultrafast broadband can have a strong impact on economic growth. The Europe 2020 target is for the entire European Union to be covered by broadband above 30Mbps (megabytes per seconds) superfast broadband across the entire European Union and for 50% of the European Union to subscribe to ultrafast broadband above 100Mbps by 2020. Access to and effective use of broadband can stimulate company growth, market development, knowledge flows, new businesses and improved productivity as well as access to the labour market for specific excluded groups, such as carers and some disabled people. The spillover effects of broadband investment are discussed in more detail in the Partnership Agreement.
2. Analysis of local needs and opportunities has identified two specific challenges:
  - Co-investment with private investors and other public funders to improve the speed and coverage of broadband infrastructure where appropriate;
  - Measures to stimulate demand such as business support projects to increase awareness of the benefits of superfast broadband uptake amongst and improved use of in small and medium enterprises.
3. The support provided through this Priority Axis will improve ICT connections so they are no longer a barrier to growth for businesses and will help them to improve their productivity and growth and to create jobs, in turn increasing the percentage of businesses which use superfast broadband. This also will help small and medium sized enterprises to access ICT products and services including broadband and improve their productivity. The projected number of additional businesses with broadband access of at least 30mbps receiving support from the funds (including match funding) by 2023 is over 45,000.

## Priority Axis 3: Enhancing the competitiveness of Small and Medium Sized Enterprises

<b>Expected ERDF spend: 43.2 per cent</b>
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1. There is a wide variation in the competitiveness of small and medium sized enterprises (SMEs). The majority do not show growth in any given year. Separate research shows that only approximately seven per cent of SMEs between 2002 and 2010 could be classified as “high growth” according to the Organisation for Economic Co-operation and Development’s definition and these were responsible for creating nearly a quarter of all new jobs over three years.
2. There are various factors that limit the ability of an SME to grow:
  - Business owner awareness of and access to business support. Businesses report significant benefits from using business information and advice. However, less than half of SMEs in the United Kingdom currently use business support due to difficulties in accessing information or advice and doubts about the benefits of business support;
  - The internal capacity and capability of a business including their ability to innovate;
  - The external environment including procurement, access to finance and exporting.
3. Access to finance is a particular area of difficulty for SMEs. 38 per cent of SME employers consider obtaining finance an obstacle to their business success. Finance is also a disproportionately important obstacle for high growth firms compared to other businesses. Evidence suggests there has been a decline because of not only reduced supply of funding but also a reduced demand appetite for risk.
4. Exporting SMEs are more productive, innovative and resilient than non-exporting firms. The contribution of SMEs is significant – contributing to 80 per cent of the quantity of exports. A recent study found that 25,000 to 150,000 non-exporting United Kingdom SMEs have the potential to be competitive in export markets.

### Use of European Regional Development Fund

5. SMEs are therefore seen by the European Commission and by Local Enterprise Partnerships as the highest priority for the 2014-2020 Growth Programme in terms of value of investment, focussed predominantly on access to finance and business support measures. There are three separate investment priorities in this Priority Axis, which respectively focus on entrepreneurship, advanced capacities for product and services development and supporting the capacity of SMEs to grow in regional, national and international markets. The types of activities that will be supported include:
  - Access to finance through grants, loans and equity to help businesses grow where some groups of Local Enterprise Partnership areas are looking to build on current

financial instruments to improve access to finance for small businesses while others look to collaborate to set up new financial instruments;

- Business support including advice services for entrepreneurship, commercialisation, and exports;
- Business support for new business start-ups;
- Premises for SMEs including managed workspaces and business incubators where demand is shown to exceed supply.

6. The support provided through this Priority Axis will aim to increase the growth capability and capacity of SMEs as well as increase entrepreneurship. In doing so it will develop the pipeline of future high growth business across England, but there will also be a particular focus on territories with low levels of enterprise activity, and amongst under-represented groups. The projected number of enterprises receiving support from the funds (including match funding) by 2023 is about 65,000.

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

<b>Expected ERDF spend: 21.5 per cent</b>
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1. As set out in the Partnership Agreement, policies are in place to support the achievement of Europe 2020 targets in relation to greenhouse gas emissions reduction and renewable energy production. England has already met the Europe 2020 target and is now pursuing the more ambitious target set in the Climate Change Act of a 34 per cent reduction on 1990 levels.
2. There is however significant potential to continue to increase energy efficiency in England. Whilst businesses have increased efficiency there is more potential to do so. As detailed in the Partnership Agreement, Government estimates that through socially cost-effective investment in energy efficiency, final energy consumption in 2020 could be 11 per cent lower than the “business as usual” baseline.
3. There is also significant growth potential in the low carbon goods and services sector in England. This sector grew by 4.7 per cent in the United Kingdom between 2009/10 and 2010/11 and now employs nearly 1 million people in 51,000 companies.

### Use of European Regional Development Fund

4. The UK has reached the European Union’s target level for greenhouse gas reductions and domestic targets for 2020 will be reached through current policy interventions. The need to increase the percentage of energy from renewables to meet European Union and United Kingdom targets will largely be met by large-scale investments. Therefore, the main focus of the European Regional Development Fund should be on smaller-scale investments focussed on needs and opportunities addressed by whole place energy solutions, improved energy efficiency and low carbon innovation in technologies, goods and services.
5. There are five investment priorities in this Priority Axis which are:
  - Promoting the production and distribution of energy from renewable sources.
  - Promoting energy efficiency and use of renewable energy in enterprises;
  - Increase energy efficiency in homes and public buildings, including through the implementation of low carbon technologies;
  - Promoting low-carbon strategies, in particular for urban areas, including the promotion of sustainable transport;
  - Promoting research and innovation in, and adoption of, low carbon technologies.

6. The support provided through this Priority Axis will aim to increase the number of sites generating local energy renewables and reduce local carbon emissions, particularly through the production of local low carbon plans. It will also support improvements in the energy efficiency of companies, buildings and communities and increase the number of innovative companies in the low carbon sector. The projected reduction in greenhouse gas emissions by 2023 as a result is over 360,000 tonnes of CO<sub>2</sub>.

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

<b>Expected ERDF spend: 2.3 per cent</b>
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1. Across England, there are areas of land that are ideal for economic development either directly or by investment in green infrastructure but which remain undeveloped due to high flood risk. Specific sites include Hull, Greater Birmingham, Greater Lincolnshire and Cornwall and reflect a mix of urban and rural communities and their associated issues.

### Use of European Regional Development Fund

2. The Government recognises the need to target European Regional Development Fund on economic growth. Its use within this Priority Axis will therefore be only where there is significant need to stimulate economic development that might otherwise be inhibited by flood risk.
3. There is one investment priority in this axis which is “promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems”. The support provided through this Priority Axis will aim to increase the number of non-residential properties better protected from flood and coastal risks. Actions, specific to the needs and circumstances of the prioritised locations, will be both “hard” and “soft”. The types of actions can be broken down into three headings: coastal resilience, fluvial risk management and surface water run-off and drainage systems.
4. Coastal resilience (indicative 40%):
  - managed realignment and mitigation of coastal squeeze;
  - shoreline re-nourishment, cliff and dune system stabilisation;
  - harbour, port and waterfront enhanced protection and adaptations not linked to transport;
  - improvements to coastal frontages and seawalls;
  - strengthening and extensions to estuary embankments.
5. Fluvial risk management (indicative 30%):
  - onsite or upstream attenuation and slowing the flow measures;
  - diversion channels;
  - raising strengthening and/or extending river walls and frontages;

- fixed and temporary barriers and gates;
- stepped back embankments;
- resilience measures for business infrastructure, including for example dry or wet flood-proofing;
- river restoration and improved conveyance measures.

6. Surface water run-off and drainage systems (indicative 30%):

- integration, including retrofitting, of surface water and run off management measures into urban and commercial redevelopments;
- innovative measures in contexts where flood risk and land management relies on pumping and interrelates with drainage.



## Priority Axis 6: Preserving and protecting the environment and promoting resource efficiency

<b>Expected ERDF spend: 2.5 per cent</b>
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1. England faces a number of challenges and associated development needs in relation to achieving biodiversity, air quality and other environmental targets. The European Regional Development Fund will help reverse the decline in, restore and enhance degraded ecosystem services such as water quantity and quality, pollination, soil and air quality and to halt overall biodiversity loss.
2. Product and service innovation in resource efficiency are also not well supported and business opportunities exploited, particularly in small and medium enterprises. So, within the context of promoting local economic development, investment under this axis will focus on two key objectives:
  - Investments in green and blue infrastructure and actions that support the provision of ecosystem services on which businesses and communities depend to increase local natural capital and support sustainable economic growth;
  - Investment to promote the development and uptake of innovative technologies, in particular in resource efficiency, in order to increase the resilience and environmental and economic performance of businesses and communities.

### Use of European Regional Development Fund

3. The focus of activity within this Priority Axis will be on protecting and preserving the environment but projects may also provide additional benefits such as attracting inward investment, increasing employment opportunities and improving employee retention.
4. Indicative actions to be supported include:
  - Investment in green and blue infrastructure such as green corridors in urban areas and waterways;
  - Sustainable drainage to improve water quality and in some cases local air quality;
  - Provision of support and advice for businesses in the adoption of innovative technologies and processes for the management and reuse of energy, materials, water and waste (including recycling and recovery);
  - Provision of support for the piloting and demonstration of innovative technologies to promote resource efficiency in order to encourage their greater take-up.
5. The support provided through this Priority Axis will aim to increase the amount of land becoming available for site development for Green infrastructure by about 1,500 hectares. The projected number of enterprises receiving support by 2023 within this Priority Axis is over 3,500.

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

<b>Expected ERDF spend: 1.7 per cent</b>
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### Development needs and opportunities

1. The economy of Cornwall and the Isles of Scilly is hampered by a range of transport development needs. By virtue of its peripherality and physical distance to markets, business growth is slowed by high transport costs and slower movement of goods and services which in turn impacts on the area's attractiveness to new business and inward investment. It is in particular adversely impacted by poor transport links to the core corridors of the TEN-T network. Planned improvements in the TEN-T infrastructure should be complemented with investments in environmentally-friendly and low carbon sustainable transport encouraging a shift towards sustainable modes of transport. These investments will additionally help to address barriers to economic growth and the movement of goods and people (labour mobility, access to jobs and an over reliance on cars with high fuel costs).

### Use of European Regional Development Fund

2. Funding under this objective will aim to improve the economic viability of areas by providing better transport infrastructure including environmentally-friendly and low-carbon transport systems.
3. The following activities will be supported:
  - Enhancements to the A30 to alleviate congestion at a key bottleneck between Carland and Chiverton Cross;
  - Improvements to signalling infrastructure on the mainline between London and Penzance;
  - Investment to enable access to train and public transport services at St Erth multi modal hub to promote a shift from private car to low carbon model;
  - Improvements for multi-modal travel and integrated mobility services, to connect better the A30 and the railway network with current and future employment sites (Park and Ride; Bike and Ride, cycling infrastructure at, and cycle ways to, train stations etc);
  - Investment to increase the number of alternative fuel re-fuelling points across Cornwall connecting to the A30 and other key transport routes and on the Isles of Scilly to encourage take up of low emission vehicles across the region.

## Priority Axis 8: Promoting social inclusion, combating poverty and any discrimination

<b>Expected ERDF spend: 1.7 per cent</b>
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1. Research undertaken as part of the DCLG ERDF Analytical Programme identified entrenched need in that *“spatial disparities in England are relatively large, persistent and have been increasing. On key measures such as household income and earnings, relative rankings across areas have not changed much over many years. For example, in 2009 differences in gross domestic product per capita between NUTS 2 areas in England were largely the same as those of 2000”*.
2. Such concentrations of disadvantage, contributing directly to social exclusion and poverty at sub-regional level, can exist even in areas of wider economic prosperity across all categories of region. These areas require interventions which build community capacity over the longer term to provide a foundation through which economic growth can be secured and more sustainable results achieved. Experience demonstrates that “top-down” programme provision does not always succeed in addressing such entrenched need.

### Use of European Regional Development Funds

3. The 2014-2020 European Structural and Investment Funds provide a mechanism for responding at a targeted local level to the kind of multiple barriers to growth and disadvantage experienced in a local area. This mechanism is known as Community-Led Local Development.
4. Community-Led Local Development allows for the targeting of regeneration on specific geographic areas of need and opportunity. In England, this means prioritising the needs of areas as identified by reference to the 20% most deprived areas using the Index of Multiple Deprivation. Areas not within the 20% most deprived may be considered for incorporation in Community-Led Local Development only if adjacent to such areas, and where their incorporation links need with opportunity or presents a more coherent functional economic area.
5. In Cornwall and the Isles of Scilly, 70% of resource available will target the 30% most deprived areas according to the Index of Multiple Deprivation. The remaining 30% of resource may target areas outside of these only where they are adjacent, where their incorporation links need with opportunity or presents a more coherent functional economic geography. This modulation reflects the specific challenges and opportunities faced in Cornwall and the Isles of Scilly.
6. The support provided through this priority will aim to overcome persistent barriers to growth and employment in lagging areas or deprived communities and reduce the risk of poverty and social exclusion through improved access to economic growth and development opportunities. The projected number of enterprises receiving support from the funds (including match funding) by 2023 is about 2,950.

## Priority Axis 9: Technical Assistance

**Technical Assistance comprises 4% of the Programme. It is spent on supporting the administrative costs of the Fund.**

1. The objective of technical assistance is to facilitate robust governance, accountability and partnership engagement to support the efficient and compliant management and implementation of the European Regional Development Fund, ensuring that programme performance targets are achieved and that the delivery of European Structural and Investment Funds projects are compliant with the relevant European Union regulations and applicable law.
2. There is a single Operational Programme for European Regional Development Fund in England, covering all categories of region administered by a single Managing Authority and a single Programme Monitoring Committee. A single certifying authority and separate audit authority will also cover all categories of region. The Managing Authority's delivery team will cover all categories of regions in order to maximise operational efficiency. Support for direct staff costs of the various authorities through Technical assistance is essential to the effective delivery of the Programme.
3. Technical assistance will be made available to intermediate bodies to cover task delegated to them. It may also be made available to Local Action Groups for Community-Led Local Development as preparatory support.
4. Technical assistance will support programme development and ensure that management bodies, staff, partners, applicants and suppliers are aware of their responsibilities and what is required of them.
5. Publicity is an integral part of programming strategy and the Managing Authority will ensure the benefits of the funds are communicated to the wider public. To help achieve this, a communication plan will be approved by the Programme Monitoring Committee. The Managing Authority will lead delivery of the plan. Relevant partners will also have a key role to play in contributing to its implementation and technical assistance will be available to them through calls for proposals.

## Section three: how the money will be spent

All figures in euros

Category of region	PA1 - innovation	PA10 – CV19 recovery	PA2 - ICT	PA3 - SMEs	PA4 - low carbon	PA5 - climate change	PA6 - environment	PA7 - transport in Cornwall	PA8 - CLLD	PA9- TA	Total
Less	<b>91,100,210</b>	<b>620,756</b>	<b>19,037,608</b>	<b>172,320,905</b>	<b>76,006,317</b>	<b>12,469,913</b>	<b>12,847,466</b>	<b>57,925,547</b>	<b>11,267,950</b>	<b>18,228,030</b>	<b>471,824,702</b>
Transition	<b>233,015,386</b>	<b>10,857,594</b>	<b>21,394,298</b>	<b>520,026,363</b>	<b>189,428,794</b>	<b>44,661,072</b>	<b>21,356,155</b>	<b>0</b>	<b>6,503,574</b>	<b>42,794,269</b>	<b>1,090,037,505</b>
More	<b>481,209,434</b>	<b>46,082,698</b>	<b>70,476,470</b>	<b>822,835,839</b>	<b>487,216,254</b>	<b>24,330,541</b>	<b>52,864,493</b>	<b>0</b>	<b>18,271,553</b>	<b>84,108,112</b>	<b>2,087,395,394</b>
Total	<b>805,325,030</b>	<b>57,561,048</b>	<b>110,908,376</b>	<b>1,515,183,107</b>	<b>752,651,365</b>	<b>81,461,526</b>	<b>87,068,114</b>	<b>57,925,547</b>	<b>36,043,077</b>	<b>145,130,411</b>	<b>3,649,257,601</b>

## Section four: Local area options

### **Integrated approach to territorial development: community led local development, sustainable urban development and European territorial cooperation.**

1. The Programme will use a number of mechanisms to allow a specific response to local conditions.

#### **Community-Led Local Development**

2. Community-Led Local Development allows targeting of regeneration on specific geographic areas. The main target groups will be communities and areas in urban and rural areas where concentrations of deprivation are most in evidence such as those in the 20% most deprived areas by reference to the 2010 Index of Multiple Deprivation. This form of development is available where the best way to support a community is to give it more flexibility in using available funding to meet particular needs.
3. Activities might include promotion of entrepreneurship and self-employment; support for access to new markets related to climate change; activity linked to renovation of local housing. A wide range of initiatives can be supported.

#### **Sustainable Urban Development**

4. 5% of the European Regional Development Fund in each Member State must be spent on integrated actions for Sustainable Urban Development. This means that cities select relevant operations. London will retain its current status in the new Programme and as such is in itself likely to deliver much of the 5% threshold in the United Kingdom.
5. However, Government is keen to ensure that other cities should be able to participate in the European Union's Urban Development Network. So urban authorities in England responsible for areas with a population in excess of 600,000 (according to the latest primary urban area dataset) will be invited to submit proposals to Government to deliver integrated actions for Sustainable Urban Development. If Government agrees these urban strategies, the relevant cities will be able to select projects appropriate for their delivery. These arrangements will be set out in writing and procedures will be put in place to ensure clear accountability. Cities with urban strategies agreed by Government will be able to access the European Union's Urban Development Network.

## Sections five and six: geographic areas and groups with specific needs

These sections of the European Commission's template are not relevant to the ERDF Operational Programme for England.

## Section seven: partnership and implementation

### **Authorities and bodies responsible for management, control and audit and the role of relevant partners.**

1. The partnership working arrangements for delivering of the Programme are described below.
2. Subject to the formal designation procedure set out in the Common Provisions Regulation and EAFRD Regulations, Government Departments will act as Managing Authorities. They are responsible for ensuring that the programmes are delivered in line with applicable law and represent good value for money, and they are ultimately accountable to the European Commission.
3. A national ESI Funds Programme Monitoring Committee has been set up in shadow form. This will be formalised once the Operational Programmes for which it is responsible have been adopted. It will be the Programme Monitoring Committee for the Operational Programmes for the ERDF and the ESF in England and be known as the ESI Funds Growth Programme Board. Membership will be drawn from representatives of a wide range of partners across the public, private, business, social, voluntary and environmental sectors.
4. The Growth Programme Board will be supported by a number of sub-committees advising it on relevant policy and operational matters. These sub-committees, which will provide supporting advice in specific policy areas such as innovation, skills and aspects of implementation, will bring in leading experts from their fields and provide an important resource for the Growth Programme Board and ESI Funds Growth Programme.
5. The Managing Authorities will work in partnership with economic, environmental, equality, social and civil society partners at national, regional and local levels throughout the programme cycle, consisting of preparation, implementation, monitoring and evaluation.
6. To ensure that the strong territorial basis of European Union's Cohesion policy is implemented in a way that best capitalises on national arrangements and local strengths, ESI Funds partnerships have been set up in each Local Enterprise Partnership territory. This partnership model will provide an effective territorial balance within a single Operational Programme and will ensure that the programme's intervention logic is optimally delivered at national, pan local and local level.
7. These local partnerships in each Local Enterprise Partnership territory will operate as sub-committees of the Growth Programme Board, to whom they will report. Local promotion of ESI Funds projects and their impact will be a priority, as will local leadership of this amongst citizens. This will complement the functions of the Managing Authority but not substitute for them. Each Local ESI Funds committee will be therefore chaired by a local partner who, along with other members drawn from business, public, environmental, voluntary and civil society sectors, will be advocates for the opportunities and impact of the ESI Funds. Membership will be



inclusive and in line with European Union regulations and the wide scope of ESI Funds priorities. The Managing Authority will be the deputy chair of the Local ESI Funds sub-committee, except in London.

8. The role and purpose of these Local ESI Funds sub-committees will be clearly defined. They will not be responsible for any tasks set out in European Union regulations for which Managing Authorities are responsible in relation to management of the ESI Funds. They will exist to:
  - Provide advice to the Managing Authorities on local development needs and opportunities to inform Operational Programmes and ESI Funds Strategies
  - Work with sectors and organisations they represent so that they engage with and understand the opportunities provided by the ESI Funds to support Operational Programme objectives and local economic growth
  - Promote active participation amongst local economic, environmental and social partners to help bring forward activities which meets local needs in line with the Operational Programmes and local ESI Funds strategies and Implementation plans
  - Provide practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets. Similarly, provide local intelligence to the Managing Authorities in the development of project calls decided by the Managing Authorities that reflect Operational Programme and local development needs as well as match funding opportunities
  - Provide advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ESI Funds Strategy to aid the Managing Authority's assessment at outline and full application stage
  - Contribute advice, local knowledge and understanding to the Managing Authority to aid good delivery against spend, milestones, cross-cutting themes, outputs and results set out in the Operational Programme and local ESI Funds strategies.
9. In this way partners will play the important role foreseen in the Common Provisions Regulation and the main principles and good practices set out in the European Code of Conduct on Partnership. Managing Authorities will ensure that partner roles and responsibilities are clearly set out at all levels and that conflicts of interest are avoided.

There are special rules for Community-Led Local Development and Sustainable Urban Development.

## Section eight: coordination with other European Union funding streams and domestic funding

**Coordination between the Funds, the European Fund for Agriculture and Rural Development, the European Maritime and Fisheries Fund and other national funding instruments, and with the European Investment Bank.**

1. The European Structural and Investment Funds growth programme is designed to coordinate the European Regional Development Fund and the European Social Fund as well as part of the European Agricultural Fund for Rural Development. LEPs have been asked to put forward strategies agreed with local partners for the use of all three programmes.
2. The European Investment Bank is already a major co-financer of financial instruments in the 2007-13 Programme. Subject to the outcome of formal assessments, the Bank may play a role in financial instruments for SMEs, urban development and energy efficiency in social housing.
3. European funding must be matched with domestic funding. This can come from a range of sources. The Local Growth Fund, which came on stream from April 2015, will provide a source of funding. Match funding is also available from UK Trade and Investment, the Manufacturing Advisory Service and Growth Accelerator.

## Section nine: ex ante conditionalities

This section sets out in technical terms the starting point for growth. It defines for each area what needs to be in place to ensure that funding will have the maximum impact.

## Section ten: streamlined administration

### **Reduction of the administrative burden for beneficiaries.**

1. Structural Funds are notoriously complex. So the Programme for 2014-20 has been designed in such a way as to simplify the administration, minimise burdens on applicants and remove unnecessary red tape, learning lessons from previous programmes.
2. The key concept in the new system is a single point of access for the customer. ERDF and ESF remain two separate funds but by bringing the administration together in one place, access to the funds will be much simpler. In future applicants will not have to speak to different sets of people and fill in the same forms over and over again: they will have one way into the system and help finding their way through it.
3. The system is designed to make things as easy as possible once projects are in it. There will be clear signposting on a principle of “no surprises”. The processes for ESF and ERDF will be streamlined as far as European Union regulations allow. And the administration will be digital by default: there will be a single accessible computer system across both funds holding all relevant information and operating on the principle of “collect once, use often”.
4. Compliance with the complex regulations and audit requirements surrounding the funds is crucial. So taking account of lessons learned from previous rounds of funding, checks have been designed in early and will be carried out to consistent standards.

# Section eleven: sustainable development and equalities

## **Cross-cutting principles**

1. The Partnership Agreement sets out the overall approach to the cross-cutting principles of sustainable development and equal opportunities within the funds. These are required by European Union regulations. This section describes the specific actions that will be taken to promote these principles within the England European Regional Development Fund Operational Programme.

## **Sustainable development**

2. Sustainable development means economic growth that is inclusive and environmentally sound to build shared prosperity, deliver immediate and long-term benefits, and meet the needs of future generations. Decarbonising the economy is key to long-term sustainable economic growth. Businesses need to address increasing costs of energy, water and raw materials, and harness opportunities within the low carbon goods and services sector. Businesses also need to reflect in their planning the resilience of their assets and operations to severe weather events - flooding, droughts, and heat waves.
3. A Strategic Environmental Assessment has been carried out as part of producing the Operational Programme. It found that in some areas such as low carbon technologies the Programme would have a positive effect. There may be some effects from development, but these would be dealt with through the normal mechanisms in the planning system.

## **Equal opportunities and non-discrimination**

4. All European Structural and Investment Funds will promote equality in accordance with European Union and domestic legislative and regulatory requirements. The 2010 Equality Act provides a framework to effectively tackle disadvantage and discrimination.